



# CITY COUNCIL REGULAR MEETING AGENDA

**MAYOR**  
Greg Bozzo

**COUNCIL MEMBERS**  
Dion Bracco  
Tom Cline  
Terence Fugazzi  
Zach Hilton  
Carol Marques  
Kelly Ramirez



CITY COUNCIL CHAMBERS, CITY HALL  
7351 ROSANNA STREET, GILROY, CA  
95020

**MONDAY, APRIL 20, 2026 | 6:00 PM**

CITY COUNCIL PACKET MATERIALS ARE AVAILABLE ONLINE AT [www.cityofgilroy.org](http://www.cityofgilroy.org)  
AGENDA CLOSING TIME IS 5:00 P.M. THE TUESDAY PRIOR TO THE MEETING

**COMMENTS BY THE PUBLIC WILL BE TAKEN ON AGENDA ITEMS BEFORE ACTION IS TAKEN BY THE CITY COUNCIL.** Public testimony is subject to reasonable regulations, including but not limited to time restrictions for each individual speaker. ***\*\*Please limit your comments to 3 minutes.\*\**** The amount of time allowed per speaker may vary at the Mayor’s discretion depending on the number of speakers and length of the agenda.

Written comments on any agenda item may be emailed to the City Clerk’s Office at [publiccomment@cityofgilroy.org](mailto:publiccomment@cityofgilroy.org) or mailed to the Gilroy City Clerk’s Office at City Hall, 7351 Rosanna Street, Gilroy, CA 95020. Comments received by the City Clerk’s Office by 1 p.m. on the day of a Council meeting will be distributed to the City Council prior to or at the meeting and available for public inspection with the agenda packet located in the lobby of Administration at City Hall, 7351 Rosanna Street prior to the meeting. Any correspondence received will be incorporated into the meeting record. Items received after the 1 p.m. deadline will be provided to the City Council as soon as practicable. Written comments are also available on the City’s Public Records Portal at [bit.ly/3NuS1IN](http://bit.ly/3NuS1IN).

 In compliance with the Americans with Disabilities Act, the City will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk’s Office at least 72 hours prior to the meeting at (408) 846-0204 or [cityclerk@cityofgilroy.org](mailto:cityclerk@cityofgilroy.org) to help ensure that reasonable arrangements can be made. 

If you challenge any planning or land use decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the City Council at, or prior to, the public hearing. Please take notice that the time within which to seek judicial review of any final administrative determination reached at this meeting is governed by Section 1094.6 of the California Code of Civil Procedure.

A Closed Session may be called during this meeting pursuant to Government Code Section 54956.9 (d)(2) if a point has been reached where, in the opinion of the legislative body of the City on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the City.

Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available with the agenda packet on the City website at [www.cityofgilroy.org](http://www.cityofgilroy.org) subject to the Staff’s ability to

post the documents before the meeting.

**KNOW YOUR RIGHTS UNDER THE GILROY OPEN GOVERNMENT ORDINANCE**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, task forces, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

FOR MORE INFORMATION ON YOUR RIGHTS UNDER THE OPEN GOVERNMENT ORDINANCE, TO RECEIVE A FREE COPY OF THE ORDINANCE OR TO REPORT A VIOLATION OF THE ORDINANCE, CONTACT THE OPEN GOVERNMENT COMMISSION STAFF AT (408) 846-0204.

If you need assistance with translation and would like to speak during public comment, please contact the City Clerk a minimum of 72 hours prior to the meeting at 408-846-0204 or e-mail the City Clerk's Office at [cityclerk@cityofgilroy.org](mailto:cityclerk@cityofgilroy.org).

Si necesita un intérprete durante la junta y gustaría dar un comentario público, comuníquese con el Secretario de la Ciudad un mínimo de 72 horas antes de la junta al 408-846-0204 o envíe un correo electrónico a la Oficina del Secretario de la Ciudad a [cityclerk@cityofgilroy.org](mailto:cityclerk@cityofgilroy.org).



To access written translation during the meeting, please scan the QR Code or click this link:

Para acceder a la traducción durante la reunión, por favor escanee el código QR o haga clic en el enlace:

[bit.ly/3FBiGA0](https://bit.ly/3FBiGA0)

Choose Language and Click Attend | Seleccione su lenguaje y haga clic en asistir

Use a headset on your phone for audio or read the transcript on your device.

Use sus auriculares para escuchar el audio o leer la transcripción en el dispositivo.

The agenda for this regular meeting is outlined as follows:

1. **OPENING**
  - 1.1. **Call to Order**
  - 1.2. **Roll Call**
  - 1.3. **City Clerk's Report on Posting the Agenda**
  - 1.4. **Pledge of Allegiance**

- 1.5. Invocation
- 1.6. Orders of the Day
- 1.7. Employee Introductions
- 2. CEREMONIAL ITEMS - Proclamations and Awards
  - 2.1. Proclamation for Earth Day and Arbor Day
- 3. COUNCIL CORRESPONDENCE (Informational Only)
- 4. PRESENTATIONS TO THE COUNCIL

- 4.1. Sister Cities Annual Presentation
- 4.2. Visit Gilroy Annual Presentation
- 4.3. PUBLIC COMMENT BY MEMBERS OF THE PUBLIC ON ITEMS NOT ON THE AGENDA BUT WITHIN THE SUBJECT MATTER JURISDICTION OF THE CITY COUNCIL

This portion of the meeting is reserved for persons desiring to address the Council on matters within the Gilroy City Council’s jurisdiction but not on the agenda. Persons wishing to address the Council are requested to complete a Speaker’s Card located at the entrances and handed to the City Clerk. Speakers are limited to 1 to 3 minutes each, varying at the Mayor’s discretion depending on the number of speakers and length of the agenda. The law does not permit Council action or extended discussion of any item not on the agenda except under special circumstances. If Council action is requested, the Council may place the matter on a future agenda.

Written comments to address the Council on matters not on this agenda may be e-mailed to the City Clerk’s Office at [publiccomment@cityofgilroy.org](mailto:publiccomment@cityofgilroy.org) or mailed to the Gilroy City Clerk’s Office at City Hall, 7351 Rosanna Street, Gilroy, CA 95020. Comments received by the City Clerk’s Office by 1:00 pm on the day of a Council meeting will be distributed to the City Council prior to or at the meeting and available for public inspection with the agenda packet located in the lobby of Administration at City Hall, 7351 Rosanna Street, prior to the meeting. Any correspondence received will be incorporated into the meeting record. Items received after the 1:00pm deadline will be provided to the City Council as soon as practicable. Written material provided by public members under this section of the agenda will be limited to 10 pages in hard copy. An unlimited amount of material may be provided electronically.

**5. REPORTS OF COUNCIL MEMBERS**

**Council Member Bracco** – Downtown Committee, Santa Clara County Library Joint Powers Authority, Santa Clara Water Commission, Santa Clara Valley Water Joint Water Resources Committee, SCRWA

**Council Member Fugazzi** – Santa Clara Water Commission (alternate), Silicon Valley Regional Interoperability Authority Board (alternate), SCRWA, Visit Gilroy California Welcome Center, VTA Mobility Partnership Committee

**Council Member Marques** – ABAG, Downtown Committee, Santa Clara County Library Joint Powers Authority (alternate), Santa Clara Valley Habitat Agency Governing Board, Santa Clara Valley Habitat Agency Implementation Board, SCRWA (alternate)

**Council Member Hilton** – CalTrain Policy Group, Santa Clara County Expressway Plan 2040 Advisory Board (alternate), Silicon Valley Clean Energy Authority JPA Board, South County Youth Task Force Policy Team, VTA Policy Advisory Committee

**Council Member Ramirez** – ABAG (alternate), Gilroy Gardens Board of Directors (alternate), Gilroy Sister Cities, Gilroy Youth Task Force (alternate), SCRWA, Santa Clara Housing and Community Development Advisory Committee

**Council Member Cline** – CalTrain Policy Group (alternate), Gilroy Sister Cities (alternate), Gilroy Youth Task Force, Santa Clara County Expressway Plan 2040 Advisory Board, Silicon Valley Clean Energy Authority JPA Board (alternate), Silicon Valley Regional Interoperability Authority Board, Visit Gilroy California Welcome Center (alternate), VTA Mobility Partnership Committee, VTA Policy Advisory Committee (alternate)

**Mayor Bozzo** – Gilroy Gardens Board of Directors, Santa Clara Valley Water Joint Water Resources Committee, South County Youth Task Force Policy Team, VTA Board of Directors (alternate), Santa Clara Housing and Community Development Advisory Committee (alternate)

## 6. **CONSENT CALENDAR**

All matters listed under the Consent Calendar are considered by the City Council to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a request is made by a member of the City Council or a member of the public. Any person desiring to speak on any item on the consent calendar should ask to have that item removed from the consent calendar prior to the time the City Council votes to approve. If removed, the item will be discussed in the order in which it appears.

- 6.1. **Approve the minutes of the March 25, 2026 and April 2, 2026 City Council Special Study Sessions, the April 4, 2026 Coffee with the Mayor, and the April 6, 2026 City Council Regular Meeting**
- 6.2. **Approve a School Resource Officer Memorandum of Understanding for Fiscal Year 2026-2027**
- 6.3. **Approve the Second Amendment for HydroScience Design Services Contract for Water Utility Improvements to increase by \$175,395, for a New Total Not-to-exceed Amount of \$1,112,985**
- 6.4. **Resolution of Intention to Renew the Gilroy Tourism Business Improvement District (GTBID)**

- 6.5. **Approval of a Purchasing Contract With RDO Equipment Co. of Hayward in the Amount of \$104,967 for the Purchase of a Vermeer BC1500 Wood Chipper Under a Cooperative Purchasing Agreement with Sourcewell, Contract# 010925-VRM**
- 6.6. **Approval of the Gilroy Tourism Business Improvement District (GTBID) Annual Reports as Submitted by Visit Gilroy/Gilroy Welcome Center for the Period of January 1, 2022 Through December 31, 2025**
- 6.7. **Approve the Second Amendment to the Agreement with Dewberry Engineers Inc. to Add \$187,766.15 for the Design of the Lions Creek Trail and Santa Teresa Blvd/Day Rd East Bicycle and Pedestrian Improvements and Adopt a Budget Amendment Resolution for CIP Project No. 800270**
- 6.8. **Approval of a Purchasing Contract With Papé Machinery of Gilroy in the Amount of \$352,595 for the Purchase of a John Deere 320 P-Tier Backhoe Loader, a John Deere 60 P-Tier Compact Excavator, and a TKT24LP Tilt Trailer Under a Cooperative Purchasing Agreement with Sourcewell, Contract# 011723-JDC and 092922-TKI**
- 6.9. **Consent the City Administrator's Recommendation to Appoint Cindy Murphy to the Department Head Position of Finance Director**
- 6.10. **Claim of Farmers Insurance Exchange a/s/o Armando Flores (The City Administrator recommends a "yes" vote under the Consent Calendar shall constitute denial of the claim)**

**7. BIDS AND PROPOSALS**

- 7.1. **Award a Two-Year Contract to Hello Housing to Administer the City's Below Market Rate Housing Program with Three, One-Year Extension Options in a Total Amount Not to Exceed \$973,689 and Adopt a Resolution Amending the Budget in the Housing Trust and Los Arroyos Funds**
  - 1. Staff Report:  
Sharon Goei, Community Development Director
  - 2. Public Comment
  - 3. Possible Action:
    - 1. Award a contract to Hello Housing to administer the Below Market Rate (BMR) Housing Program from July 1, 2026, to June 30, 2028, with three, one-year extension options, and authorize the City Administrator to execute the contract and associated documents; and
    - 2. Adopt the resolution amending the Fiscal Year 2026-27 budget to increase appropriations in the Housing Trust Fund by \$6,240 and the Los Arroyos Fund by \$5,760 for the Fiscal Year 2027 services of this contract.
- 7.2. **Award a contract to 17 Mile Construction in the amount of \$198,900 for tenant**

**improvements at 641 Old Gilroy St (Jessup Property); Approve a project contingency of \$19,100, and Approve a total project expenditure of \$218,000**

1. Staff Report:  
Karl Bjarke, Interim Public Utilities Director
2. Public Comment
3. Possible Action:
  1. Award a Public Works contract in the amount of \$198,900 to 17 Mile Construction for the tenant improvement project at 641 Old Gilroy St.;
  2. Approve a project contingency of \$19,100 for a total project authorization of \$218,000; and
  3. Authorize the City Administrator to execute the contract documents and approve any future change orders within the project contingency.

**8. PUBLIC HEARINGS**

**8.1. Public Hearing to Establish a List of Properties Subject to the Weed Abatement Program and Adoption of a Resolution Authorizing the Fire Chief to Abate the Nuisance Arising Out of Weeds Growing and Refuse Accumulating Upon Property in the City of Gilroy Pursuant to Section 12.51 of the Gilroy Code**

1. Disclosure of Ex-Parte Communications
2. Staff Report:  
Sharon Goei, Community Development Director
3. Open Public Hearing
4. Close Public Hearing
5. Possible Action:  
Adopt a Resolution of the City Council of the City of Gilroy authorizing the Fire Chief to abate the nuisance arising out of weeds growing and refuse accumulating upon property in the City of Gilroy, pursuant to Section 12.51 of the Gilroy City Code.

**8.2. Amend Chapter 15, Section 15.11 of the Gilroy City Code by Adding Reference to California Vehicle Code Section 22358 et seq. Allowing the City Council to Reduce Prima Facie Speed Limits in School Zones from 25 mph to 15 mph or 20 mph per Assembly Bill 382**

1. Disclosure of Ex-Parte Communications
2. Staff Report:  
John Doughty, Public Works Director
3. Open Public Hearing
4. Close Public Hearing

5. Possible Action:

1. Conduct a Public Hearing;
2. Introduce and waive the first reading of the Ordinance amending Chapter 15, Section 15.11 of the Gilroy City Code adding reference to California Vehicle Code Section 22358 et seq. allowing the City Council to reduce prima facie speed limits in school zones from 25 mph to 15 mph or 20 mph per Assembly Bill 382;
3. Direct staff to place the Ordinance for adoption at the May 18, 2026 meeting; and
4. Adopt a resolution approving a budget amendment adding \$150,000 from Fund 220 (Vehicle Registration Fee) to Capital Project Number 801120 (Citywide Safety Improvements).

**9. UNFINISHED BUSINESS**

**9.1. Receive an Update on Emergency Medical Dispatch (EMD) Services Cost Escalation and Service Delivery Evaluation, and Approval of a Two-year Agreement with the Santa Clara County Communications Department for EMD services, in the Amount of \$170,256 for Fiscal Year 2026-27 (FY27) and \$329,803 in FY28**

1. Staff Report:  
Rob Fleep, Fire Chief
2. Public Comment
3. Possible Action:
  1. Receive an update; and
  2. Approve a two-year agreement with Santa Clara County Communications Department for Emergency Medical Dispatch services, in the amount of \$170,256 in FY 27 and \$329,803 in FY 28, and authorize the City Administrator to execute the contract and associated documents.

**10. INTRODUCTION OF NEW BUSINESS**

**10.1. Approve the Establishment of a City Council Homelessness Ad Hoc Subcommittee and Appoint up to Three City Councilmembers to Serve on the Subcommittee, and Provide Direction on the Homebase Proposal and Option**

1. Staff Report:  
Sharon Goei, Community Development Director
2. Public Comment
3. Possible Action:
  1. Approve the establishment of a City Council Homelessness Ad Hoc

- Subcommittee and appoint up to three City Councilmembers to serve on the Subcommittee; and
2. Proceed with the Homebase proposal and option of facilitation of six (6) monthly meetings with four (4) virtual and two (2) in-person meetings.

**11. FUTURE COUNCIL INITIATED AGENDA ITEMS**

**11.1. Request to Consider Amending City Zoning Code Section 30.41.31 regarding Performance Standards for Commercial and Industrial Noise Impacting Residentially Zoned Properties (FAIR Memo - Hilton)**

1. Staff Report:  
Sharon Goei, Community Development Director
2. Public Comment
3. Possible Action:  
Council consideration of a future agenda item directing staff to amend Zoning Code Section 30.14.31 (Specific provisions – Noise).

**12. CITY ADMINISTRATOR'S REPORTS**

**13. CITY ATTORNEY'S REPORTS**

**14. CLOSED SESSION**

**14.1. Public Employee Appointment/Employment Pursuant to Government Code Section 54957 and Gilroy City Code Section 17A.11(2)  
Name/Title: Police Chief**

**15. ADJOURN TO OPEN SESSION**

**16. ADJOURNMENT**





City of Gilroy  
*Proclamation*

---



**WHEREAS**, trees are a vital resource that enhance the beauty and character of the City of Gilroy, improve air quality, conserve water, reduce soil erosion, provide shade and habitat for wildlife; and

**WHEREAS**, Earth Day is celebrated worldwide to demonstrate support for environmental protection and to promote sustainable practices that protect our planet for future generations; and

**WHEREAS**, the City of Gilroy proudly maintains its commitment to urban forestry through park stewardship, tree planting initiatives, and ongoing maintenance programs that benefit residents and future generations; and

**WHEREAS**, the City of Gilroy has been recognized as a Tree City USA community, demonstrating its dedication to effective urban forest management and environmental leadership; and

**WHEREAS**, the City of Gilroy is joining together its Arbor Day and Earth Day celebrations in 2026 to highlight the connection between environmental stewardship and community action; and

**WHEREAS**, this year's celebration will take place on April 22, 2026, at Sunrise Park, bringing together residents, volunteers, and community organizations for tree planting and environmental activities that promote sustainability and civic pride; and

**WHEREAS**, local efforts including community tree planting events, park beautification projects, and partnerships with residents, volunteers, and community organizations strengthen Gilroy's commitment to a greener future;

**NOW, THEREFORE, I, GREG BOZZO**, Mayor of the City of Gilroy, do hereby proclaim April 22<sup>nd</sup>, 2026 as

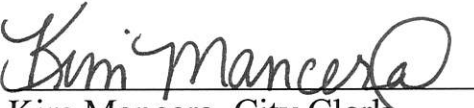
## **EARTH & ARBOR DAY**

in the City of Gilroy, and I encourage all residents, businesses, and community organizations to celebrate by participating in the event at Sunrise Park, planting trees, and taking an active role in protecting and preserving our environment.



  
\_\_\_\_\_  
Greg Bozzo, Mayor

Attested to by:

  
\_\_\_\_\_  
Kim Mancera, City Clerk

**City of Gilroy  
City Council  
DRAFT  
Minutes  
Wednesday, March 25, 2026 | 8:30 AM**

**1. OPENING**

**1. Call to Order**

The meeting was called to order by Mayor Bozzo at 8:30 AM.

**2. Roll Call**

<b>Attendance</b>	<b>Attendee Name</b>
Present	Council Member Dion Bracco Council Member Tom Cline Council Member Terence Fugazzi Council Member Zach Hilton Council Member Carol Marques Council Member Kelly Ramirez Mayor Greg Bozzo

**3. City Clerk's Report on Posting the Agenda**

City Clerk Kim Mancera reported on the Posting of the Agenda.

**2. PUBLIC COMMENT**

Mayor Bozzo opened public comment at 8:42 A.M.

With no speakers, Mayor Bozzo closed public comment.

**3. CITY COUNCIL STUDY SESSION**

**1. Legislative Agenda and Work Plan**

Introductions of facilitator Dave Sykes and City Council.

Review the Goals for the Study Session.

Review Selected Council Norms

Review of Work Plan & Legislative Agenda

Mayor Bozzo opened public comment at 10:38 P.M.

Gary Walton - commented on Downtown Morgan Hill vs. Downtown Gilroy and the benefit that Gilroy has with a plan from the Council.

David Leal - thanked the Council for what they have done in Downtown Gilroy and asked that they have a plan moving forward to attract more people to Downtown

Gilroy.

Amber Atteberry - commented on the Gilroy Downtown Business Association and provided some statistics.

With no further speakers, Mayor Bozzo closed public comment.

The meeting recessed at 10:56 am and reconvened at 11:07 am.

Continue review of Work Plan & Legislative Agenda

Goal Setting Brainstorm

#### **4. ADJOURNMENT**

With no additional business before the Council, the meeting was adjourned at 12:01 P.M

**I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the City Council of the City of Gilroy on XXXXXXX, 20XX.**

Kim Mancera  
City Clerk

**City of Gilroy  
City Council  
DRAFT  
Minutes  
Thursday, April 2, 2026 | 8:30 AM**

**1. OPENING**

**1. Call to Order**

The meeting was called to order by Mayor Bozzo at 8:30 AM.

**2. Roll Call**

<b>Attendance</b>	<b>Attendee Name</b>
Present	Council Member Dion Bracco Council Member Tom Cline Council Member Terence Fugazzi Council Member Zach Hilton Council Member Carol Marques Council Member Kelly Ramirez Mayor Greg Bozzo

**3. CITY COUNCIL STUDY SESSION**

**1. Priorities and Workplan Goal Setting**

Facilitator Dave Sykes provided a recap of the first study session.

Review the role of the City Administrator.

Review the purpose of the City Administrator's evaluation and discuss performance measures.

**2. PUBLIC COMMENT**

Mayor Bozzo opened public comment at 10:06 P.M.

With no speakers, Mayor Bozzo closed public comment.

**4. ADJOURNMENT**

With no additional business before the Council, the meeting was adjourned at 10: 06 P.M

**I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the City Council of the City of Gilroy on XXXXXXXX, 20XX.**

Kim Mancera  
City Clerk

**City of Gilroy  
City Council  
Draft Minutes**  
**Saturday, April 4, 2026 | 9:30 AM**

**1. OPENING**

**1. Call to Order**

The meeting was called to order by Mayor Bozzo at 9:30 AM.

<b>Attendance</b>	<b>Attendee Name</b>
Present	Council Member Dion Bracco Council Member Kelly Ramirez Mayor Greg Bozzo

**2. COFFEE WITH THE MAYOR**

**3. ADJOURNMENT**

With no additional business before the Council, the meeting was adjourned at 10:38 A.M

**I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the City Council of the City of Gilroy on XXXXXXX, 20XX.**

Kim Mancera  
City Clerk

**City of Gilroy  
City Council  
DRAFT  
Minutes  
Monday, April 6, 2026 | 6:00 PM**

**1. OPENING**

**1. Call to Order**

The meeting was called to order by Mayor Bozzo at 6:00 PM.

**2. Roll Call**

<b>Attendance</b>	<b>Attendee Name</b>
Present	Council Member Dion Bracco Council Member Tom Cline Council Member Terence Fugazzi Council Member Carol Marques Council Member Kelly Ramirez Mayor Greg Bozzo
Absent	Council Member Zach Hilton

**3. City Clerk's Report on Posting the Agenda**

City Clerk Kim Mancera reported on the Posting of the Agenda.

**4. Pledge of Allegiance**

Council Member Fugazzi led the Pledge of Allegiance.

**5. Invocation**

None.

**6. Orders of the Day**

None.

**7. Employee Introductions**

Police Captain Luke Powell introduced Police Officer Logan Lyons, Police Officer Kevin Figueroa and Community Service Officer Victoria Zepeda.

**2. CEREMONIAL ITEMS - Proclamations and Awards**

**1. Fair Housing Month Proclamation**

Mayor Bozzo presented the Fair Housing Month Proclamation to Danitza Roncal with Project Sentinel.

**3. PRESENTATIONS TO THE COUNCIL**

**1. Presentation of the Annual Report for the Gilroy Elevate the Arts Program by**

## **Silicon Valley Creates**

Alexandra Urbanowski with Silicon Valley Creates provided a report from the Gilroy Elevate the Arts Program.

## **2. PUBLIC COMMENT BY MEMBERS OF THE PUBLIC ON ITEMS NOT ON THE AGENDA BUT WITHIN THE SUBJECT MATTER JURISDICTION OF THE CITY COUNCIL**

Mayor Bozzo opened public comment at 6:17 P.M.

Landon Sepulveda - Spoke against the Gilroy Amazon Data Center.

Ron Kirkish - Spoke in favor of the Gilroy Amazon Data Center.

With no further speakers, Mayor Bozzo closed public comment.

## **4. REPORTS OF COUNCIL MEMBERS**

### **1. Council Member Bracco – Downtown Committee, Santa Clara County Library Joint Powers Authority, Santa Clara Water Commission, Santa Clara Valley Water Joint Water Resources Committee, SCRWA**

**Council Member Fugazzi – Santa Clara Water Commission (alternate), Silicon Valley Regional Interoperability Authority Board (alternate), SCRWA, Visit Gilroy California Welcome Center, VTA Mobility Partnership Committee**

**Council Member Marques – ABAG, Downtown Committee, Santa Clara County Library Joint Powers Authority (alternate), Santa Clara Valley Habitat Agency Governing Board, Santa Clara Valley Habitat Agency Implementation Board, SCRWA (alternate)**

**Council Member Hilton – CalTrain Policy Group, Santa Clara County Expressway Plan 2040 Advisory Board (alternate), Silicon Valley Clean Energy Authority JPA Board, South County Youth Task Force Policy Team, VTA Policy Advisory Committee**

**Council Member Ramirez – ABAG (alternate), Gilroy Gardens Board of Directors (alternate), Gilroy Sister Cities, Gilroy Youth Task Force (alternate), SCRWA, Santa Clara Housing and Community Development Advisory Committee**

**Council Member Cline – CalTrain Policy Group (alternate), Gilroy Sister Cities (alternate), Gilroy Youth Task Force, Santa Clara County Expressway Plan 2040 Advisory Board, Silicon Valley Clean Energy Authority JPA Board (alternate), Silicon Valley Regional Interoperability Authority Board, Visit Gilroy California Welcome Center (alternate), VTA Mobility Partnership Committee, VTA Policy Advisory Committee (alternate)**

**Mayor Bozzo – Gilroy Gardens Board of Directors, Santa Clara Valley Water**

**Joint Water Resources Committee, South County Youth Task Force Policy Team, VTA Board of Directors (alternate), Santa Clara Housing and Community Development Advisory Committee (alternate)**

Council Member Bracco - No report.

Council Member Fugazzi - No report.

Council Member Marques - Reported that she and Council Member Ramirez attended the Santa Clara Valley Habitat Agency meeting and spoke on the Burrowing Owl Program.

Council Member Hilton - No report.

Council Member Ramirez - Attended Gilroy Appreciation Day at Gilroy Gardens and recognized Gilroy Gardens for having a great season opener. She shared that she participated in Solorsano Middle School's Career Day and spoke at a Political Science class at Gavilan College. She reported from the Santa Clara Housing and Community Development Advisory Committee and shared that Gilroy will receive funding for the 8th & Alexander low-income housing project. She also reported from the Cal Cities Housing Community and Economic Development Policy Committee meeting in Costa Mesa.

Council Member Cline - No report.

Mayor Bozzo - Reported from the Gilroy Gardens Board of Directors that Gilroy Gardens has hired a Chief Advancement Officer. He also shared that he attended a meeting for the Santa Clara Valley Water Joint Water Resources Committee and reported on developments between Gilroy and Morgan Hill pertaining to recycled water. Lastly, the Mayor gave praise to Gilroy's Parks teams for keeping the parks maintained.

**5. CONSENT CALENDAR**

Mayor Bozzo commented on item 5.7. He announced that the position of Assistant City Administrator is a new position for Gilroy that has never existed before and congratulated Harjot Sangha on the position.

Mayor Bozzo opened public comment at 6:29 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Approve the consent calendar.

**RESULT:**           **Passed**

**MOVER:**           Council Member Kelly Ramirez

**SECONDER:**      Council Member Tom Cline

**AYES:**            Council Member Dion Bracco, Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council



Member Kelly Ramirez, Mayor Greg Bozzo

**NAYS:** None

**ABSENT:** Council Member Zach Hilton

1. **Approve the March 7, 2026 Coffee with the Mayor and the March 16, 2026 City Council Regular Meeting minutes**
2. **Approval of the Update to the Gilroy Conflict of Interest Code During Its Biennial Review**
3. **Approve Property Improvement Agreement No. 2026-02, for Data Center Phase 1 Offsite Improvements, APN 841-69-044**
4. **Claim of Christina Johnson (The City Administrator recommends a "yes" vote under the Consent Calendar shall constitute denial of the claim)**
5. **Approve budget amendment and contract amendment to cover change orders on the purchase of a replacement Type III fire engine from BME Fire Trucks, LLC.**
6. **Notice of Completion for the FY25 Citywide Pavement Rehabilitation Project No. 25-PW-295 and Approval of a Final Contract Amount of \$6,911,105.66**
7. **Consent the City Administrator's Recommendation to Appoint Harjot Sangha to the Department Head Position of Assistant City Administrator**

## 6. BIDS AND PROPOSALS

1. **Council Award a Contract to Pros Consulting for the Recreation Division Assessment in the Amount of \$372,690 and Adopt a Resolution Amending the Fiscal Year 2026 Budget in the Recreation Fund**

Deputy Director of Community Development Bryce Atkins provided a report and presentation.

Mayor Bozzo opened public comment at 6:45 P.M.

Ron Kirkish - Spoke against granting the contract to Pros Consulting

With no further speakers, Mayor Bozzo closed public comment.

### **Motion**

Award a contract to Pros Consulting setting the dollar figure to \$225,000 and allowing City staff and the consultant to negotiate a maximum possible scope of work within the budget.

**RESULT:** **Passed**

**MOVER:** Council Member Tom Cline

**SECONDER:** Council Member Carol Marques

**AYES:** Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council Member Kelly Ramirez,

Mayor Greg Bozzo  
**NAYS:** Council Member Dion Bracco  
**ABSENT:** Council Member Zach Hilton

**Motion**

Adopt the attached budget amendment resolution revised to coordinate with the amount of the project.

**RESULT:** **Passed**

**MOVER:** Council Member Kelly Ramirez

**SECONDER:** Council Member Carol Marques

**AYES:** Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council Member Kelly Ramirez, Mayor Greg Bozzo

**NAYS:** Council Member Dion Bracco

**ABSENT:** Council Member Zach Hilton

**2. Award Four, Three-Year On-Call Standard and Expedited Building and Fire Plan Review and Inspection Services Contracts with Two, One-Year Extension Options and Each Contract with an Amount Not-To-Exceed \$2,000,000 to 4LEAF, CSG Consultants, TRB+ Associates, and True North Compliance Services**

Community Development Director Sharon Goei provided a report and presentation.

Mayor Bozzo opened public comment at 7:13 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Award agreements in an amount not-to-exceed \$2,000,000 each with 4LEAF, CSG Consultants, TRB+ Associates and True North Compliance Services to provide standard and expedited on-call Building and Fire plan review and inspection services for the initial period of July 1, 2026 to June 30, 2029, with two, one-year extension options, and authorize the City Administrator to execute these agreements.

**RESULT:** **Passed**

**MOVER:** Council Member Terence Fugazzi

**SECONDER:** Council Member Tom Cline

**AYES:** Council Member Dion Bracco, Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council Member Kelly Ramirez, Mayor Greg Bozzo

**NAYS:** None

**ABSENT:** Council Member Zach Hilton

**7. INTRODUCTION OF NEW BUSINESS**

**1. Proposed High Speed Rail Tax Increment Financing**

City Administrator Matt Morley provided a report.

Mayor Bozzo opened public comment at 7:19 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Authorize the Mayor to sign a Letter of Opposition to the High-Speed Rail Authority's Tax Increment financing proposal.

**RESULT:** Passed

**MOVER:** Council Member Dion Bracco

**SECONDER:** Council Member Tom Cline

**AYES:** Council Member Dion Bracco, Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council Member Kelly Ramirez, Mayor Greg Bozzo

**NAYS:** None

**ABSENT:** Council Member Zach Hilton

**2. Receive Draft Community Development Block Grant Program Year 2026-2027 Annual Action Plan and Draft Citizen Participation Plan and Provide Direction on CDBG PY 2026-2027 Funding Allocations**

Community Development Director Sharon Goei provided a report and presentation.

Mayor Bozzo opened public comment at 7:34 P.M.

Carole Conn - Thanked council for supporting Project Sentinel's efforts within the community

Liz Murillo - Spoke on the relationship between Gilroy and the team with Rebuilding Together Silicon Valley

Deanne Everton - Thanked council for their support in Gilroy's housing developments.

With no further speakers, Mayor Bozzo closed public comment.

Listen to the motion that Mayor Bozzo reads. (there was no mover or second)

**Motion**

Receive draft Community Development Block Grant (CDBG) Program Year (PY) 2026-2027 Annual Action Plan (AAP) and draft Citizen Participation Plan (CPP) and direct staff to allow funding for the public service applicants to be equally distributed and non-public service applicants to be equally distributed between City of Gilroy Public Works and Rebuilding Together Silicon Valley.

**RESULT:** Approve

**MOVER:** Council Member Terence Fugazzi  
**SECONDER:** Council Member Tom Cline  
**AYES:** Council Member Dion Bracco, Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council Member Kelly Ramirez, Mayor Greg Bozzo  
**NAYS:** None  
**ABSENT:** Council Member Zach Hilton

**3. Acceptance of Fiscal Year 2024-25 Annual Comprehensive Financial Report (ACFR)**

Assistant City Administrator and Finance Director Harjot Sangha provided a report and presentation.

Mayor Bozzo opened public comment at 7:56 P.M.

With no speakers, Mayor Bozzo closed public comment.

Report received.

**4. Council Consideration of Placing a Potential Sales Tax Ballot Measure for the November 2026 Election Ballot**

Assistant City Administrator and Finance Director Harjot Sangha provided a report and presentation.

Mayor Bozzo opened public comment at 8:26 P.M.

With no speakers, Mayor Bozzo closed public comment.

Council approved 4-2 to pursue the placement of a special sales tax measure on the ballot and directed staff to come back in June with ballot language and the formal action.

**8. CITY ADMINISTRATOR'S REPORTS**

No report.

**9. CITY ATTORNEY'S REPORTS**

No report.

**10. CLOSED SESSION**

**1. Public Employee Appointment/Employment Pursuant to Government Code Section 54957 and Gilroy City Code Section 17A.11(2)  
Name/Title: Finance Director**

City Attorney Andy Faber announced the closed session item.

City Attorney Andy Faber opened public comment at 8:47 P.M.

With no speakers, City Attorney Andy Faber closed public comment.

**Motion**

Remain in closed session.

**RESULT:** Passed

**MOVER:** None

**SECONDER:** None

**AYES:** Council Member Dion Bracco, Council Member Tom Cline, Council Member Terence Fugazzi, Council Member Carol Marques, Council Member Kelly Ramirez, Mayor Greg Bozzo

**NAYS:** None

**ABSENT:** Council Member Zach Hilton

The meeting adjourned to closed session at 8:47 P.M

**11. ADJOURN TO OPEN SESSION**

**12. ADJOURNMENT**

With no additional business before the Council, the meeting was adjourned at 8:56 P.M

**I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the City Council of the City of Gilroy on XXXXXXX, 20XX.**

Kim Mancera  
City Clerk



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Approve a School Resource Officer Memorandum of Understanding for Fiscal Year 2026-2027**

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Police  
 Submitted by: Scot Smithee, Interim Police Chief  
 Prepared by: Brian Dutton, Police Captain

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

Adopt a resolution of the City Council of the City of Gilroy authorizing the City Administrator to enter into an agreement between the City of Gilroy and Gilroy Unified School District for two school resource officers, including cost sharing, for Fiscal Year 2026-2027 (FY27).

### EXECUTIVE SUMMARY

The City of Gilroy (City) and the Gilroy Unified School District (GUSD) have an established School Resource Officer (SRO) Program and partnership dating back to 1985. The SRO's primary role in schools is to maintain school campus safety, build and support the well-being of youth, positive student and family engagement, safety training, and an on-site resource for students and staff in crisis.

Gilroy Unified School District has asked to renew the SRO program for FY27. Staff is requesting the City Council to authorize the City Administrator to execute a Memorandum of Understanding (MOU) between the City and GUSD to continue this partnership.

### BACKGROUND

The SRO program consists of two police officers dedicated to the function of maintaining school campus safety. The officers are tenured officers who are specially trained and carefully selected with the participation of the GUSD Superintendent.

The MOU includes six best primary purposes for having police services on school campuses and adds to a balanced approach to provide a positive and safe school environment. The six principles of the SRO Program include:

1. Maintain a safe and secure campus for both students and staff.
2. Preserve life and property in a manner that promotes community.
3. Develop positive relationships with students, staff and community.
4. Support GUSD staff in securing and transporting of prohibited confiscated items that are illegal to have on campus under California State Law.
5. Divert youth away from the criminal justice system through Restorative Justice programming.
6. Connect youth with mental health behavior services.

## **ANALYSIS**

GUSD staff presented to the GUSD Board on March 19, 2026, for the renewal of the FY27 MOU agreement and the GUSD Board approved the agreement. During the meeting, GUSD staff highlighted the ongoing collaboration between campus personnel and SROs, emphasizing their commitment to fostering student well-being, building trust, and ensuring a secure campus community.

Over the past four years, GUSD has conducted an annual survey to assess the perceptions of students, staff, and families regarding SROs on campus. The most recent survey findings indicate that 92.3% of respondents feel comfortable with the presence of an SRO, while 86.6% believe that having an SRO in schools contribute to a safer environment for students.

## **ALTERNATIVES**

The Council may decide not to continue participating in a Memorandum of Understanding (MOU), but this is not advisable. If an incident occurs that requires law enforcement intervention, patrol officers will respond to the call for assistance from the school or school district. However, they will not be able to offer the additional services and benefits that a School Resource Officer (SRO) program typically provides as noted above.

## **FISCAL IMPACT/FUNDING SOURCE**

This MOU would provide cost sharing with GUSD paying 50% of the two SRO's cost. The full salary of two SRO's for FY27 is estimated at \$587,939.98. GUSD's portion of

the cost is \$293,969.99.

The City's SRO's cost is included as part of the FY27 budget process as the SRO program will be staffed from the current officer workforce, which is funded out of the Police Department's budget within the General Fund (100). The reimbursement received as revenue is also deposited back into the General Fund.

### **PUBLIC OUTREACH**

As referenced above, public outreach occurs as part of the GUSD community survey.

### **NEXT STEPS**

#### **Attachments:**

1. MOU SRO FY27 -Draft
2. Attachment A FY27 SRO Program



**MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE GILROY UNIFIED SCHOOL DISTRICT AND THE CITY OF GILROY FOR SCHOOL RESOURCE OFFICERS**

This MEMORANDUM OF UNDERSTANDING (MOU) (the “Agreement”) is entered into on **BLANK** (the “Effective Date”) by and between the Gilroy Unified School District (the “GUSD”) and the City of Gilroy (the “City”) (which may be referred to hereinafter individually as a “Party” and collectively referred to hereinafter as the “Parties”) to provide fiscal support for the School Resource Officers (the “SROs”) assigned to GUSD.

RECITALS

WHEREAS, the Parties desire to place two (2) SROs in service to the GUSD; and

WHEREAS, the Parties have agreed to enter into this Agreement for the purpose of sharing the cost of two (2) SRO positions for the GUSD 2026-2027 fiscal year; and

WHEREAS, GUSD agrees to reimburse the City for its share of the cost, and the purpose of this Agreement is to provide the duties and obligations of both Parties related to these SRO positions, and the terms and conditions for GUSD’s reimbursement to the City; and

NOW THEREFORE, in consideration of the foregoing recitals, and the covenants and conditions contained herein, the Parties hereto agree as follows:

PURPOSE

The parties agree that there are six primary purposes for having police services on school campuses. They are to:

1. Maintain a safe and secure campus for both students and staff;
2. Preserve life and property in a manner which promotes community;
3. Develop positive relationships with students, staff, and the community;
4. Support GUSD staff in securing and transporting of prohibited confiscated items that are illegal to have on campus under California State law;
5. Divert youth away from the criminal justice system through restorative justice programming;
6. Connect youth with mental health behavior services.

1. Obligation of the Parties.

a. City: The City shall provide the GUSD with two (2) SROs during the 2026-2027 regular school year and with one (1) SRO during the 2026-2027 summer session. SRO’s shall attend Restorative Justice and Positive Behavioral Training.

i. During the regular school year, each SRO will be assigned to one of the two high schools located in Gilroy - Christopher High School or Gilroy High School, and will be primarily responsible for performing duties and obligations at the high school to which they are assigned, as well as the “feeder” middle and elementary schools associated with it.

ii. During the regular school year, the SROs will provide coverage for each other, as needed, including without limitation, performing SRO duties at the school(s) for which the other officer is primarily responsible if the SRO primarily assigned to the school(s) is absent from work or preoccupied for an extended or indefinite period of time with a matter or matters that may require his or her immediate and full attention.

iii. Consistent with their regular schedules when performing their general Gilroy Police officer duties, the SROs will each work a 4/10 plan. This means that each SRO will work for ten (10) hours per day, four (4) days per week. During the regular school year, their SRO schedules will be staggered so that every weekday will have at least one SRO providing coverage.

iv. The City will provide funding for the two (2) SROs salary throughout the GUSD 2026-2027 fiscal year, and will send an invoice to GUSD for its 50% share of the cost for the SROs at the end of the GUSD 2026-2027 fiscal year.

v. Should the employment of either or both of the SROs be terminated during the 2026-2027 school year, the City will provide substitute officers.

vi. The City shall involve the current GUSD superintendent or designee in the process of interviewing and selecting SRO candidates.

vii. Any published job description for the SRO shall state bilingual in Spanish candidates are preferred.

b. GUSD: GUSD shall reimburse the City for 50% of each officer’s full annual salary for the 2026-2027 GUSD fiscal year (12 months), as calculated by the City, including the cost of any related benefits. GUSD agrees and understands that SROs are entitled to certain contractual rights pursuant to their collective bargaining agreement with the City, including, without limitation, employee breaks and paid time off. GUSD shall not interfere with or prevent the exercise of these rights. GUSD shall also provide Restorative Justice and Positive Behavioral training to the SROs.

2. Term. The term (the “Term”) of this Agreement will commence as of the Effective Date and will continue in effect through the GUSD 2026-2027 fiscal year, unless sooner terminated in accordance with the termination provisions provided in paragraph 6, below. Should the GUSD determine that it has sufficient funding to share the cost of the SRO officers for the 2027-2028 school year and desire to renew its commitment to share the cost of such positions, the GUSD

must provide notice to the City by April 30, 2027. The City may at its sole discretion extend this Agreement through the 2027-2028 fiscal year, after determining that the City has the funds to cover its share of the cost of such positions.

3. Reimbursement. GUSD's reimbursement cost is based on the salary and benefits that each officer assigned to the GUSD would receive for performing their regular patrol duties, as described in the cost summary in "Attachment A" to this Agreement and prorated for the actual periods, which an SRO Officer position is assigned to the District. At the end of the Term, the City will provide the GUSD with an invoice for the GUSD's share of the annual cost for the two SROs, to be paid in one lump sum payment or in multiple payments as agreed to in writing by both Parties. Should the City provide substitute officers per paragraph 1.a. above, the GUSD's share of the cost will remain the same and continue to be based on the officer salaries and benefits as calculated per "Attachment A."

The full annual salary of the two SROs is \$587,939.98. GUSD's portion of the cost is \$293,969.99. The GUSD's share of the cost covers the SROs' on-campus duties and regular patrol duties, as determined by the Gilroy Police Department, performed during the GUSD 2026-2027 school year.

4. Relationship. The relationship of the Parties is that of independent contractors. Nothing contained in this Agreement shall be construed to create any principal or agent relationship, partnership, joint venture, or participation in a joint or common undertaking, between the Parties. The SROs are not employees of the GUSD and will at all times during the term of this Agreement remain under the direct control and command of the Gilroy Police Department. The City and its Police Department will supply all necessary equipment for the SROs for the performance of their SRO duties. The SROs may on an emergency basis be called away from their on-campus duties to perform regular duties during GUSD school operational hours, as needed.

5. Indemnification. Neither Party nor any officer, employee, official, or agent thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by the other Party under or in connection with any work, authority or jurisdiction arising under this Agreement. It is understood and agreed that each Party shall fully defend, indemnify and hold harmless the other Party and all of its officers, employees, officials, or agents thereof from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by the other Party, under this Agreement.

In addition, in lieu of and notwithstanding the pro rata risk allocation, which might otherwise be imposed between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro rata but, instead, the Parties agree that, pursuant to Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other Parties, their officers, officials,

employees, and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined in Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, officials, employees, or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such Party under this Agreement. The obligations set forth in this paragraph will survive termination and expiration of this Agreement.

6. Termination. Either Party may terminate this Agreement for cause or convenience at any time upon giving thirty (30) days written notice to the other Party, in accordance with paragraph 7, below. Either Party's failure to comply with the terms, conditions, or provisions of this Agreement may be grounds for termination upon thirty (30) days written notice by the other Party.

7. Notice. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the Party shall specify in writing. Such notice shall be deemed given upon personal delivery; or if sent by first class mail, postage prepaid, three (3) days after the date of mailing; or if sent by nationally recognized overnight carrier, on the date of receipt or refused receipt by the receiving party.

City:

City of Gilroy  
Attn: Matt Morley  
7351 Rosanna St.  
Gilroy, CA 95020

GUSD:

Gilroy Unified School District  
Attn: \_\_\_\_\_  
7810 Arroyo Circle  
Gilroy, CA 95020

8. Amendment. This Agreement may be amended only by mutual, written agreement executed by both Parties.

9. No Assignment. Neither this Agreement nor any portion shall be assigned by either Party, without prior written consent of the other Party.

10. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way, except that if any of the obligations of the parties under paragraph 1, above, should be determined to be invalid, void, or unenforceable, then this Agreement shall terminate upon such final determination.

11. No Third Party Beneficiary. This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties will have any claim or right of action hereunder for any cause whatsoever.

12. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws provisions of any jurisdiction. The exclusive jurisdiction and venue with respect any and all actions or disputes arising out of this Agreement shall be in State and Federal courts located in Santa Clara County, California.

13. Counterparts. This Agreement may be signed in counterparts, each of which shall be deemed to be an original, but all of which taken together, shall constitute one and the same agreement.

14. Waiver. No waiver by either Party of any breach, default, or violation of any term, warranty, representation, agreement, covenant, condition, or provision hereof shall constitute a waiver of any subsequent breach, default, or violation of the same or any other term, warranty, representation, agreement, covenant, condition, or provision thereof. All waivers must be in writing and signed by the Party against whom enforcement of the waiver is sought. All remedies are cumulative, and the election to pursue less than all remedies shall not be a waiver of the right to pursue any remedy.

15. Entire Agreement. This Agreement, including any exhibits hereto, constitutes the entire Agreement between the Parties and supersedes any previous agreement, oral or written.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

ATTEST:

CITY OF GILROY

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
City Administrator

APPROVED AS TO FORM:

GILROY UNIFIED SCHOOL DISTRICT

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
District Superintendent

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
District Clerk

\_\_\_\_\_  
District General Counsel

**Attachment A**

**Gilroy Police Department  
School Resource Officer Program**

<b>Position:</b>	Police Officer	
<b>Year:</b>	Fiscal Year 2026-2027	
	EmplID: 873741	EmplID: 488126
Calculation Type	Annual	Annual
Base Salary	169,416.20	144,184.00
Benefits	155,904.91	118,434.87
Total Employee Cost	<u>325,321.11</u>	<u>262,618.87</u>
Grand Total Employee Cost	587,939.98	
<b>Gilroy Unified School District Contribution</b>	<b>293,969.99</b>	

REVENUE CODE: 1003010-47810 CHARGE CODE: PDSRO



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approve the Second Amendment for HydroScience Design Services Contract for Water Utility Improvements to increase by \$175,395, for a New Total Not-to-exceed Amount of \$1,112,985

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Utilities  
 Submitted by: Karl Bjarke, Interim Public Utilities Director  
 Prepared by: Karl Bjarke, Interim Public Utilities Director

---

**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure

---

### RECOMMENDATION

1. Approve the reallocation of \$136,292 of Fiscal Year 2026 CIP funds from construction to design for the following project codes relating to Water Utility Improvements Project No. 24-RFP-PW-497: CIP # 800250; CIP # 800590; CIP # 800600; CIP # 800610; CIP # 800660; and CIP # 800890.
2. Approve a 2<sup>nd</sup> Amendment to the HydroScience Engineers, Inc. Agreement in the amount of \$173,395 for Water Utility Improvements Project No. 24-RFP-PW-497 and authorize the City Administrator to execute the amendment and associated documents.

### EXECUTIVE SUMMARY

The Water Utility Improvements Project No. 24-RFP-PW-497 (Project) includes the design and preparation of bid documents for six individual water utility projects. The project is also identified as "Bundle 2" because it is composed of a set of smaller, distinct Capital Improvements Program (CIP) projects. HydroScience Engineers, Inc. was awarded the project design on February 5, 2024. The project is currently under design; however, several field issues have come to light, and, with the City's request for

more survey and investigative work, additional design services to complete the design are required. Proposed Amendment #2 adds \$173,395 to the base contract. This is proposed to be paid from two sources: 1. Unused Optional Task work, and 2. Reallocation of \$136,292 of construction funds to design work. Executing Amendment #2 will exceed the previously approved Council-authorized amount for this Agreement. It is requested that an additional \$136,292 be applied from the Fiscal Year 2026 Construction fund to fully fund the cost of Amendment #2.

## **BACKGROUND**

On February 5, 2024, the City awarded a design services agreement with HydroScience Engineers, Inc. for the design of Water Utility Improvements Project No. 24-RFP-PW-497. The City Council approved an original contract amount of \$842,790 with a contingency of \$126,419. On May 27, 2025, the City executed Amendment #1 to add two project locations that require rehabilitation (water lines in Swanston Avenue and Casey Lane). Amendment #1 consumed \$94,800 of contingency funding. All included after Amendment #1, the project is now set to rehabilitate water lines at six different locations in the City. All of these water lines have been identified as needing immediate repair or replacement.

As the field survey work has evolved, HydroScience has brought several matters to the City's attention that must be resolved to complete the design. These include:

1. Identifying the multiple water meters that will be affected during construction. Services for customers will invariably be impacted at some point during construction, and it is vital to have a reliable accounting of meters in the field to minimize construction impacts. In addition, meters may need to be relocated to prevent damage.
2. Certain fire hydrants will need to be relocated to better align with the new water line installations.
3. Service lines to customer meters and fire hydrants will be replaced to meet City design standards.
4. Surveying work should include existing survey monuments to ensure the accuracy of horizontal and vertical locations of improvements. This requirement was not included in the original scope.
5. Certain sections of the construction contract specifications were provided later in the process, which required HydroScience to devote additional time to coordinating and integrating the full specifications package.
6. Following the staff's initial review and comments on HydroScience's design submittals, additional feedback was subsequently provided. This required HydroScience to pause ongoing work to address and incorporate the updated input into the design.

Collectively, these field conditions, scope clarifications, and iterative review comments have increased the effort required to deliver a comprehensive, constructible design package.



As a result, due to the inherent complexities associated with underground utility work and the potential for construction delays and claims, staff have undertaken a thorough review of design details to be incorporated into the construction documents. This enhanced level of review has resulted in additional coordination and design effort by HydroScience, necessitating the request for approval of Amendment No. 2. The additional design work is expected to reduce potential issues during construction and support a more efficient project delivery.

## **ANALYSIS**

The design consulting firm, HydroScience Engineers, in collaboration with Utilities Department staff, has identified a range of issues that must be resolved before the final bid documents can be prepared. HydroScience provided a proposal to address these design needs. Staff has closely reviewed the proposal, negotiated the requested fee downward, and is now recommending the approval of Amendment #2 to keep the project moving forward.

## **ALTERNATIVES**

The City Council could reject the proposed Amendment No. 2; however, this action is not recommended. Without the additional design effort, the project may be delayed or suspended. As the engineer of record for this project, HydroScience has a professional responsibility to ensure the adequacy of the design and may be unable to proceed if the current level of design is deemed inadequate.

## **FISCAL IMPACT/FUNDING SOURCE**

The Utilities Department's adopted FY 2026 Capital Improvement Program (CIP) includes \$6,332,000 for six projects within the Water Improvements Projects (Bundle 2), all funded through Water Fund (705). These funds are already appropriated by the Council and support essential investments in the City's water infrastructure

To execute the proposed Amendment #2, an additional \$136,292 is requested to be reallocated from the adopted FY 2026 CIP construction funding. Staff recommends rebalancing project budgets to reflect current project demands. Specifically, staff recommends reallocating a portion of existing construction funds tied to the six projects included in Project 24-RFP-PW-497 to design services. There are sufficient funds in each of the six projects to make the reallocation, and thus, no net impact or budget adjustment is necessary at this time. This adjustment will strengthen project readiness, improve cost control, and reduce the risk of construction delays.

## **PUBLIC OUTREACH**

N/A

## **NEXT STEPS**

Should the Council approve the actions recommended in this report, HydroScience will be directed to complete the bid documents for the project, and the City will be in a position to put the project out to bid.

## **Attachments:**

1. Amend 2 - Water Improvement Project Final 3.21 SIGNED
2. Amendment No. 2 - 032426

**SECOND AMENDMENT TO AGREEMENT WITH HYDROSCIENCE ENGINEERS, INC.  
FOR DESIGN OF WATER UTILITY IMPROVEMENTS PROJECT NO. 24-RFP-PW-497**

This the Second Amendment to the Agreement for Services (“First Amendment”) is made and entered into as of April 21, 2026 (“Effective Date”), by and between the City of Gilroy, a municipal corporation (“City”), and HydroScience Engineers (“Consultant”).

WHEREAS, the City and Consultant entered into that certain agreement entitled “Agreement For Services” for Project No. 24-RFP-PW-497, effective on February 26, 2024, hereinafter referred to as “Original Agreement”; and

WHEREAS, the City and Consultant executed a First Amendment to this Agreement on February 26, 2024 in an amount of \$94,800 and including an amended term of February 1, 2027; and

WHEREAS, City and Consultant have determined it is in their mutual interest to amend certain terms of the Original Agreement.

NOW, THEREFORE, for valuable consideration, the parties hereto agree as follows:

1. Article 1 (Term of Agreement) of the Original Agreement shall be amended to read as follows:

This Agreement will become effective on February 26, 2024 and will continue in effect through **June 30, 2028** unless terminated in accordance with the provisions of **Article 7** of this Agreement.

Any lapse in insurance coverage as required under Article 5, Section D of this Agreement shall terminate this Agreement regardless of any provision stated herein

2. Article 4 Compensation of the Original Agreement shall be further amended to read as follows:

**A. Consideration**

In consideration for the services to be performed by CONSULTANT, CITY agrees to pay CONSULTANT the amounts set forth in Exhibit “D”. The total compensation of the original amount shall increase by \$175,395 for a new total amount not to exceed \$1,112,985.

3. Exhibit “B” (Scope of Services) of the Original Agreement under Project Understanding shall be amended as follows

As identified in the March 24, 2026 letter from HydroScience, Subject: Amendment #2 – Water Utility Improvements Project, additional services include modifications to the plans to account for water meter locations and identification; relocation of certain water meters; replacement of fire hydrant laterals, revision to customer laterals, complete coordination of general specifications with technical specifications, extended project management and adjusted hourly rates for construction support due to extension in design timeline, and re-work of the preparation of 100% plans and specifications.

4. Exhibit "D" (Payment Schedule), as previously amended, shall be further amended to include:

Item No.	Item Name	Amount
1.	100% Draft PS&E	\$95,000
2.	Bid Set PS&E	\$40,000
3.	Extended Project Management	\$25,716
4.	Additional Engineering Services (Bidding/Construction)	\$14,679
	<b>Total Fee Amendment Request</b>	<b>\$175,395</b>

5. Except as expressly modified herein, all of the provisions of the Original Agreement and subsequent amendments shall remain in full force and effect. In the case of any inconsistencies between the Original Agreement, any subsequent amendments, and this Amendment, the terms of this Amendment shall control.
6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the dates set forth besides their signatures below.

CITY OF GILROY

HydroScience Engineers, Inc.

By: \_\_\_\_\_  
[signature]  
**Matt Morley**  
[employee name]  
**City Administrator**  
[title/department]

By: Curtis Lam  
[signature]  
**Curtis Lam**  
[name]  
**President**  
[title]

Date: \_\_\_\_\_

Date: March 27, 2026

APPROVED AS TO FORM

ATTEST:

\_\_\_\_\_  
 City Attorney

\_\_\_\_\_  
 City Clerk

March 24, 2026

HydroScience Engineers, Inc.  
741 Allston Way  
Berkeley, CA 94710  
510.540.7100

Karl Bjarke  
Director of Public Works  
City of Gilroy  
[Karl.Bjarke@cityofgilroy.org](mailto:Karl.Bjarke@cityofgilroy.org)

**Subject: Amendment #2 – Water Utility Improvements Project**

Dear Mr. Bjarke:

HydroScience has an existing agreement with the City dated February 26, 2024, in the amount of \$842,790. Amendment No. 1 to this contract increased the compensation for this agreement to \$937,590, and extended the agreement term to February 26, 2027.

Amendment No. 2 is required because of significant changes to the anticipated scope of work in our existing agreement and Amendment No. 1 with the City. Specifically, the out of scope work includes:

- Significant modifications and rework due to the type, number, and disposition of potable water meters connected to the pipeline to be replaced. HydroScience reviewed and edited meter records provided by the City two separate times, and the City updated its meter list a third time with the receipt of the 95% PS&E comments.
- City asked for several meters to be relocated to new locations, which is different than the original direction. Meters will need to be relocated to locations suitable to City staff, and we expect that a site walk or exact detailing by the City will be required for this update.
- We cannot confirm what address is supplied by each meter. However, we will confirm that every parcel has a potable water lateral provided to it.
- Certain hydrant laterals will also need to be replaced in total based on pipe material. A new hydrant schedule and details for full lateral replacement versus replacement up to the existing valve will need to be prepared.
- Selected customers will require design of the customer lateral downstream of the existing FCD or backflow preventer.
- The front end specifications were rewritten by the City between when they were originally provided to HydroScience and the receipt of comments on the 95% PS&E. Thus, HydroScience will need to update our review of the front ends and coordinate the new front end specifications with the rest of the contract documents.
- HydroScience was provided standard general notes to use in the contract documents. Significant updates to these notes were requested by the City. HydroScience will replace these notes with different notes and then make sure that content is not duplicated or conflicting with other portions of the Contract Documents.

- Significant delays occurred in the execution of the work prior to the preparation of the 35% PS&E (during 2024/early 2025), following submittal of the 30% PS&E, and following submittal of the 95% submittal. The current project schedule now will have design and construction occurring during 2026 or 2027, and project management and coordination services extending for a longer period than anticipated in the scope of work in the executed contract. These delays resulted in higher costs, in the form of higher billing rates, extended time to provide project management and oversight, and additional time required to coordinate and manage the project.

The end result of these changes is that the City and HydroScience both expect that completion of the work has been delayed. Due to the scale of the changes requested, and the timing of those changes, significant rework of effort that was already performed is required. We expect that this rework will result in the preparation of a 100% Draft PS&E submittal that incorporates the final disposition of comments received from the City. The Final comments received from the City will be adjusted based on discussions during 2026 between the City and HydroScience, and reconfirmed in a coordination meeting to be held between the City and HydroScience following approval of Amendment No. 2.

For the 100% Draft PS&E, HydroScience will submit PDFs of all plans, word copies of the specifications, and an excel copy of the estimate. Comments from the City should be provided either in one excel file encompassing the plans, specs, and estimate, or preferably as track changes in word and markups on the PDF. Comments on the estimate can be tracked separately. There will be no changes to the submittal types or format for the final stamped PS&E from the scope of the original contract.

### **Assumptions**

- No additional utility locating or topographic surveying will be performed in response to any City comments. Pipeline materials and sizes for known abandoned pipelines will also not be identified.
- Laterals for gas, electricity, water, and sanitary sewer laterals will not be located on the profile. It is unlikely that all laterals are available on any plan, and only laterals that are shown on existing as-builts, laterals visible from the surface or existing survey, or new laterals that we will install, will be located.
- No plats or legals will be prepared for any required permanent or temporary construction easements.
- No anti-vandalism measures will be incorporated into the pipeline overcrossing the creek.

## Budget and Schedule

Our proposed budget for this project is as follows:

100% Draft PS&E:	\$95,000.00
Bid Set PS&E:	\$40,000.00
Extended Project Management:	\$25,716.00
Additional Engineering Services – Bidding/Construction Phases:	\$14,679.12
<b>Overall Amendment No. 2 Budget Request</b>	<b>\$175,395.12</b>

We also expect that payment of the remaining balance not paid to HydroScience for Invoice Number 355002017 will be made, regardless of whether Amendment No. 2 is executed. This amount due is \$3,703.

We expect that it will take between 8 to 10 weeks to complete the 100% Draft PS&E, following execution of Amendment No. 2. We expect one set of consolidated review comments to be provided by the City that incorporate all comments on the plans, specifications, and estimate, within four weeks of the receipt of the 100% Draft PS&E. The Bid Set PS&E will be returned to the City within three weeks of receipt of the 100% Draft PS&E comments, assuming no fundamental comments requiring a significant change to the design are required.

We are projecting that a project schedule for completion of the remaining work will be as follows:

Execution of Amendment No. 2	April 23, 2026
Start work on 100% Draft PS&E	April 27, 2026
Submit 100% Draft PS&E	June 30, 2026
Receive comments on 100% Draft PS&E	July 27, 2026
Submit stamped PS&E	August 17, 2026
Advertise project and award contract	September – November 2026
Construct Project	January 2027 – October 2027

Based on this schedule, we would propose that Amendment No. 2 extend the contract termination date to June 30, 2028. This would give ample time for the City to complete work on this contract without requiring our contract term to be extended by a subsequent amendment.

We are looking forward to completing this project and successfully putting this project into service. We thank the City for collaborating with us to resolve Amendment No. 2, and look forward to a mantra of ongoing collaboration and shared success as we move forward.

Should you have any questions about this amendment request, please feel free to contact me at (530) 848-3938 or clam@hydroscience.com.

Sincerely,  
**HYDROSCIENCE ENGINEERS**



Curtis Lam, PE  
President



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Resolution of Intention to Renew the Gilroy Tourism Business Improvement District (GTBID)**

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Economic Development  
 Submitted by: Raissa de la Rosa, Economic Development Director  
 Prepared by: Victoria Valencia, Economic Development Manager, Raissa de la Rosa, Economic Development Director

---

**STRATEGIC PLAN GOALS:** Promote Economic Development Activities

---

### RECOMMENDATION

Adopt the Resolution of Intention to Renew the Gilroy Tourism Business Improvement District (GTBID)

### EXECUTIVE SUMMARY

The Resolution of Intention is the first step in a proposed renewal of the Gilroy Tourism Business Improvement District (GTBID), an existing benefit assessment district that funds targeted sales and marketing services. Specifically, adoption of this Resolution will trigger a public meeting on May 18, 2026, and a public hearing on June 15, 2026, on the renewal of the GTBID and the levy of assessments on certain lodging businesses. If renewed, the GTBID is projected to generate approximately \$324,000 annually to support destination marketing, tourism promotion, and sales efforts that directly benefit the assessed businesses. The 2% GTBID is not a tax, but rather a "pass-through" fee that is added to a guest's bill as part of the overall room charges when staying at a qualifying lodging establishment.

### BACKGROUND

A Tourism Business Improvement District (TBID) is a collaborative funding mechanism



by local lodging establishments to create a dedicated, locally controlled revenue stream to support programs that increase overnight stays and strengthen the city's tourism economy. A TBID is not a tax. Assessment districts are voluntarily approved and paid for by the participating businesses. Per industry standard, Gilroy's 2% TBID rate is added to a guest's bill in the same way other lodging surcharges appear as part of the overall room charges. The funds generated through a TBID are dedicated to programs that increase overnight stays, boost visitor spending, and strengthen the local tourism economy. After a 2% city administrative fee is deducted from the total funds remitted to the City, the remaining 98% of the funds are disbursed to Visit Gilroy for management and program implementation, which is also standard practice. TBID funds cannot be diverted for other government program use, and the funds are governed by those paying the assessment.

The City established the Gilroy Tourism Business Improvement District (GTBID) on September 17, 2012, through Resolution No. 2012-36, pursuant to the California Property and Business Improvement District Law of 1994 (94 Law), for an initial five-year term. The GTBID was subsequently renewed on October 17, 2016, by Resolution No. 2016-54 for an additional ten-year term as allowed by state law, and is set to conclude on December 31, 2027.

Gilroy's lodging business owners decided to pursue renewal of the GTBID to continue the revenue source devoted to marketing the City as a tourist, meeting and event destination. If renewed, the GTBID would generate approximately \$324,000 on an annual basis. The renewed GTBID includes all lodging businesses with ten (10) rooms or more, existing and in the future, available for public occupancy located within the boundaries of the City of Gilroy. This ten-room threshold has been added to the new GTBID Management District Plan (Attachment 2) in addition to the continued exemption of recreational vehicle parks and vacation rentals. The previous Management Plans remained silent on room thresholds).

## **ANALYSIS**

The GTBID is a benefit assessment district proposed, starting with the Resolution of Intention, to continue a revenue source to help fund marketing, promotion, and tourism development that benefits Gilroy lodging businesses. The assessment district includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Gilroy. Not included in the assessment nor featured in GTBID programs are recreational vehicle parks and vacation rentals, nor lodging establishments with fewer than 10 rooms.

Under the California Property and Business Improvement District Law of 1994, under which the GTBID is established, the maximum term for establishing or renewing a TBID is ten years. Gilroy's lodging business owners decided to pursue renewal of the GTBID in order to continue a revenue source devoted to marketing the City as a tourist, meeting and event destination. If renewed, the GTBID would generate approximately

\$324,000 on an annual basis for promotion of travel and tourism specific to the City.

### **Tourism Business Improvement Districts**

Tourism Business Improvement Districts (TBIDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow assessed business owners to organize their efforts to increase tourism. Business owners within the TBID fund the TBID, and those funds are used to provide services that are desired by and benefit the assessed businesses within the TBID.

TBID Benefits:

- Funds cannot be diverted for other government programs;
- They are customized to fit the needs of each destination;
- They allow for a wide range of services; including: destination marketing, tourism promotion, and sales lead generation;
- They are designed, created and governed by those who will pay the assessment; and
- They provide a stable funding source for tourism promotion.

### **Management District Plan**

The Management District Plan (**Attachment 1**) includes the proposed district boundary, the service plan and budget, and the means of governance. The GTBID will include all lodging businesses with ten rooms or more, existing and in the future, available for public occupancy located within the boundaries of the City, not including vacation rentals nor recreational vehicle parks.

The current annual assessment rate is two percent (2%) of gross short-term overnight room rental revenue. During the GTBID's ten (10) year term, the assessment rate may be increased by the Gilroy Visitors Bureau, Inc. dba the Gilroy Welcome Center's (GWC) Board to a maximum rate of five percent (5%) of gross room rental revenue for assessed lodging businesses. If the assessment rate is increased, it may subsequently be decreased, but shall not be decreased below a minimum of two percent (2%). The maximum increase or decrease in any year shall be two percent (2%). Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The renewed GTBID will have a ten (10) year term, beginning January 1, 2028, or as soon as possible thereafter, and ending ten (10) years from its start date.

The City will be responsible for collecting the assessment on a quarterly basis from each assessed business. The City shall forward the assessments to GWC, which will

have the responsibility of managing GTBID programs as provided in the Management District Plan. The City shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

### **GTBID Renewal Process**

April 20, 2026      **RESOLUTION OF INTENTION HEARING**  
 Upon the submission of a written petition, signed by the business owners in the renewed GTBID who will pay more than fifty percent (50%) of the assessments proposed to be levied, the City Council (Council) may initiate proceedings to renew the GTBID by the adoption of a resolution expressing its intention to renew the GTBID.

#### Petition Status

Petitions in favor of GTBID renewal were submitted by assessed businesses, which represent more than fifty percent (50%) of the total GTBID assessment. This majority petition allows the Council to initiate proceedings for GTBID renewal at the April 20, 2026, meeting.

No later than May 1, 2026      **NOTICE**  
 The 94 Law requires the City to mail written notice to the owners of all businesses proposed to be assessed within the GTBID. Mailing the notice begins a mandatory forty-five (45) day period in which assessed business owners may protest GTBID renewal.

May 18, 2026      **PUBLIC MEETING**  
 Allow public testimony on the renewal of the GTBID and levy of assessments. No Council action required.

June 15, 2026      **FINAL PUBLIC HEARING**  
 If written protests are received from the owners of businesses in the renewed GTBID which will pay fifty percent (50%) or more of the assessments proposed to be levied, and protests are not withdrawn so as to reduce the protests to less than fifty percent (50%), no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one (1) year from the date of the finding of a majority protest by the Council.

If the Council, following the public hearing, decides to establish the renewed GTBID, the Council shall adopt a Resolution of Formation.

### **ALTERNATIVES**

The Council could choose not to adopt the Resolution of Intention. Staff does not

recommend this option.

### **FISCAL IMPACT/FUNDING SOURCE**

None immediately. The City will receive a fee of two percent (2%) of the amount collected to cover its costs of administration. Because the GTBID programs are intended to increase visitation to the City, there may be an increase in transient occupancy tax and sales tax collections.

### **PUBLIC OUTREACH**

Outreach and discussions have been conducted directly with the lodging establishments subject to this assessment.

### **NEXT STEPS**

If adopted, staff will move forward with the GTBID renewal process.

### **Attachments:**

1. Management District Plan GTBID 10-31-25 Final
2. Item 6.4 Resolution of Intent GTBID
3. Gilroy TBID Signed Petition Packet



# GILROY TOURISM BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

# Table of Contents

- I. OVERVIEW..... 3
- II. BACKGROUND ..... 5
- III. BOUNDARY ..... 6
- IV. ASSESSMENT BUDGET AND SERVICES ..... 7
  - A. ANNUAL SERVICE PLAN .....7
  - B. ANNUAL BUDGET .....8
  - C. CALIFORNIA CONSTITUTIONAL COMPLIANCE .....9
  - D. ASSESSMENT.....11
  - E. INTEREST AND OVERDUE CHARGES.....12
  - F. TIME AND MANNER FOR COLLECTING ASSESSMENTS .....12
- V. GOVERNANCE..... 13
  - A. OWNERS’ ASSOCIATION.....13
  - B. BROWN ACT AND CALIFORNIA PUBLIC RECORDS ACT COMPLIANCE.....13
  - C. ANNUAL REPORT .....13
- APPENDIX 1 – LAW..... 14
- APPENDIX 2 – ASSESSED BUSINESSES\* ..... 26



## I. OVERVIEW

Developed by Gilroy lodging businesses and Gilroy Visitors Bureau, Inc. dba the Gilroy Welcome Center (GWC), the Gilroy Tourism Business Improvement District (GTBID) is an assessment district proposed to continue to provide specific benefits to payors by funding Sales and Marketing promotion efforts for assessed lodging businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors. The GTBID was initially created in 2012 for a five (5) year term and was subsequently renewed in 2018 for a ten (10) year term. Lodging businesses and the GWC now wish to renew the GTBID for an additional ten (10) year term.

*Location:* The renewed GTBID includes all lodging businesses with ten (10) rooms or more, existing and in the future, available for public occupancy located within the boundaries of the City of Gilroy (City), as shown on the map in Section III.

*Services:* The GTBID is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Sales and Marketing promotions, and other improvements and activities set forth in this Management District Plan (Plan), will increase demand for overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing demand for room night sales.

*Budget:* The total GTBID annual assessment budget for the initial year of its ten (10) year operation is anticipated to be approximately \$324,000. This assessment budget is expected to fluctuate as room sales do, as businesses open and close, and if the assessment rate is increased or decreased pursuant to this Plan.

*Cost:* The initial annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. During the GTBID's ten (10) year term, the assessment rate may be increased by the GWC's Board to a maximum rate of five percent (5%) of gross short-term sleeping room rental revenue for assessed lodging businesses. If the assessment rate is increased, it may subsequently be decreased, but shall not be decreased below a minimum of two percent (2%) of gross short-term sleeping room rental revenue. The maximum increase or decrease in any year shall be two percent (2%). Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

*Collection:* The City will be responsible for collecting the assessment on a quarterly basis (including any delinquencies, interest, and overdue charges) from each assessed lodging business located in the boundaries of the GTBID. The City shall take all reasonable efforts to collect the assessments from each assessed lodging business.

*Duration:* The renewed GTBID will have a ten (10) year life, beginning January 1, 2028 through December 31, 2037. After ten (10) years, the GTBID may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if assessed lodging business owners support continuing the GTBID programs. Once per year, beginning on the

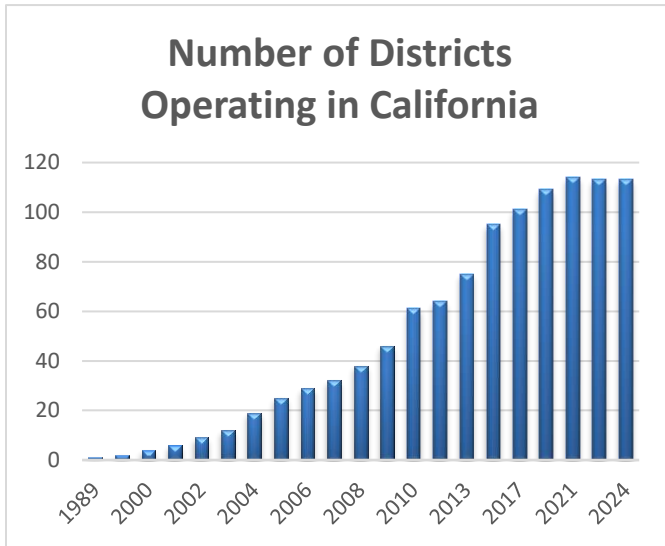
anniversary of district renewal, there is a 30-day period in which owners paying more than fifty percent (50%) of the assessment may protest and initiate a City Council hearing on district termination.

*Management:* The GWC shall continue to serve as the GTBID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan and must provide annual reports to the City Council.



## II. BACKGROUND

TBIDs are an evolution of the traditional Business Improvement District. The first TBID was formed in West Hollywood, California in 1989. Since then, over 100 California destinations have followed suit. In recent years, other states have begun adopting the California model –Illinois, Minnesota, Massachusetts, Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TBID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TBID. Additionally, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TBIDs without a state law.



California’s TBIDs collectively raise over \$300 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Gilroy lodging businesses continue to invest in stable, commerce-specific marketing programs.

TBIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TBIDs allow tourism business owners to organize their efforts to increase commerce. Lodging business owners within the TBID pay an assessment and those funds are used to provide services that increase commerce.

In California, most TBIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TBIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TBIDs:

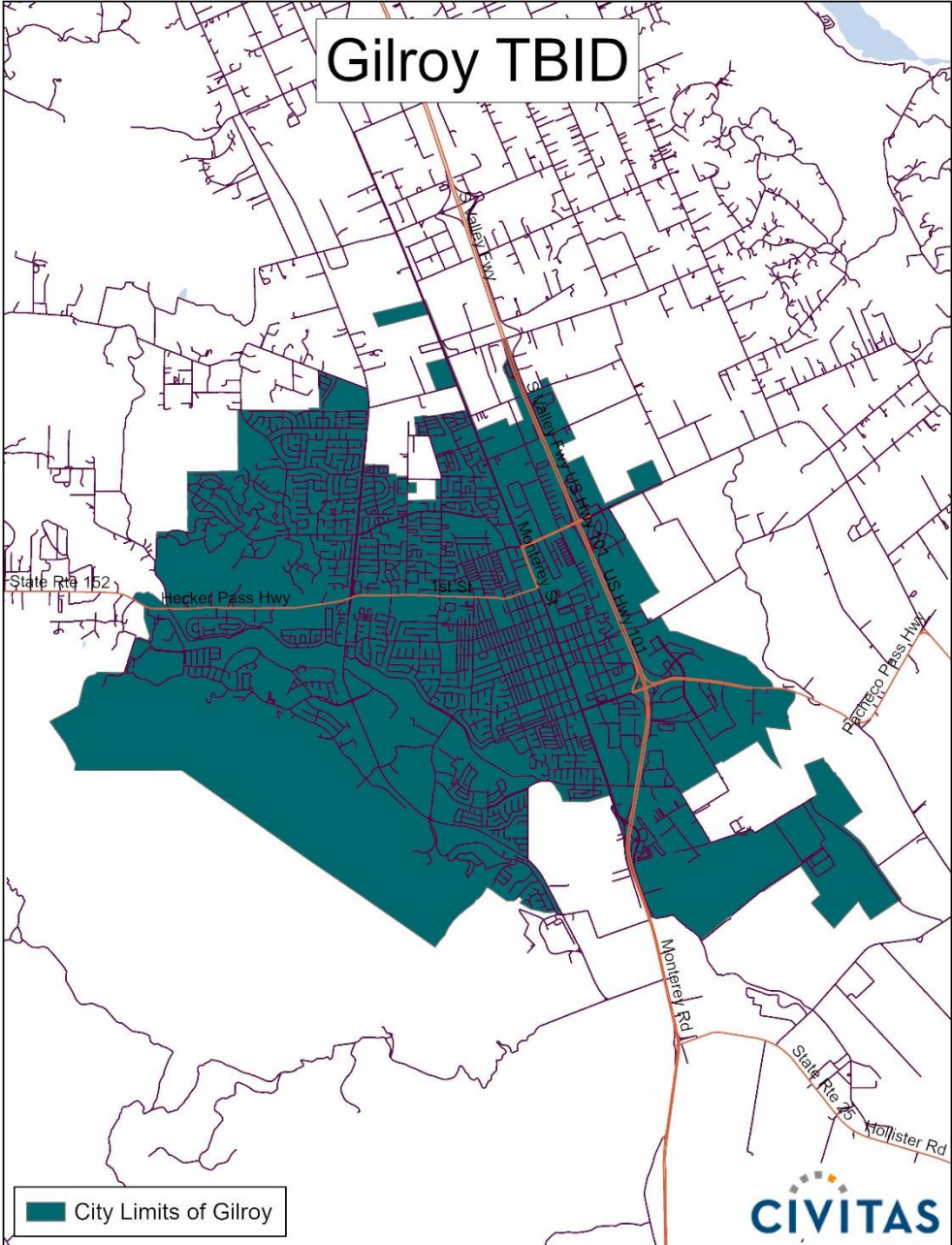
- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are **designed, created and governed by those who will pay** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

**III. BOUNDARY**

The GTBID will include all lodging businesses with ten (10) rooms or more, existing and in the future, available for public occupancy within the boundaries of the City of Gilroy, as shown in the map below.

Lodging business means: any structure, or any portion of any structure, which is occupied or intended for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, or motel. Recreational vehicle parks and vacation rentals will not: be included in the GTBID; pay the GTBID assessment; or be featured in GTBID programs.

A complete listing of assessed lodging businesses within the renewed GTBID can be found in Appendix 2.



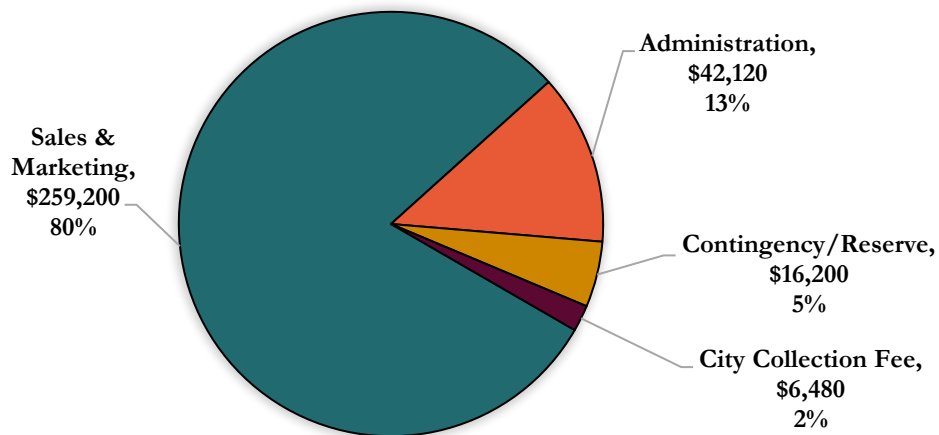
## IV. ASSESSMENT BUDGET AND SERVICES

### A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the GTBID funds are Sales and Marketing programs, and other improvements and activities set forth in this Plan, available only to assessed lodging businesses.

A service plan assessment budget has been developed to deliver services that benefit the assessed lodging businesses. A detailed annual assessment budget will be developed and approved by the GWC Board. The chart below illustrates the initial annual assessment budget allocations. These activities and allocations will also apply in subsequent years. The total initial assessment budget is estimated to be \$365,000.

### INITIAL ANNUAL ASSESSMENT BUDGET - \$324,000



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the GWC Board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the GTBID, any and all assessment funds may be used for the costs of defending the GTBID.

Each budget category includes all costs related to providing that service. For example, the Sales and Marketing budget includes the cost of staff time dedicated to overseeing and implementing the Sales and Marketing program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories. The staffing levels necessary to provide the services below will be determined by the GWC on an as-needed basis.

## **Sales and Marketing**

A Sales and Marketing program will promote assessed lodging businesses as tourist, meeting, and event destinations. The Sales and Marketing program will have a central theme of promoting Gilroy as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed lodging businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed lodging businesses;
- Social media marketing efforts designed to drive overnight visitation and room sales to assessed lodging businesses;
- Attendance of trade and consumer shows to promote assessed lodging businesses;
- Sales blitzes for assessed lodging businesses;
- Familiarization tours of assessed lodging businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed lodging businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed lodging businesses;
- Lead generation activities designed to attract tourists and group events to assessed lodging businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed lodging businesses; and
- Development and maintenance of a website designed to promote assessed lodging businesses.

## **Administration and Operations**

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, advocacy and other general administrative costs such as insurance, legal, and accounting fees.

## **City Collection Fee**

The City of Gilroy shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

## **Contingency/Reserve**

The budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration, or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of Directors of the Owners' Association. The reserve fund may be used for the costs of renewing the GTBID.

## **B. Annual Budget**

The total ten (10) year assessment budget is projected at approximately \$324,000 annually, or a total of \$7,452,000 through the ten (10) year term of the GTBID if the maximum assessment rate increases are adopted. This budget is expected to fluctuate as room sales do, as businesses open and close, and if the assessment rate is increased or decreased pursuant to this Plan.

The initial annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. During the GTBID’s ten (10) year term, the assessment rate may be increased by the GWC’s Board to a maximum rate of five percent (5%) of gross short-term sleeping room rental revenue for assessed lodging businesses. If the assessment rate is increase, it may subsequently be decreased, but shall not be decreased below a minimum of two percent (2%) of gross short-term sleeping room rental revenue. The maximum increase or decrease in any year shall be two percent (2%).

The table below demonstrates the estimated maximum budget with the assumption that the assessment rate will be increased at the earliest opportunity as it is a required disclosure, it is not the anticipated course of action. Alternate courses of action may be taken in regard to implementing the assessment rate increase other than what is demonstrated in the chart below, within the parameters of this Plan.

**Estimated Annual Budget if Maximum Assessment Rates Are Adopted  
2028-2037**

<b>Year</b>	<b>Sales &amp; Marketing 80%</b>	<b>Administration 13%</b>	<b>Contingency/ Reserve 5%</b>	<b>City Collection Fee 2%</b>	<b>Total</b>
2028	\$259,200	\$42,120	\$16,200	\$6,480	\$324,000
2029	\$518,400	\$84,240	\$32,400	\$12,960	\$648,000
2030	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2031	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2032	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2033	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2034	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2035	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2036	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
2037	\$648,000	\$105,300	\$40,500	\$16,200	\$810,000
<b>Total</b>	<b>\$5,961,600</b>	<b>\$968,760</b>	<b>\$372,600</b>	<b>\$149,040</b>	<b>\$7,452,000</b>

**C. California Constitutional Compliance**

The GTBID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.<sup>1</sup> Rather, the GTBID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the GTBID a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

**1. Specific Benefit**

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”<sup>2</sup> The services in this Plan are designed to provide targeted benefits directly to assessed lodging businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general,

<sup>1</sup> *Jarvis v. the City of San Diego* 72 Cal App. 4<sup>th</sup> 230

<sup>2</sup> Cal. Const. art XIII C § 1(e)(1)

or parcels of land, but rather to serve the specific businesses within the GTBID. The activities described in this Plan are specifically targeted to increase demand for room night sales for assessed lodging businesses within the boundaries of the GTBID, and are narrowly tailored. GTBID funds will be used exclusively to provide the specific benefit of increased demand for room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in GTBID programs, or to directly generate sales for non-assessed lodging businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed lodging businesses. Nothing in this Plan limits the ability of the Owners' Association to enter into private contracts with non-assessed lodging businesses for the provision of services to those businesses.

The assessment imposed by this GTBID is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in demand for room night sales. The specific benefit of an increase in demand for room night sales for assessed lodging businesses will be provided only to lodging businesses paying the district assessment, with Marketing and Sales programs promoting lodging businesses paying the GTBID assessment. The Marketing and Sales programs will be designed to increase room night sales at each assessed lodging businesses. Because they are necessary to provide the Marketing and Sales programs that specifically benefit the assessed lodging businesses, the administration and contingency services also provide the specific benefit of increased demand for room night sales to the assessed lodging businesses.

Although the GTBID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, "A specific benefit is not excluded from classification as a 'specific benefit' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor."<sup>3</sup>

## ***2. Specific Government Service***

The assessment may also be utilized to provide, "a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."<sup>4</sup> The legislature has recognized that marketing and promotions services like those to be provided by the GTBID are government services within the meaning of Proposition 26<sup>5</sup>. Further, the legislature has determined that "a specific government service is not excluded from classification as a 'specific government service' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor."<sup>6</sup>

## ***3. Reasonable Cost***

GTBID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the GWC, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from GTBID-funded activities, be featured in advertising campaigns, and benefit from other GTBID-funded services. The assessed lodging business list was compiled from records provided by the jurisdiction

---

<sup>3</sup> Government Code § 53758(a)

<sup>4</sup> Cal. Const. art XIII C § 1(e)(2)

<sup>5</sup> Government Code § 53758(b)

<sup>6</sup> Government Code § 53758(b)

and complies with the requirements of the 94 Law. Pursuant to Streets and Highways Code Section 36615, the City Council's determination of ownership is final and conclusive, with no obligation to obtain other information. Non-assessed lodging businesses will not receive these, nor any other, GTBID-funded services and benefits.

The GTBID-funded programs are targeted directly to benefit assessed lodging businesses. It is, however, possible that there will be a spill over benefit to non-assessed lodging businesses. If non-assessed lodging businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-GTBID funds. GTBID funds shall only be spent to benefit the assessed lodging businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed lodging businesses.

#### **D. Assessment**

The initial annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. During the GTBID's ten (10) year term, the assessment rate may be increased by the GWC's Board to a maximum rate of five percent (5%) of gross short-term sleeping room rental revenue for assessed lodging businesses. If the assessment rate is increased, it may subsequently be decreased, but shall not be decreased below a minimum of two percent (2%) of gross short-term sleeping room rental revenue. The maximum increase or decrease in any year shall be two percent (2%). Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

Any assessment increase or decrease authorized by the GWC's Board pursuant to this Plan shall be included in the Annual Report described in Section V(C), and approved by the Gilroy City Council during the fiscal year annual report review. Thereafter, the assessment increase or decrease will be effective starting the following fiscal year.

The assessment was calculated based on the total cost of the activities to be provided for the benefit of the businesses within the GTBID, with costs allocated based on the proportional benefit conferred to each business. Activities funded by the GTBID, are specifically targeted to increase room nights at assessed lodging businesses. All room night sales do not represent the same benefit to the payors. For example, a higher priced room night is of greater benefit than a lower priced room night because the assessee derives greater revenue. To account for this benefit differential and to make sure the benefits are proportional, an assessment formula based on a percentage of revenue has been selected. The proposed formula accurately reflects greater benefit to assessed lodging businesses with higher priced room nights.

The term "gross short-term sleeping room rental revenue" as used herein means: the consideration charged on the room rate for the occupancy of space in a lodging business valued in money, not including other charges such as reservation fees, forfeited deposits, cancellation fees, attrition fees, no-show fees, parking fees, internet fees, roll-a-way beds fees, early and/or late checkout fees, or any other charges or fees (existing or in the future). Gross sleeping room rental revenue shall not include, and therefore the assessment shall not be charged upon, any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and is a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt

for payment from the business. If the GTBID assessment is identified separately it shall be disclosed as the “GTBID Assessment.” The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for calculation of transient occupancy taxes.

Bonds shall not be issued.

#### **E. Interest and Overdue Charges**

The GTBID shall reimburse the City for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent GTBID assessment are sought to be recovered in the same collection action by the City, the GTBID shall bear its pro rata share of such collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit any assessment imposed within the time required shall pay an overdue charge of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency overdue charge of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) overdue charge first imposed.
3. *Fraud:* If the City determines that the non-payment of any remittance due is due to fraud, an overdue charge of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the overdue charges stated in subsections 1 and 2 of this section E.
4. *Interest:* In addition to the overdue charges imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of eighteen percent (18%) per annum. The interest shall be calculated per month or fraction thereof on the amount of the assessment and overdue charges, from the date on which the remittance first became delinquent until paid.
5. *Overdue Charges Merged with Assessment:* Every overdue charge imposed and such interest as accrues shall become part of the assessment herein required to be paid.

Upon collection of delinquent assessments, overdue charges and interest, the City shall retain the overdue charges and interest to cover the costs of collection and shall forward the original assessment amount to the GWC.

#### **F. Time and Manner for Collecting Assessments**

The GTBID assessment will be implemented beginning January 1, 2028 through December 31, 2037. The City will be responsible for collecting the assessment on a quarterly basis (including any delinquencies, interest and overdue charges) from each assessed lodging business. The City shall take all reasonable efforts to collect the assessments from each assessed lodging business. The City shall forward the assessments collected to the Owners’ Association within thirty (30) days of receipt.



## V. GOVERNANCE

### A. Owners' Association

The City Council, through adoption of this Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the GTBID as defined in Streets and Highways Code §36612. The City Council has determined that GWC will continue to serve as the Owners' Association for the GTBID.

### B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the GWC Board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act.

### C. Annual Report

The GWC shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

### D. Annual Review

The City may review the financial records of the Owners' Association. A contract shall be entered into between the City and the Owners' Association. The contract will document the accounting processes including collections, allocations, and reporting required to be submitted to the City. The GTBID will be responsible for reasonable costs associated with the review. In the event of fraudulent activity, the GTBID will be responsible for all costs associated with the review.

# APPENDIX 1 – LAW

CURRENT THROUGH ALL LEGISLATION OF THE 2024 REGULAR AND SPECIAL SESSIONS

**STREETS AND HIGHWAYS CODE  
DIVISION 18. PARKING  
PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994**

**CHAPTER 1. General Provisions**

**ARTICLE 1. Declarations**

**36600. Citation of part**

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

**36601. Legislative findings and declarations; Legislative guidance**

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
  - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
  - (2) Job creation.
  - (3) Business attraction.
  - (4) Business retention.
  - (5) Economic growth.
  - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
  - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.
  - (2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those

special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

### **36602. Purpose of part**

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

### **36603. Preemption of authority or charter city to adopt ordinances levying assessments**

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

#### **36603.5. Part prevails over conflicting provisions**

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

### **36604. Severability**

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

## **ARTICLE 2. Definitions**

### **36606. “Activities”**

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

#### **36606.5. “Assessment”**

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

### **36607. “Business”**

“Business” means all types of businesses and includes financial institutions and professions.

### **36608. “City”**

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

### **36609. “City council”**

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

#### **36609.4. “Clerk”**

“Clerk” means the clerk of the legislative body.

#### **36609.5. “General benefit”**

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

### **36610. “Improvement”**

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

### **36611. “Management district plan”; “Plan”**

“Management district plan” or “plan” means a proposal as defined in Section 36622.

### **36612. “Owners’ association”**

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

### **36614. “Property”**

“Property” means real property situated within a district.

**36614.5. “Property and business improvement district”; “District”**

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

**36614.6. “Property-based assessment”**

“Property-based assessment” means any assessment made pursuant to this part upon real property.

**36614.7. “Property-based district”**

“Property-based district” means any district in which a city levies a property-based assessment.

**36615. “Property owner”; “Business owner”; “Owner”**

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

**36615.5. “Special benefit”**

(a) “Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

(b) “Special benefit” also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general.

**36616. “Tenant”**

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

**ARTICLE 3. Prior Law**

**36617. Alternate method of financing certain improvements and activities; Effect on other provisions**

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

**CHAPTER 2. Establishment**

**36620. Establishment of property and business improvement district**

A property and business improvement district may be established as provided in this chapter.

**36620.5. Requirement of consent of city council**

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

### **36621. Initiation of proceedings; Petition of property or business owners in proposed district**

- (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
- (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
  - (1) A map showing the boundaries of the district.
  - (2) Information specifying where the complete management district plan can be obtained.
  - (3) Information specifying that the complete management district plan shall be furnished upon request.
- (c) The resolution of intention described in subdivision (a) shall contain all of the following:
  - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
  - (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

### **36622. Contents of management district plan**

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the estimated cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities

and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against their property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years.

Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k)

(1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

(l) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(m) Any other item or matter required to be incorporated therein by the city council.

### **36623. Procedure to levy assessment**

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be

mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

#### **36624. Changes to proposed assessments**

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

#### **36625. Resolution of formation**

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
- (2) The number, date of adoption, and title of the resolution of intention.
- (3) The time and place where the public hearing was held concerning the establishment of the district.
- (4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
- (5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.
- (6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the



district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

### **36627. Notice and assessment diagram**

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

### **36628. Establishment of separate benefit zones within district; Categories of businesses**

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

#### **36628.5. Assessments on businesses or property owners**

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

### **36629. Provisions and procedures applicable to benefit zones and business categories**

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

### **36630. Expiration of district; Creation of new district**

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

## **CHAPTER 3. Assessments**

### **36631. Time and manner of collection of assessments; Delinquent payments**

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

**36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property**

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

**36633. Time for contesting validity of assessment**

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

**36634. Service contracts authorized to establish levels of city services**

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

**36635. Request to modify management district plan**

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

**36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention**

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

**36637. Reflection of modification in notices recorded and maps**

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

**36638. Assessment as government imposed fee on Civ C § 1770 transaction [Operative July 1, 2024]**

- (a) A business assessment pursuant to this part is a fee imposed by a government on the transaction for purposes of paragraph (29) of subdivision (a) of Section 1770 of the Civil Code.
- (b) This section shall become operative on July 1, 2024.

### **CHAPTER 3.5. Financing**

#### **36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments**

- (a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.
- (b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.
- (c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

### **CHAPTER 4. Governance**

#### **36650. Report by owners' association; Approval or modification by city council**

- (a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.
- (b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:
  - (1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
  - (2) The improvements, maintenance, and activities to be provided for that fiscal year.
  - (3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.
  - (4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
  - (5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
  - (6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.
- (c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of

assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

**36651. Designation of owners' association to provide improvements, maintenance, and activities**

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

**CHAPTER 5. Renewal**

**36660. Renewal of district; Transfer or refund of remaining revenues; District term limit**

- (a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
- (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
- (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

**CHAPTER 6. Disestablishment**

**36670. Circumstances permitting disestablishment of district; Procedure**

- (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
  - (1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
  - (2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

**36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district**

- (a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.
- (b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

**APPENDIX 2 – ASSESSED BUSINESSES\***

<b>Lodging Business</b>	<b>Street Address</b>	<b>City, State, ZIP</b>
Best Western Plus / Forest Park Inn	375 Leavesley Road	Gilroy, CA 95020
Budget Motels / Whiterock	8897 Monterey Road	Gilroy, CA 95020
Garlic Farm Inn	5920 Travel Park Circle	Gilroy, CA 95020
Gilroy Inn	611 Leavesley Road	Gilroy, CA 95020
Days Inn	8290 Murray Avenue	Gilroy, CA 95020
Hilton Garden Inn	6070 Monterey Road	Gilroy, CA 95020
Kings Rest Motel	8175 Monterey Road	Gilroy, CA 95020
Motel 6	6110 Monterey Road	Gilroy, CA 95020
Oaks Motel	8065 Monterey Road	Gilroy, CA 95020
Pacheco Pass Motel	570 Old Gilroy Street	Gilroy, CA 95020
Quality Inn & Suites	8430 Murray Road	Gilroy, CA 95020
Econolodge	360 Leavesley Road	Gilroy, CA 95020
Comfort Inn	8435 San Ysidro Avenue	Gilroy, CA 95020
Travel Inn	5530 Monterey Road	Gilroy, CA 95020
Hampton Inn	5975 Travel Park Circle	Gilroy, CA 95020

\*Jurisdiction list as of October 20, 2025

**RESOLUTION NO. 26-XXX**

**A RESOLUTION OF THE CITY COUNCIL (COUNCIL) OF THE CITY OF GILROY (CITY) DECLARING ITS INTENTION TO RENEW THE GILROY TOURISM BUSINESS IMPROVEMENT DISTRICT (GTBID) AND FIXING THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF**

**WHEREAS**, the City created the GTBID on September 17, 2012 by Resolution No. 2012-36 for an initial five (5) year term; and

**WHEREAS**, the GTBID was subsequently renewed on October 17, 2016 by Resolution No. 2016-54 for an additional ten (10) year term, which ends on December 31, 2027; and

**WHEREAS**, the Property and Business Improvement Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the City to renew business improvement districts for the purposes of promoting tourism; and

**WHEREAS**, Gilroy Visitors Bureau, Inc. dba the Gilroy Welcome Center (GWC), lodging business owners, and representatives from the City have met to consider the renewal of the GTBID; and

**WHEREAS**, lodging businesses worked with GWC to develop a Management District Plan (Plan) which sets forth the proposed boundary of the GTBID, a service plan and budget, and a proposed means of governance; and

**WHEREAS**, lodging businesses who will pay more than fifty percent (50%) of the assessment under the GTBID have petitioned the Council to renew the GTBID.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL THAT:**

1. The recitals set forth herein are true and correct.
2. The Council finds that assessed businesses that will pay more than fifty percent (50%) of the assessment proposed in the Plan have signed and submitted petitions in support of the renewal of the GTBID. The Council accepts the petitions and adopts this Resolution of Intention to renew the GTBID and to levy an assessment on certain lodging businesses within the GTBID boundaries in accordance with the Property and Business Improvement District Law of 1994.
3. The Council finds that the Plan satisfies all requirements of Streets and Highways Code §36622.
4. The Council declares its intention to renew the GTBID and to levy and collect assessments on assessed businesses within the GTBID boundaries pursuant to the Property and Business Improvement District Law of 1994.

5. The GTBID shall include all lodging businesses with ten (10) rooms or more, existing and in the future, available for public occupancy located within the boundaries of the City, as shown in the map attached as Exhibit A.
6. The name of the district shall continue to be the Gilroy Tourism Business Improvement District.
7. The initial annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. During the GTBID's ten (10) year term, the assessment rate may be increased by the GWC's Board to a maximum rate of five percent (5%) of gross short-term sleeping room rental revenue for assessed lodging businesses. If the assessment rate is increased, it may subsequently be decreased, but shall not be decreased below a minimum of two percent (2%) of gross short-term sleeping room rental revenue. The maximum increase or decrease in any year shall be two percent (2%). Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.
8. The assessments levied for the GTBID shall be applied toward Sales and Marketing programs to market assessed businesses in the City as tourist, meeting, and event destinations, as described in the Plan. Funds remaining at the end of any year may be used in subsequent years in which GTBID assessments are levied as long as they are used consistent with the requirements of this Resolution and the Plan.
9. The renewed GTBID will have a ten (10) year term, beginning January 1, 2028, or as soon as possible thereafter, and ending ten (10) years from its start date, unless renewed pursuant to Streets and Highways Code § 36660.
10. Bonds shall not be issued.
11. The time and place for the public meeting to hear testimony on renewing the GTBID and levying assessments are set for May 18, 2026 at 6:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at City Hall, 7351 Rosanna Street, Gilroy, CA 95020.
12. The time and place for the public hearing to renew the GTBID and the levy of assessments are set for June 15, 2026 at 6:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at City Hall, 7351 Rosanna Street, Gilroy, CA 95020. The City Clerk is directed to provide written notice to the lodging businesses subject to assessment of the date and time of the meeting and hearing, and to provide that notice as required by Streets and Highways Code § 36623, no later than May 1, 2026.
13. At the public meeting and hearing the testimony of all interested persons for or against the renewal of the GTBID may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the assessed businesses within the renewed GTBID that will pay fifty percent (50%) or more of the estimated total assessment of the entire GTBID, no further proceedings to renew the GTBID shall occur for a period of one (1) year.



14. The complete Plan is on file with the City Clerk and may be reviewed upon request.
15. This resolution shall take effect immediately upon its adoption by the City Council.

**PASSED AND ADOPTED** this 20th day of April 2026, by the following roll call vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>

APPROVED:

---

Greg Bozzo, Mayor

ATTEST:

---

Kim Mancera, City Clerk

**CERTIFICATE OF THE CLERK**

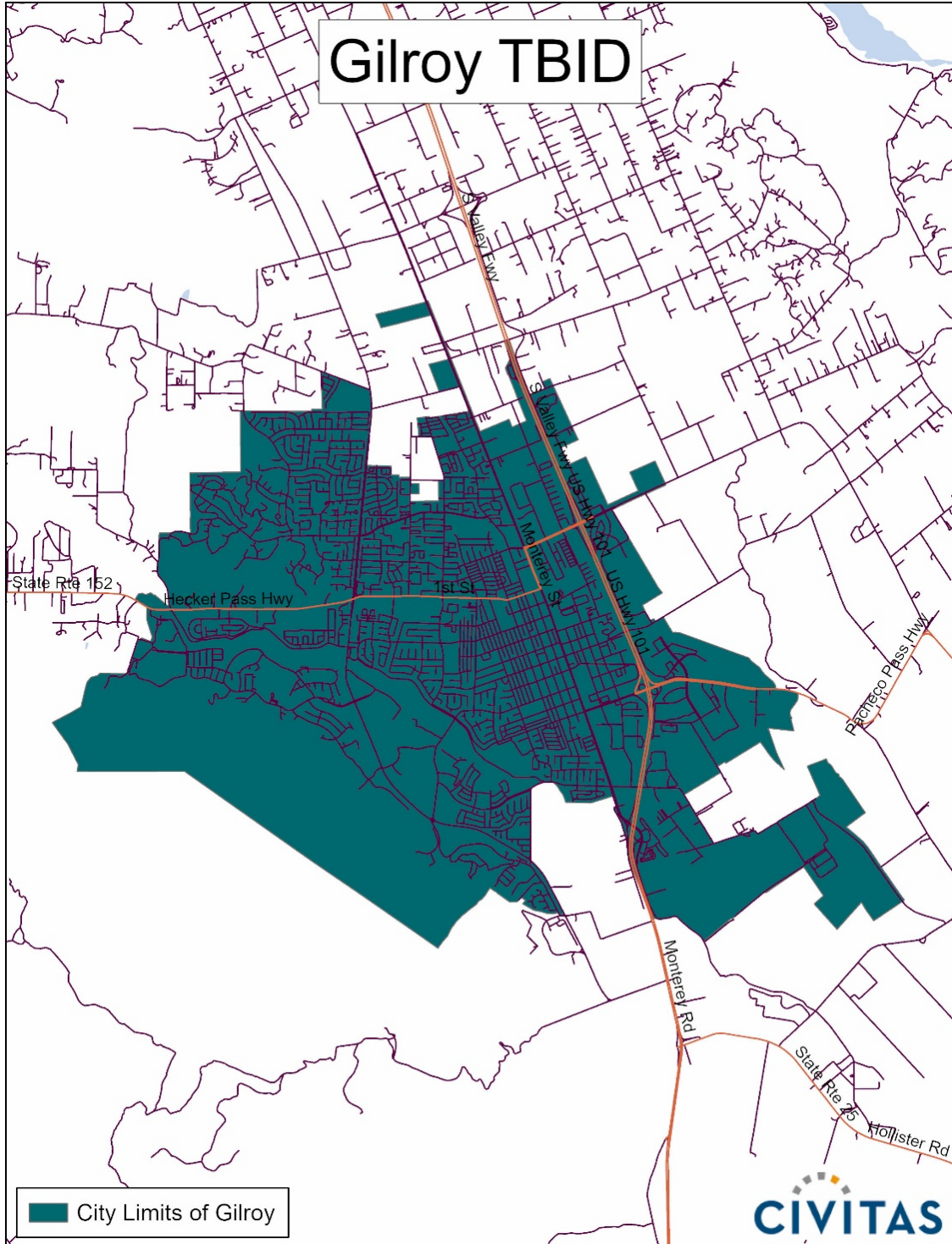
I, **Kim Mancera**, City Clerk of the City of Gilroy, do hereby certify that the attached **Resolution No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said held on Council held **Monday, April 20, 2026**, with a quorum present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this **Date**.

---

Kim Mancera  
City Clerk of the City of Gilroy (Seal)

**EXHIBIT A  
District Boundaries**



**PETITION TO THE CITY OF GILROY  
TO RENEW THE GILROY TOURISM BUSINESS IMPROVEMENT DISTRICT**

We petition you to initiate proceedings to renew the Gilroy Tourism Business Improvement District (GTBID) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

**Business Establishment(s) & Address(es)**

**Business Owner**

Best Western Plus Forest Park Inn  
375 Leavitt Key Rd  
Gilroy, CA 95020

BMW Hotels LP

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Mike Patel

Owner /Owner Representative Name (printed)

Gen/Partner

Title

[Signature]

Owner/Owner Representative Signature

12/8/25

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Visit Gilroy  
Frank Johnson, Executive Director  
8155-6 Arroyo Circle  
Gilroy, CA 95020  
(408) 842-6436

**PETITION TO THE CITY OF GILROY  
TO RENEW THE GILROY TOURISM BUSINESS IMPROVEMENT DISTRICT**

We petition you to initiate proceedings to renew the Gilroy Tourism Business Improvement District (GTBID) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

**Business Establishment(s) & Address(es)**

**Business Owner**

Hampton Inn & Suites  
5975 TRAVEL PARK Circle.  
Gilroy, CA 95020

Kevin Nijjar

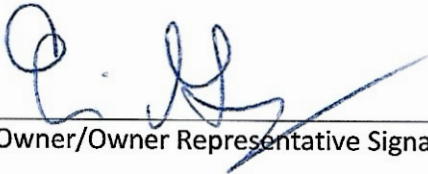
The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

ERIC Gebhardt

Owner /Owner Representative Name (printed)

Owners Rep.

Title



Owner/Owner Representative Signature

11-20-25

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Visit Gilroy  
Frank Johnson, Executive Director  
8155-6 Arroyo Circle  
Gilroy, CA 95020  
(408) 842-6436

**PETITION TO THE CITY OF GILROY  
TO RENEW THE GILROY TOURISM BUSINESS IMPROVEMENT DISTRICT**

We petition you to initiate proceedings to renew the Gilroy Tourism Business Improvement District (GTBID) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

<u>Business Establishment(s) &amp; Address(es)</u>	<u>Business Owner</u>
Motel 6 Gilroy	Jayesh Patel
6110 Monterey Road	
Gilroy, CA 95020	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

<u>Om Patel</u>	<u>Assistant Manager</u>
Owner /Owner Representative Name (printed)	Title

<u>Om Patel</u>	<u>01/19/2026</u>
Owner/Owner Representative Signature	Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Visit Gilroy  
Frank Johnson, Executive Director  
8155-6 Arroyo Circle  
Gilroy, CA 95020  
(408) 842-6436



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approval of a Purchasing Contract With RDO Equipment Co. of Hayward in the Amount of \$104,967 for the Purchase of a Vermeer BC1500 Wood Chipper Under a Cooperative Purchasing Agreement with Sourcewell, Contract# 010925-VRM

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: Walter Dunckel, Fleet and Facilities Superintendent

---

**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure

---

### RECOMMENDATION

Approve a purchase contract with RDO Equipment Co. of Hayward in the amount of \$104,967 for the purchase of a Vermeer BC1500 Wood Chipper, using the cooperative purchasing agreement with Sourcewell formerly known as National Joint Powers Alliance (NJPA), and authorize the City Administrator to execute the contract and related documents.

### EXECUTIVE SUMMARY

The Public Works Department uses a wood chipper in conjunction with emergency and planned tree trimming/removal and other vegetation management operations. The current wood chipper is 25 years old and has reached the end of its useful life. Fleet staff worked with Public Works Operations staff to find the best replacement chipper using the Cooperative Purchasing Agreement with Sourcewell, formerly known as National Joint Powers Alliance (NJPA). Vermeer was selected as the best option for the City because of its performance capability, updated safety features, emissions compliance, parts availability, location of the dealer, and warranty. The local Vermeer dealer, RDO Equipment Co. of Hayward, California, provided the quote.

## BACKGROUND

The current wood chipper is 25 years old and is no longer in compliance with California Air Resources Board (CARB) engine emissions requirements. The unit has reached the end of its useful life and requires frequent, costly maintenance and repair. Rather than continuing to invest in an aging, non-compliant piece of equipment, the City Council approved the chipper for replacement in the Fiscal Year 2025-2026 Operating Budget.

The City has used NJPA/Sourcwell in the past for purchasing vehicles and equipment including the Sewer Vacuum truck (Vactor), Hydro Excavator, sweeper, and other smaller equipment.

## ANALYSIS

The Fleet Section worked with Operations staff to identify the best replacement option for the wood chipper based on current and future operational needs. Staff compared factors such as chipping capacity, ease of operation, controls, ergonomics, safety features, and overall cost. Additional factors including parts availability, proximity of the dealer, and warranty terms were also considered. Based on this evaluation, staff recommends the purchase of the Vermeer BC1500 Wood Chipper.

The BC1500 offers significant improvements over the existing unit, including:

- CARB-compliant engine that meets current emissions standards, eliminating the City's regulatory exposure.
- Auto-Feed system that automatically senses and adjusts material feed rate, improving both operator safety and chipping efficiency.
- HitchHiker™ tongue design that allows the unit to be towed without a separate hitch receiver, reducing setup time in the field.
- Enclosed disc style chipper drum providing improved chip quality, quieter operation, and reduced kickback risk compared to the existing unit.
- Updated operator safety features including an infeed control bar, emergency stop, and compliant guarding throughout, significantly reducing the risk of injury during operation.

The unit price for the BC1500 is \$92,051.82, which is a competitive price available to public agencies through the NJPA/Sourcwell process, utilizing Sourcwell Contract# 010925-VRM [Vermeer Contract 010925](#)

## ALTERNATIVES

Council could deny the purchase of the Vermeer BC1500 Wood Chipper. STAFF DOES NOT RECOMMEND THIS OPTION because the current equipment is far



beyond its useful life, requires extensive maintenance and repair, and does not comply with CARB emissions standards. Continued use of the existing chipper exposes the City to regulatory penalties and creates unacceptable operator safety risks, due to its outdated safety features.

### **FISCAL IMPACT/FUNDING SOURCE**

The City's fleet replacement budget for Fiscal Year 2025-2026 includes \$122,266 for the purchase of the wood chipper. The price of the new Vermeer BC1500 Wood Chipper is \$104,967.00 based on a price quote received from RDO Equipment Co. located in Hayward, California. Funding for the equipment is budgeted in the FY 2026 Fleet Fund. The quote is for approximately \$17,000 less than the budgeted.

### **PUBLIC OUTREACH**

None

### **NEXT STEPS**

With Council's approval, staff will move forward with the purchase of the Vermeer BC1500 Wood Chipper. Vermeer requires an approximate six-to-eight-week lead time for delivery to the City and, once delivered, the equipment will be deployable within one week

### **Attachments:**

1. Updated BC1500 quote sourcewell



# Investment Proposal (Quote)

RDO Equipment Co.  
 24353 Clawiter Rd.  
 Hayward (VM) CA, 94545  
 Phone: (510) 460-3900 - Fax: (510) 723-0271



**Proposal for:**  
 CITY OF GILROY  
 613 OLD GILROY ST  
 GILROY, CA, 95020  
 SANTA CLARA

**Investment Proposal Date:** 3/3/2026  
**Pricing Valid Until:** 5/31/2026  
**Deal Number:** 1861741  
**Customer Account#:** 0307014  
**Account Manager:** Daniel Monarrez  
**Phone:** 1 (510) 398-7187  
**Fax:**  
**Email:** dmonarrez@rdoequipment.com

## Equipment Information

Quantity	Serial Number Stock Number	Hours (approx.)	Status / Year / Make / Model Additional Items	Cash Price
1	TBD TBD	0	New 2025 VERMEER BC1500	\$92,051.82
			Freight in	\$1,895.00
			Prep / Reconditioning	\$905.00
			Other "Sourcewell - [Contract # 010925-VRM] Member ID [Account # 102062]"	\$0.00
			Other 5yr telematics	\$120.00
<b>Equipment Subtotal:</b>				<b>\$94,971.82</b>

## Purchase Order Totals

<b>Balance:</b>	\$94,971.82
<b>CA STATE TAX:</b>	\$5,698.31
<b>CA COUNTY TAX:</b>	\$237.43
<b>CA SPECIAL TAX:</b>	\$2,730.44
<b>Sales Tax Total:</b>	\$8,666.18
<b>PrePaid Tax License:</b>	\$1,325.00
<b>CA Tire Fee:</b>	\$3.50
<b>Sub Total:</b>	\$104,966.50
<b>Cash with Order:</b>	\$0.00
<b>Balance Due:</b>	<b>\$104,966.50</b>

## Equipment Options

Qty	Serial Number	Year / Make / Model	Description
1	TBD	2025 VERMEER BC1500	BC150051VP BC1500 DOM. VALUE PACKAGE 130HP T4F - WINCH BC1500014 BC1500 130HP CUMMINS DIESEL - TIER 4 FINAL BC1500016 ~MANUAL CHUTE ROTATION RIGHT SIDE BC1500029 BC1500 WINCH RIGHT SIDE CONTROLS BC1500040 ~BC1500 DOMESTIC 6-WAY ROUND TRAILER PLUG BC1500052 BC1500 RT SIDE CONTROLS - (130HP) T4F/STAGE IV BC1500077 BC1500 STANDARD TIRES - 235/75R17.5H/J BC1500092 ~BC1500 DOMESTIC OPTION 130HP TIER 4 FINAL BC1500AM010 TELEMATICS



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approval of the Gilroy Tourism Business Improvement District (GTBID) Annual Reports as Submitted by Visit Gilroy/Gilroy Welcome Center for the Period of January 1, 2022 Through December 31, 2025

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Economic Development  
 Submitted by: Raissa de la Rosa, Economic Development Director  
 Prepared by: Victoria Valencia, Economic Development Manager, Raissa de la Rosa, Economic Development Director

---

**STRATEGIC PLAN GOALS:** Promote Economic Development Activities

---

### RECOMMENDATION

Approve the Gilroy Tourism Business Improvement District (GTBID) annual reports as submitted by Visit Gilroy/Gilroy Welcome Center for Calendar Years 2022, 2023, 2024, and 2025.

### EXECUTIVE SUMMARY

Per state law, Visit Gilroy/Gilroy Welcome Center Board of Directors representing the Gilroy Tourism Business Improvement District (GTBID) are required to submit for Council's approval annual reports outlining, among other things, the improvements, activities, and services provided, and the costs related to providing those services. During an internal review of the GTBID program, staff identified a reporting non-compliance issue, hence the catch-up submission of four years of formal annual reports at one time.

### BACKGROUND

Visit Gilroy/Gilroy Welcome Center Board of Directors representing the Gilroy Tourism

Business Improvement District (GTBID) has submitted the attached annual reports pursuant to Section 36650 of the Street and Highway Code. Established in September 2012, the GTBID is not a tax; rather, it is a self-assessment voluntarily approved and paid for by the participating businesses with the revenue providing a steady and dedicated funding source for tourism and overnight stay sales within Gilroy.

Due to staffing changes within both the City and Visit Gilroy/Gilroy Welcome Center, several annual reports were not previously submitted for Council consideration; an issue identified by staff during an internal review. The GTBID has since completed the outstanding reports, which are now being presented together for Council approval.

## **ANALYSIS**

A Tourism Business Improvement District (TBID) is a collaborative funding mechanism created by local lodging establishments and potentially, though not in Gilroy, tourism-related businesses, to support marketing, promotion, and tourism development. As noted above, it is not a tax. Assessment districts, like a TBID or a Property and Business Improvement District (PBID), are self-assessments voluntarily approved and paid for by the participating businesses themselves. Gilroy's TBID rate is 2%, which is added to a guest's bill in the same way other lodging surcharges appear as part of the overall room charges (an industry standard). The funds generated through a TBID are dedicated to programs that increase overnight stays, boost visitor spending, and strengthen the local tourism economy. In Gilroy, these services are provided by Visit Gilroy and the Gilroy Welcome Center as seen in the attached annual reports.

The annual reports meet and satisfy the state-mandated reporting requirements, and the services provided by Visit Gilroy/Gilroy Welcome Center, as outlined in those reports, meet and satisfy the expectations of the local enabling ordinance and professional service agreement with the City.

## **ALTERNATIVES**

Alternatives are not applicable as this process is required under Section 36650 of the Street and Highway Code.

## **FISCAL IMPACT/FUNDING SOURCE**

This item has no fiscal impact.

## **PUBLIC OUTREACH**

Not applicable

**NEXT STEPS**

Not Applicable

**Attachments:**

1. Annual Report GTBID 2022
2. Annual Report GTBID 2023
3. Annual Report GTBID 2024
4. Annual Report GTBID 2025



**GILROY TOURISM BUSINESS  
IMPROVEMENT DISTRICT  
2022 ANNUAL REPORT**

*Submitted to the City of Gilroy pursuant to Streets and Highways Code  
Section 36650 for the period from January 1, 2022-December 31, 2022*

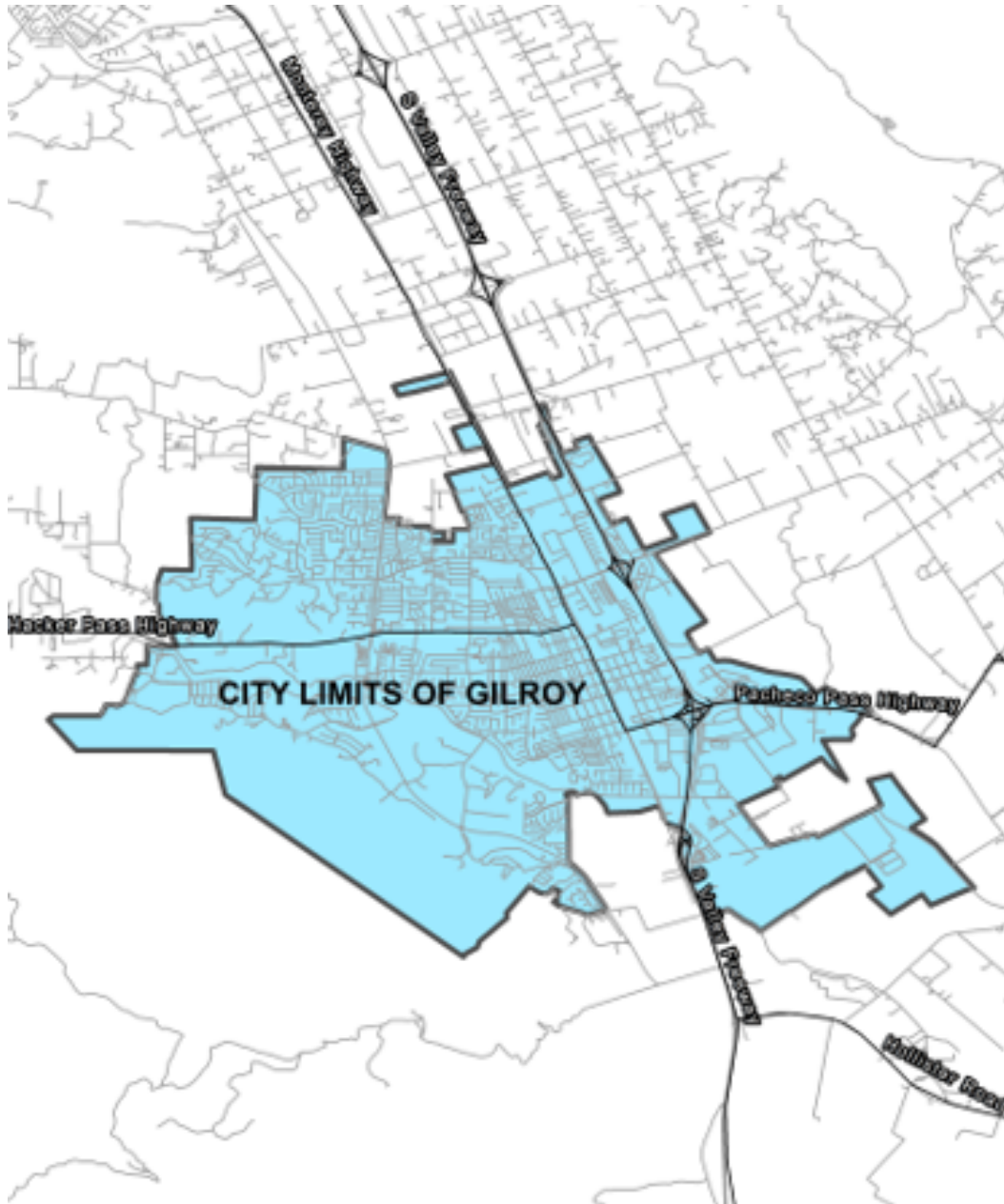
# CONTENTS

<b>BOUNDARIES .....</b>	<b>3</b>
<b>IMPROVEMENTS AND ACTIVITIES .....</b>	<b>3</b>
<b>COST .....</b>	<b>5</b>
2023 PROJECTIONS .....	5
2022 ACTUAL .....	5
<b>ASSESSMENT .....</b>	<b>6</b>
ASSESSMENT .....	6
DELINQUENCIES .....	6
<b>SURPLUS AND OTHER FUNDING .....</b>	<b>8</b>
SURPLUS .....	8
OTHER FUNDING .....	8
<b>ATTACHMENT 1.....</b>	<b>9</b>
<b>ATTACHMENT 2 .....</b>	<b>10</b>

## BOUNDARIES

There are no proposed changes to the Gilroy Tourism Business Improvement District (GTBID) boundaries. There have been no new lodging businesses, and no lodging businesses have closed.

The GTBID will continue to include all lodging businesses, existing and in the future, available for public occupancy, located within the boundaries of the City of Gilroy (City), as shown on the map below.



## IMPROVEMENTS AND ACTIVITIES



The improvements and activities to be provided for 2023 are consistent with the Management District Plan (Plan).

### **Sales and Marketing**

A sales and marketing program will continue to promote assessed lodging businesses as tourist, meeting, and event destinations. The sales and marketing program will continue to have a central theme of promoting Gilroy as a desirable place for overnight visits. The program will continue to have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed lodging businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed lodging businesses;
- Social media marketing efforts designed to drive overnight visitation and room sales to assessed lodging businesses;
- Attendance of trade and consumer shows to promote assessed lodging businesses;
- Sales blitzes for assessed lodging businesses;
- Familiarization tours of assessed lodging businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed lodging businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed lodging businesses;
- Lead generation activities designed to attract tourists and group events to assessed lodging businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed lodging businesses; and
- Development and maintenance of a website designed to promote assessed lodging businesses.

### **Administration and Operations**

The administration and operations portion of the budget shall continue to be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

### **City Collection Fee**

The City of Gilroy shall continue to be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

### **Contingency/Reserve**

The budget includes a contingency line item to continue to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of Directors of the Owners' Association. The reserve fund may be used for the costs of renewing the District.

## COST

### 2023 Projections

The cost of providing improvements and activities for 2023 is consistent with the Plan. The categorical breakdown for the assessment budget is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total assessment budget from the prior year.

Category	%	CY 2023 Estimated Collections	Carry Over*	Total CY 2023 Budget
Sales & Marketing	78%	\$253,575.00	\$0	\$253,575.00
Administration	20%	\$64,925.00	\$0	\$64,925.00
City Fee	2%	\$6,500.00	\$0	\$6,500.00
Contingency/Reserve	0%	\$0	\$79,419	\$79,419.00
<b>Total</b>	<b>100%</b>	<b>\$325,000.00</b>	<b>\$79,419.00</b>	<b>\$404,419.00</b>

*\*Carry over may include unspent funds from multiple years*

### 2022 Actual

The projected 2022 collections were approximately \$325,000. Actual collections were more than expected, totaling \$359,063. Budgeted and actual expenses are shown below.

Category	CY 2022 Budgeted		CY 2022 Actuals	
	%	\$	\$ Spent	\$ Carryover
Marketing & Sales	81%	\$261,800	\$295,336	\$0
Administration	15%	\$50,200	\$63,458	\$0
Contingency/Reserve	2%	\$6,500	\$2,500	\$79,419
City Collection Fee	2%	\$6,500	\$7,181	\$0
Totals	100%	\$325,000	\$368,475	\$79,419

## ASSESSMENT

There is no change in the method and basis of levying the assessment.

### Assessment

The initial annual assessment rate is two percent (2%) of gross short term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The assessment rate may be subject to increases during the ten (10) year term. At the discretion of the Gilroy Visitors Bureau, Inc. DBA the Gilroy Welcome Center's (GWC's) Board, the assessment rate may be increased by a maximum of two percent (2%) per year to a maximum rate of five percent (5%). The assessment rate may also be decreased by the GWC's Board, but shall not drop below two percent (2%) of gross room rental revenue. Any increase or decrease authorized by the GWC's Board shall be included in the Annual Report and approved by the Gilroy City Council during the fiscal year annual report review. Thereafter, the increase or decrease will be effective starting the following fiscal year.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the "GTBID Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

### Time and Manner for Collecting Assessments

The GTBID assessment was implemented beginning January 1, 2018 and will continue for ten (10) years through December 31, 2027. The City will continue to be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each assessed lodging business. The City shall continue to take all reasonable efforts to collect the assessments from each lodging business. The City shall continue to forward the assessments collected to the Owners' Association within thirty (30) days of receipt.

### Delinquencies

The GTBID shall continue to reimburse the City of Gilroy for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent GTBID assessment are sought to be recovered in the same collection action by the City, the GTBID shall continue to bear its prorate share of such

collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall continue to be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. *Fraud:* If the City determines that the non-payment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subsections 1 and 2 of this section.
4. *Interest:* In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of eighteen percent (18%) per annum. The interest shall be calculated per month or fraction thereof on the amount of the assessment and penalties, from the date on which the remittance first became delinquent until paid.
5. *Penalties Merged with Assessment:* Every penalty imposed and such interest as accrues shall become part of the assessment herein required to be paid.

In the event the City is unable to collect the delinquent assessments, the assessment amount including penalties and interest will be added to the business license renewal for the lodging business the following year. Upon collection of delinquent assessments, penalties and interest, the City shall retain the penalties and interest to cover the costs of collection, and shall forward the original assessment amount to the GWC Board.

## **SURPLUS AND OTHER FUNDING**

### **Surplus**

The amount of surplus to be carried over from previous years is approximately \$79,419.

### **Other Funding**

There are expected to be contributions from sources other than assessment funds. The estimated amount of any contributions to be made from sources other than GTBID assessments for 2023 include TBID Interest Income in the amount of \$996.

**ATTACHMENT 1**  
**GTBID ASSESSEE LISTING**

**Gilroy Tourism Business Improvement District (GTBID)**  
**Business Assessee Listing**

<i>Hotel</i>	<i>Address</i>
Days Inn	8292 Murray Avenue Gilroy, CA 95020
Best Western Plus/Forest Park Inn	375 Leavesley Road Gilroy, CA 95020
Budget Motels/Whiterock	8897 Monterey Road Gilroy, CA 95020
Garlic Farm Inn	5920 Travel Park Circle Gilroy, CA 95020
Gilroy Inn	611 Leavesley Road Gilroy, CA 95020
Hilton Garden Inn	6070 Monterey Road Gilroy, CA 95020
Kings Rest Motel	8175 Monterey Road Gilroy, CA 95020
Motel 6	6110 Monterey Road Gilroy, CA 95020
Travel Inn	5530 Monterey Road Gilroy, CA 95020
Oaks Motel	8065 Monterey Road Gilroy, CA 95020
Pacheco Pass	570 Old Gilroy Street Gilroy, CA 95020
Quality Inn & Suites	8430 Murray Avenue Gilroy, CA 95020
Ramada Limited	360 Leavesley Road Gilroy, CA 95020
Super 8	8435 San Ysidro Avenue Gilroy, CA 95020

# ATTACHMENT 2

## VISIT GILROY TBID BUDGET PERFORMANCE (P&L)

Gilroy Visitors Bureau dba Visit Gilroy P & L Budget Performance - TBID December 2022						
	Dec 22	Budget	% of Budget	Jan - Dec 22	Budget	% of Budget
						Annual Budget
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
80000 · TBID Income	92,614.71	81,250.00	113.99%	359,063.15	325,000.00	110.48%
<b>Total Income</b>	92,614.71	81,250.00	113.99%	359,063.15	325,000.00	110.48%
<b>Gross Profit</b>	92,614.71	81,250.00	113.99%	359,063.15	325,000.00	110.48%
<b>Expense</b>						
97010 · TBID Personnel/Administration						
97011 · TBID Executive Director	7,369.70	3,333.35	221.69%	54,090.42	40,000.00	135.23%
97014 · P/R Taxes & Simple IRA	334.05	366.65	91.11%	3,906.66	4,400.00	88.79%
97015 · Workers Compensation Ins	34.17	33.35	102.46%	384.20	400.00	96.05%
97019 · Auto/Mileage Expense	0.00	100.00	0.0%	526.69	1,200.00	43.89%
97016 · Accounting/Legal Expenses	258.50	200.00	129.25%	3,213.06	2,400.00	133.88%
97017 · Office Supplies	747.20	125.00	597.76%	1,337.03	1,500.00	89.14%
97018 · Miscellaneous Expenses	0.00	25.00	0.0%	0.00	300.00	0.0%
<b>Total 97010 · TBID Personnel/Administration</b>	8,763.62	4,183.35	209.49%	63,459.06	50,200.00	126.41%
97020 · TBID Collection Costs/City of G	1,852.29	1,625.00	113.99%	7,181.26	6,500.00	110.48%
97030 · TBID Reserve	625.00	1,625.00	38.46%	2,500.00	6,500.00	38.46%
97040 · TBID Advertising/Marketing						
97056 · Tourism Coordinator	2,870.10	2,708.35	105.97%	26,166.60	32,500.00	80.51%
97041 · Public Relations	587.92	1,500.00	39.2%	19,680.82	18,000.00	109.34%
97043 · Social Media/SEO Mgmt/Website	7,784.27	4,000.00	194.61%	78,900.58	48,000.00	164.38%
97044 · Collateral	0.00	833.35	0.0%	8,192.05	10,000.00	81.92%
97046 · Advertising	6,834.45	7,333.35	93.2%	107,454.48	88,000.00	122.11%
97047 · Research & Measurement	0.00	833.35	0.0%	2,231.10	10,000.00	22.31%
97048 · Marketing Services	991.13	1,500.00	66.03%	22,067.77	18,000.00	122.6%
97050 · Postage-VG Fulfillment Request	15.48	300.00	5.16%	1,366.04	3,600.00	37.95%
97052 · Conferences & Travel	0.00	416.65	0.0%	2,011.00	5,000.00	40.22%
97057 · Payroll Taxes	219.58	325.00	67.56%	2,194.30	3,900.00	53.96%
97058 · Health Insurance	0.00	400.00	0.0%	0.00	4,800.00	0.0%
97059 · Sales & Event Marketing	0.00	1,666.65	0.0%	25,160.84	20,000.00	125.8%
<b>Total 97040 · TBID Advertising/Marketing</b>	19,302.93	21,816.70	88.48%	295,335.58	261,800.00	112.81%
<b>Total Expense</b>	30,543.84	29,290.05	104.42%	368,474.90	325,000.00	113.38%

28

11:29 AM  
01/14/23  
Accrual Basis

**Gilroy Visitors Bureau dba Visit Gilroy  
P & L Budget Performance - TBID**

	December 2022				Annual Budget
	Dec 22	Budget	% of Budget	Jan - Dec 22	Budget
Net Ordinary Income	62,070.87	51,999.95	119.37%	(9,411.75)	0.00
Other Income/Expense					100.0%
Other Income	99.55				0.00
89990 - TBID Interest Income	99.55			190.34	0.00
Total Other Income	99.55			190.34	0.00
Net Other Income	62,170.42	51,999.95	119.56%	(9,221.41)	0.00
Net Income				88,640.00	0.00
Carried Forward from 2021				79,418.59	
Cumulative Net Income					





**GILROY TOURISM BUSINESS  
IMPROVEMENT DISTRICT  
2023 ANNUAL REPORT**

*Submitted to the City of Gilroy pursuant to Streets and Highways Code  
Section 36650 for the period from January 1, 2023-December 31, 2023*

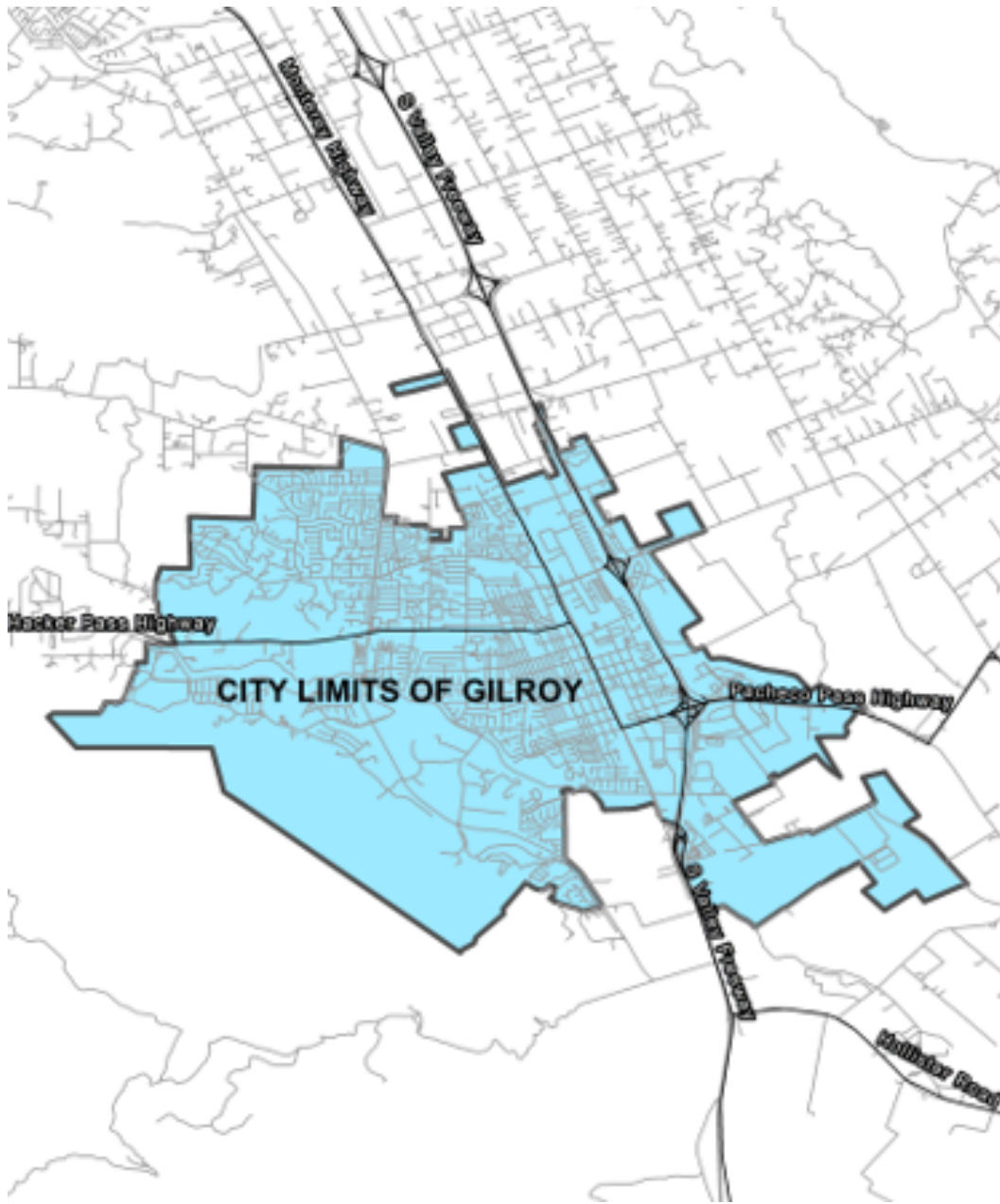
# CONTENTS

<b>BOUNDARIES .....</b>	<b>3</b>
<b>IMPROVEMENTS AND ACTIVITIES .....</b>	<b>4</b>
<b>COST .....</b>	<b>5</b>
2024 PROJECTIONS .....	5
2023 ACTUAL .....	6
<b>ASSESSMENT .....</b>	<b>7</b>
ASSESSMENT .....	7
DELINQUENCIES .....	7
<b>SURPLUS AND OTHER FUNDING .....</b>	<b>9</b>
SURPLUS .....	9
OTHER FUNDING .....	9
<b>ATTACHMENT 1.....</b>	<b>10</b>
<b>ATTACHMENT 2 .....</b>	<b>11</b>

## **BOUNDARIES**

There are no proposed changes to the Gilroy Tourism Business Improvement District (GTBID) boundaries. There have been no new lodging businesses, and no lodging businesses have closed. One lodging business changed its name during the past year: Super 8, located at 8435 San Ysidro Avenue Gilroy CA 95020, is now operating as the “Comfort Inn”.

The GTBID will continue to include all lodging businesses, existing and in the future, available for public occupancy, located within the boundaries of the City of Gilroy (City), as shown on the map below.



## IMPROVEMENTS AND ACTIVITIES

The improvements and activities to be provided for 2024 are consistent with the Management District Plan (Plan).

### **Sales and Marketing**

A sales and marketing program will continue to promote assessed lodging businesses as tourist, meeting, and event destinations. The sales and marketing program will continue to have a central theme of promoting Gilroy as a desirable place for overnight visits. The program will continue to have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed lodging businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed lodging businesses;
- Social media marketing efforts designed to drive overnight visitation and room sales to assessed lodging businesses;
- Attendance of trade and consumer shows to promote assessed lodging businesses;
- Sales blitzes for assessed lodging businesses;
- Familiarization tours of assessed lodging businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed lodging businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed lodging businesses;
- Lead generation activities designed to attract tourists and group events to assessed lodging businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed lodging businesses; and
- Development and maintenance of a website designed to promote assessed lodging businesses.

**Administration and Operations**

The administration and operations portion of the budget shall continue to be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

**City Collection Fee**

The City of Gilroy shall continue to be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

**Contingency/Reserve**

The budget includes a contingency line item to continue to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners’ Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of Directors of the Owners’ Association. The reserve fund may be used for the costs of renewing the District.

**COST**

**2024 Projections**

The cost of providing improvements and activities for 2024 is consistent with the Plan. The categorical breakdown for the assessment budget is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total assessment budget from the prior year.

Category	%	CY 2024	Carry Over*	Total CY 2024 Budget
----------	---	---------	-------------	----------------------

		<b>Estimated Collections</b>		
Sales & Marketing	77%	\$237,650.00	\$83,753.00	\$321,403.00
Administration	21%	\$64,925.00	\$1,813.00	\$66,738.00
City Fee	2%	\$6,175.00	\$0	\$6,175.00
Contingency/Reserve	0%	\$0	\$114,093.00	\$114,093.00
<b>Total</b>	<b>100%</b>	<b>\$308,750.00</b>	<b>\$199,659.00</b>	<b>\$508,409.00</b>

*\*Carry over may include unspent funds from multiple years*

## 2023 Actual

The projected 2023 collections were approximately \$325,000. Actual collections were more than expected, totaling \$359,367. Budgeted and actual expenses are shown below.

Category	CY 2023 Budgeted		CY 2023 Actuals	
	%	\$	\$ Spent	\$ Carryover
Marketing & Sales	78%	\$253,575	\$169,823	\$83,753
Administration	20%	\$64,925	\$63,112	\$1,813
Contingency/Reserve	0%	\$0	\$0	\$114,093
City Collection Fee	2%	\$6,500	\$7,187	\$0
<b>Totals</b>	<b>100%</b>	<b>\$325,000</b>	<b>\$240,122</b>	<b>\$199,659</b>

## ASSESSMENT

There is no change in the method and basis of levying the assessment.

### Assessment

The initial annual assessment rate is two percent (2%) of gross short term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The assessment rate may be subject to increases during the ten (10) year term. At the discretion of the Gilroy Visitors Bureau, Inc. DBA the Gilroy Welcome Center's (GWC's) Board, the assessment rate may be increased by a maximum of two percent (2%) per year to a maximum rate of five percent (5%). The assessment rate may also be decreased by the GWC's Board, but shall not drop below two percent (2%) of gross room rental revenue. Any increase or decrease authorized by the GWC's Board shall be included in the Annual Report and approved by the Gilroy City Council during the fiscal year annual report review. Thereafter, the increase or decrease will be effective starting the following fiscal year.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the "GTBID Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

### Time and Manner for Collecting Assessments

The GTBID assessment was implemented beginning January 1, 2018 and will continue for ten (10) years through December 31, 2027. The City will continue to be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each assessed lodging business. The City shall continue to take all reasonable efforts to collect the assessments from each lodging business. The City shall continue to forward the assessments collected to the Owners' Association within thirty (30) days of receipt.

### Delinquencies

The GTBID shall continue to reimburse the City of Gilroy for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent GTBID assessment are sought to be recovered

in the same collection action by the City, the GTBID shall continue to bear its prorated share of such collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall continue to be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. *Fraud:* If the City determines that the non-payment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subsections 1 and 2 of this section.
4. *Interest:* In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of eighteen percent (18%) per annum. The interest shall be calculated per month or fraction thereof on the amount of the assessment and penalties, from the date on which the remittance first became delinquent until paid.
5. *Penalties Merged with Assessment:* Every penalty imposed and such interest as accrues shall become part of the assessment herein required to be paid.

In the event the City is unable to collect the delinquent assessments, the assessment amount including penalties and interest will be added to the business license renewal for the lodging business the following year. Upon collection of delinquent assessments, penalties and interest, the City shall retain the penalties and interest to cover the costs of collection, and shall forward the original assessment amount to the GWC Board.



## **SURPLUS AND OTHER FUNDING**

### **Surplus**

The amount of surplus to be carried over from previous years is approximately \$199,659.

### **Other Funding**

There are expected to be contributions from sources other than assessment funds. The estimated amount of any contributions to be made from sources other than GTBID assessments for 2024 include TBID Interest Income in the amount of \$1,950.

**ATTACHMENT 1**  
**GTBID ASSESSEE LISTING**

**Gilroy Tourism Business Improvement District (GTBID)**  
**Business Assessee Listing**

<i>Hotel</i>	<i>Address</i>
Days Inn	8292 Murray Avenue Gilroy, CA 95020
Best Western Plus/Forest Park Inn	375 Leavesley Road Gilroy, CA 95020
Budget Motels/Whiterock	8897 Monterey Road Gilroy, CA 95020
Garlic Farm Inn	5920 Travel Park Circle Gilroy, CA 95020
Gilroy Inn	611 Leavesley Road Gilroy, CA 95020
Hilton Garden Inn	6070 Monterey Road Gilroy, CA 95020
Kings Rest Motel	8175 Monterey Road Gilroy, CA 95020
Motel 6	6110 Monterey Road Gilroy, CA 95020
Travel Inn	5530 Monterey Road Gilroy, CA 95020
Oaks Motel	8065 Monterey Road Gilroy, CA 95020
Pacheco Pass	570 Old Gilroy Street Gilroy, CA 95020
Quality Inn & Suites	8430 Murray Avenue Gilroy, CA 95020
Ramada Limited	360 Leavesley Road Gilroy, CA 95020
Super 8	8435 San Ysidro Avenue Gilroy, CA 95020

# ATTACHMENT 2

## VISIT GILROY TBID BUDGET PERFORMANCE (P&L)

**Gilroy Visitors Eau dba Visit Gilroy  
P & L Budget Performance - TBID  
December 2023**

5:30 PM  
01/08/24  
Accrual Basis

	Dec 23	Budget	% of Budget	Jan - Dec 23	Budget	% of Budget
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
80000 · TBID Income	83,242.68	81,250.00	102.45%	359,367.23	325,000.00	110.58%
<b>Total Income</b>	83,242.68	81,250.00	102.45%	359,367.23	325,000.00	110.58%
<b>Gross Profit</b>	83,242.68	81,250.00	102.45%	359,367.23	325,000.00	110.58%
<b>Expense</b>						
97010 · TBID Personnel/Administration						
97011 · TBID Executive Director	7,389.70	4,366.67	169.23%	55,422.96	52,400.00	105.77%
97014 · P/R Taxes & Simple IRA	334.05	500.00	66.81%	4,008.62	6,000.00	66.81%
97015 · Workers Compensation Ins	45.46	43.75	103.91%	509.73	525.00	97.09%
97019 · Auto/Mileage Expense	0.00	125.00	0.0%	194.31	1,500.00	12.95%
97016 · Accounting/Legal Expenses	132.00	250.00	52.8%	2,370.50	3,000.00	79.02%
97017 · Office Supplies	30.55	100.00	30.55%	606.07	1,200.00	50.51%
97018 · Miscellaneous Expenses	0.00	25.00	0.0%	0.00	300.00	0.0%
<b>Total 97010 · TBID Personnel/Administration</b>	7,931.76	5,410.42	146.6%	63,112.19	64,925.00	97.21%
97020 · TBID Collection Costs/City of G	1,664.85	1,625.00	102.45%	7,187.33	6,500.00	110.57%
97040 · TBID Advertising/Marketing						
97056 · Tourism Coordinator	1,099.00	2,708.34	40.58%	21,724.60	32,500.00	66.85%
97041 · Public Relations	100.53	1,500.00	6.7%	6,452.23	18,000.00	35.85%
97043 · Social Media/SEO MgmtWebsite	3,835.90	4,000.00	98.4%	56,855.41	48,000.00	118.47%
97044 · Collateral	0.00	833.33	0.0%	0.00	10,000.00	0.0%
97045 · Opportunistic	0.00			2,946.12	0.00	
97046 · Advertising	9,940.59	7,072.92	140.54%	42,625.73	84,875.00	50.22%
97047 · Research & Measurement	0.00	833.33	0.0%	18,496.00	10,000.00	184.96%
97048 · Marketing Services	1,704.38	1,500.00	113.63%	6,894.22	18,000.00	38.3%
97050 · Postage-VG Fulfillment Request	13.86	300.00	4.62%	534.48	3,600.00	14.85%
97051 · Trade & Consumer Shows				11.82	0.00	
97052 · Conferences & Travel	0.00	416.67	0.0%	1,202.32	5,000.00	24.05%
97057 · Payroll Taxes	84.08	300.00	28.03%	1,800.26	3,600.00	50.01%
97059 · Sales & Event Marketing	3,700.00	1,666.67	222.0%	10,269.63	20,000.00	51.35%
<b>Total 97040 · TBID Advertising/Marketing</b>	20,576.34	21,131.26	97.38%	169,822.82	253,575.00	66.97%
<b>Total Expense</b>	30,174.95	28,166.68	107.13%	240,122.34	325,000.00	73.88%

5:30 PM  
01/08/24  
Accrual Basis

**Gilroy Visitors L...eau dba Visit Gilroy  
P & L Budget Performance - TBID**

**December 2023**

	Dec 23	Budget	% of Budget	Jan - Dec 23	Budget	% of Budget
<b>Net Ordinary Income</b>	53,067.73	53,063.32	99.97%	119,244.89	0.00	100.0%
<b>Other Income/Expense</b>						
Other Income	83.69			995.79		
89990 - TBID Interest Income	83.69			995.79		
<b>Total Other Income</b>	83.69			995.79		
<b>Net Other Income</b>	53,151.42	53,063.32	100.13%	120,240.68	0.00	100.0%
<b>Net Income</b>						
Carried Forward from 2022				\$ 79,418.59		
<b>Cumulative Net Income</b>				<b>199,659.27</b>		



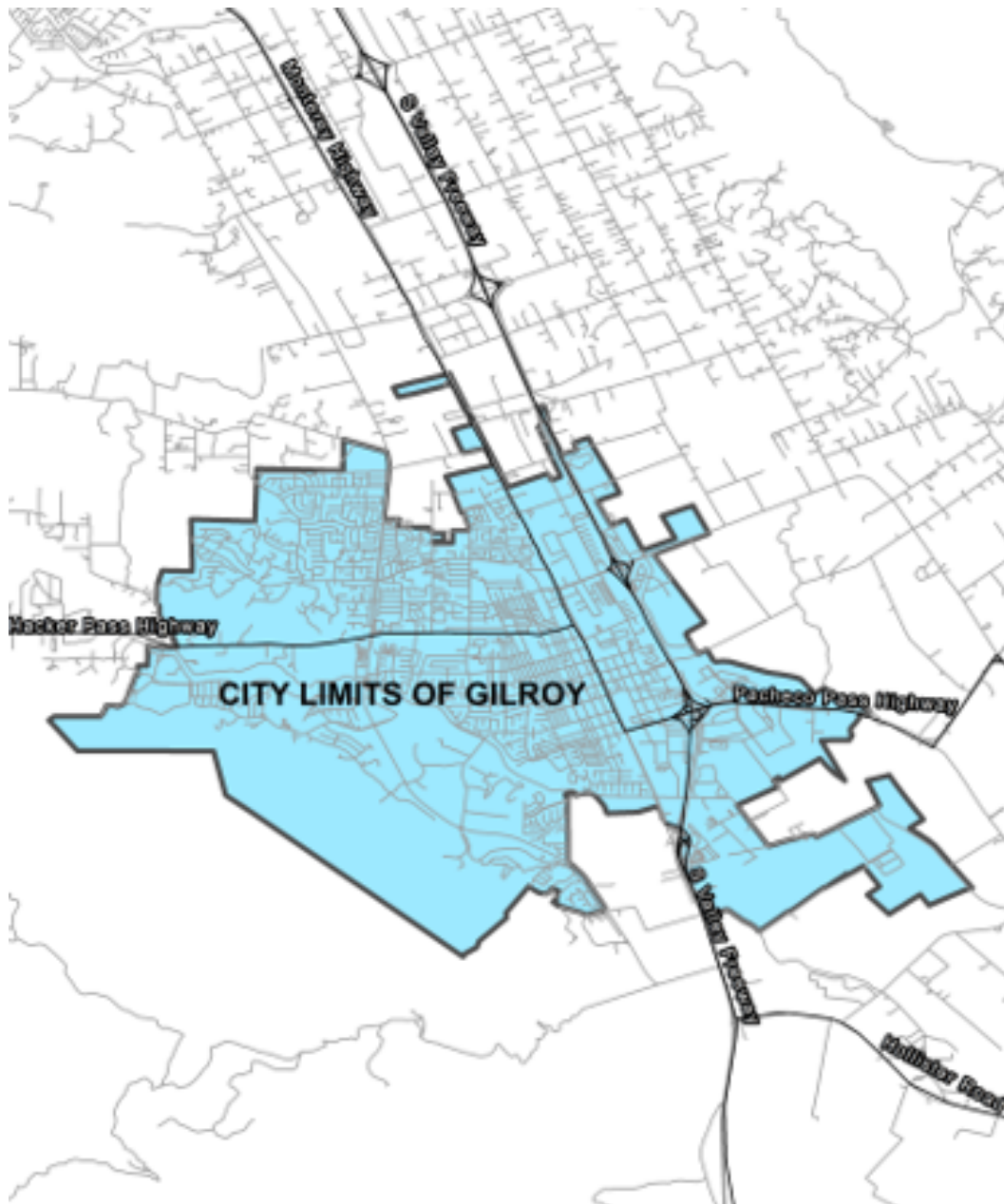
**GILROY TOURISM BUSINESS  
IMPROVEMENT DISTRICT  
2024 ANNUAL REPORT**

*Submitted to the City of Gilroy pursuant to Streets and Highways Code  
Section 36650 for the period from January 1, 2024-December 31, 2024*

## BOUNDARIES

There are no proposed changes to the Gilroy Tourism Business Improvement District (GTBID) boundaries. There have been no new lodging businesses, and no lodging businesses have closed.

The GTBID will continue to include all lodging businesses, existing and in the future, available for public occupancy, located within the boundaries of the City of Gilroy (City), as shown on the map below.



## IMPROVEMENTS AND ACTIVITIES

The improvements and activities to be provided for 2025 are consistent with the Management District Plan (Plan).

### **Sales and Marketing**

A sales and marketing program will continue to promote assessed lodging businesses as tourist, meeting, and event destinations. The sales and marketing program will continue to have a central theme of promoting Gilroy as a desirable place for overnight visits. The program will continue to have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed lodging businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed lodging businesses;
- Social media marketing efforts designed to drive overnight visitation and room sales to assessed lodging businesses;
- Attendance of trade and consumer shows to promote assessed lodging businesses;
- Sales blitzes for assessed lodging businesses;
- Familiarization tours of assessed lodging businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed lodging businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed lodging businesses;
- Lead generation activities designed to attract tourists and group events to assessed lodging businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed lodging businesses; and
- Development and maintenance of a website designed to promote assessed lodging businesses.

### **Administration and Operations**

The administration and operations portion of the budget shall continue to be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

### **City Collection Fee**

The City of Gilroy shall continue to be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

### **Contingency/Reserve**

The budget includes a contingency line item to continue to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of Directors of the Owners' Association. The reserve fund may be used for the costs of renewing the District.

## COST

### 2025 Projections

The cost of providing improvements and activities for 2025 is consistent with the Plan. The categorical breakdown for the assessment budget is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total assessment budget from the prior year.

Category	%	CY 2025 Estimated Collections	Carry Over*	Total CY 2025 Budget
Sales & Marketing	81%	\$303,500.00	\$0	\$303,500.00
Administration	17%	\$64,925.00	\$0	\$64,925.00
City Fee	2%	\$8,500.00	\$0	\$8,500.00
Contingency/Reserve	0%	\$0	\$247,594.00	\$247,594.00
<b>Total</b>	<b>100%</b>	<b>\$376,925.00</b>	<b>\$247,594.00</b>	<b>\$624,519.00</b>

*\*Carry over may include unspent funds from multiple years*

### 2024 Actual

The projected 2024 collections were approximately \$308,750. Actual collections were more than expected, totaling \$328,449. Budgeted and actual expenses are shown below.

Category	CY 2024 Budgeted		CY 2024 Actuals	
	%	\$	\$ Spent	\$ Carryover
Marketing & Sales	77%	\$237,650	\$210,073	\$0
Administration	21%	\$64,925	\$65,820	\$0
Contingency/Reserve	0%	\$0	\$0	\$247,594
City Collection Fee	2%	\$6,175	\$6,569	\$0
<b>Totals</b>	<b>100%</b>	<b>\$308,750</b>	<b>\$282,462</b>	<b>\$247,594</b>



## **ASSESSMENT**

There is no change in the method and basis of levying the assessment.

### **Assessment**

The initial annual assessment rate is two percent (2%) of gross short term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The assessment rate may be subject to increases during the ten (10) year term. At the discretion of the Gilroy Visitors Bureau, Inc. DBA the Gilroy Welcome Center's (GWC's) Board, the assessment rate may be increased by a maximum of two percent (2%) per year to a maximum rate of five percent (5%). The assessment rate may also be decreased by the GWC's Board, but shall not drop below two percent (2%) of gross room rental revenue. Any increase or decrease authorized by the GWC's Board shall be included in the Annual Report and approved by the Gilroy City Council during the fiscal year annual report review. Thereafter, the increase or decrease will be effective starting the following fiscal year.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the "GTBID Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

### **Time and Manner for Collecting Assessments**

The GTBID assessment was implemented beginning January 1, 2018 and will continue for ten (10) years through December 31, 2027. The City will continue to be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each assessed lodging business. The City shall continue to take all reasonable efforts to collect the assessments from each lodging business. The City shall continue to forward the assessments collected to the Owners' Association within thirty (30) days of receipt.

### **Delinquencies**

The GTBID shall continue to reimburse the City of Gilroy for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent GTBID assessment are sought to be recovered in the same collection action by the City, the GTBID shall continue to bear its prorate share of such

Gilroy Tourism Business Improvement District  
2024 Annual Report

collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall continue to be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. *Fraud:* If the City determines that the non-payment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subsections 1 and 2 of this section.
4. *Interest:* In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of eighteen percent (18%) per annum. The interest shall be calculated per month or fraction thereof on the amount of the assessment and penalties, from the date on which the remittance first became delinquent until paid.
5. *Penalties Merged with Assessment:* Every penalty imposed and such interest as accrues shall become part of the assessment herein required to be paid.

In the event the City is unable to collect the delinquent assessments, the assessment amount including penalties and interest will be added to the business license renewal for the lodging business the following year. Upon collection of delinquent assessments, penalties and interest, the City shall retain the penalties and interest to cover the costs of collection, and shall forward the original assessment amount to the GWC Board.

## **SURPLUS AND OTHER FUNDING**

### **Surplus**

The amount of surplus to be carried over from previous years is approximately \$247,594. It is expected these funds will be used to pay for website licensing, branding and visual identity, and website construction.

### **Other Funding**

There are expected to be contributions from sources other than assessment funds. The estimated amount of any contributions to be made from sources other than GTBID assessments for 2025 include TBID Interest Income in the amount of \$1,395.

**ATTACHMENT 1**  
**GTBID ASSESSEE LISTING**

**Gilroy Tourism Business Improvement District (GTBID)**  
**Business Assessee Listing**

<i>Hotel</i>	<i>Address</i>
Days Inn	8292 Murray Avenue Gilroy, CA 95020
Best Western Plus/Forest Park Inn	375 Leavesley Road Gilroy, CA 95020
Budget Motels/Whiterock	8897 Monterey Road Gilroy, CA 95020
Garlic Farm Inn	5920 Travel Park Circle Gilroy, CA 95020
Gilroy Inn	611 Leavesley Road Gilroy, CA 95020
Hilton Garden Inn	6070 Monterey Road Gilroy, CA 95020
Kings Rest Motel	8175 Monterey Road Gilroy, CA 95020
Motel 6	6110 Monterey Road Gilroy, CA 95020
Travel Inn	5530 Monterey Road Gilroy, CA 95020
Oaks Motel	8065 Monterey Road Gilroy, CA 95020
Pacheco Pass	570 Old Gilroy Street Gilroy, CA 95020
Quality Inn & Suites	8430 Murray Avenue Gilroy, CA 95020
Ramada Limited	360 Leavesley Road Gilroy, CA 95020
Super 8	8435 San Ysidro Avenue Gilroy, CA 95020

# ATTACHMENT 2 VISIT GILROY TBID BUDGET PERFORMANCE (P&L)

6:15 PM  
01/10/25  
Accrual Basis

## Gilroy Visitors Bureau dba Visit Gilroy P & L Budget Performance - TBID December 2024

	Dec 24	Budget	% of Budget	Jan - Dec 24	Budget	% of Budget	Annual Budget
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
80000 · TBID Income	74,167.55	77,187.50	96.09%	328,449.26	308,750.00	106.38%	308,750.00
<b>Total Income</b>	74,167.55	77,187.50	96.09%	328,449.26	308,750.00	106.38%	308,750.00
<b>Gross Profit</b>	74,167.55	77,187.50	96.09%	328,449.26	308,750.00	106.38%	308,750.00
<b>Expense</b>							
<b>97010 · TBID Personnel/Administration</b>							
97011 · TBID Executive Director	7,671.58	4,366.67	175.69%	57,871.64	52,400.00	110.44%	52,400.00
97014 · P/R Taxes & Simple IRA	346.80	500.00	69.36%	4,187.10	6,000.00	69.79%	6,000.00
97015 · Workers Compensation Ins	30.43	43.75	69.55%	370.53	525.00	70.58%	525.00
97019 · Auto/Mileage Expense	0.00	125.00	0.0%	76.22	1,500.00	5.08%	1,500.00
97016 · Accounting/Legal Expenses	168.00	250.00	67.2%	2,804.00	3,000.00	93.47%	3,000.00
97017 · Office Supplies	87.09	100.00	87.09%	510.01	1,200.00	42.5%	1,200.00
97018 · Miscellaneous Expenses	0.00	25.00	0.0%	0.00	300.00	0.0%	300.00
<b>Total 97010 · TBID Personnel/Administration</b>	8,303.90	5,410.42	153.48%	65,819.50	64,925.00	101.38%	64,925.00
<b>97020 · TBID Collection Costs/City of G</b>	1,483.35	1,543.75	96.09%	6,568.99	6,175.00	106.38%	6,175.00
<b>97040 · TBID Advertising/Marketing</b>							
97056 · Tourism Coordinator	1,946.25	2,708.33	71.86%	23,327.48	32,500.00	71.78%	32,500.00
97041 · Public Relations	0.00	1,425.00	0.0%	5,761.68	17,100.00	33.69%	17,100.00
97043 · Social Media/SEO Mgmt/Website	4,400.62	3,516.67	125.14%	73,339.81	42,200.00	173.79%	42,200.00
97044 · Collateral	0.00	791.67	0.0%	1,416.26	9,500.00	14.91%	9,500.00
97045 · Opportunistic	0.00			828.99			
97046 · Advertising	2,957.14	5,815.00	50.85%	90,051.57	69,780.00	129.05%	69,780.00
97047 · Research & Measurement	0.00	791.67	0.0%	0.00	9,500.00	0.0%	9,500.00
97048 · Marketing Services	3,127.88	1,425.00	219.5%	6,911.49	17,100.00	40.42%	17,100.00
97050 · Postage-VG Fulfillment Request	2.59	285.00	0.91%	366.17	3,420.00	11.29%	3,420.00
97052 · Conferences & Travel	0.00	395.83	0.0%	9,888.18	4,750.00	208.17%	4,750.00
97054 · Website Depreciation	0.00	566.67	0.0%	0.00	6,800.00	0.0%	6,800.00
97057 · Payroll Taxes	148.88	300.00	49.63%	1,861.55	3,600.00	51.71%	3,600.00
97058 · Health Insurance	0.00	200.00	0.0%	0.00	2,400.00	0.0%	2,400.00

6:15 PM  
01/10/25  
Accrual Basis

**Gilroy Visitors Bureau dba Visit Gilroy  
P & L Budget Performance - TBID**

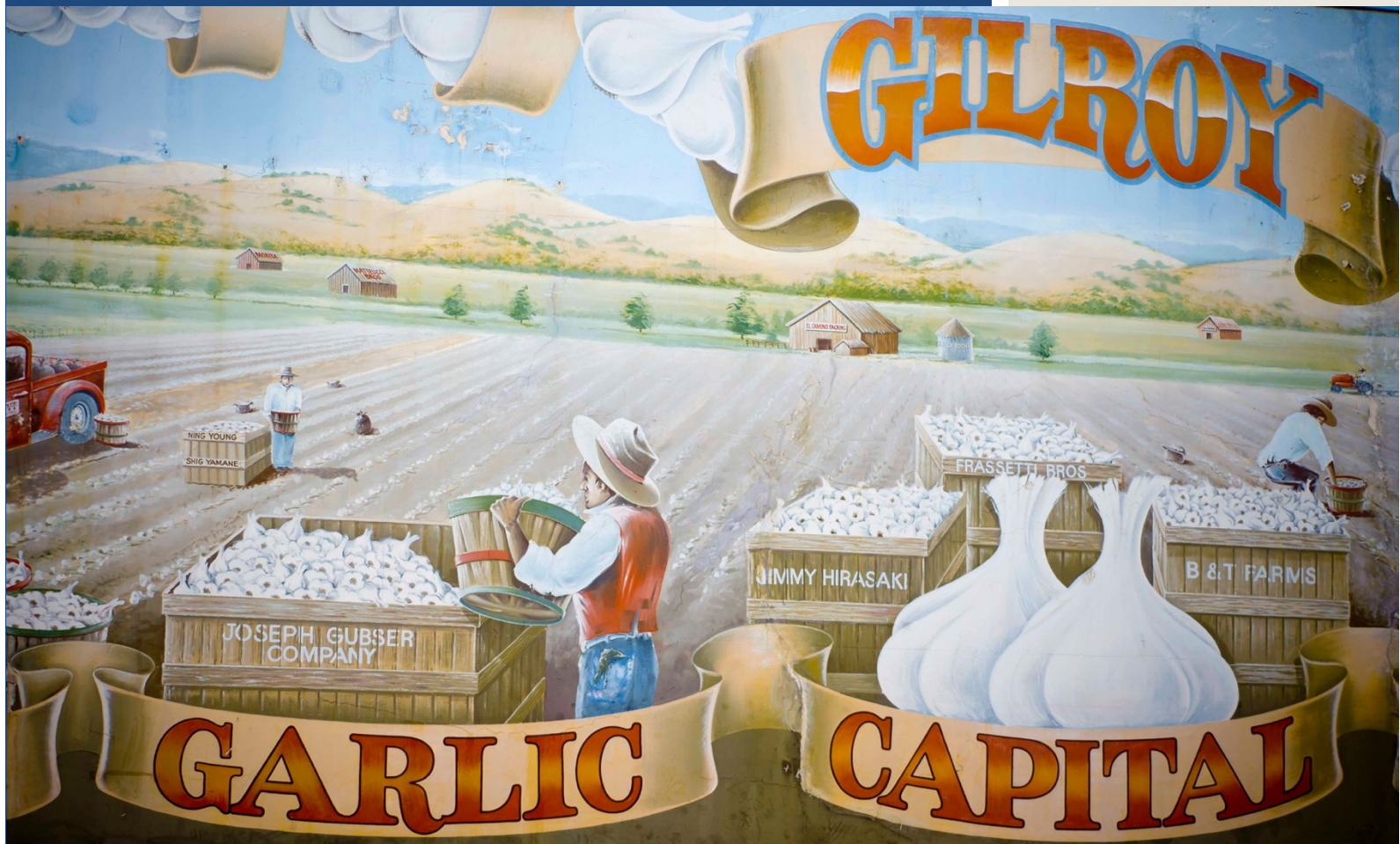
December 2024

	Dec 24	Budget	% of Budget	Jan - Dec 24	Budget	% of Budget	Annual Budget
<b>97059 - Sales &amp; Event Marketing</b>	0.00	1,583.33	0.0%	(3,700.00)	19,000.00	(19.47%)	19,000.00
<b>Total 97040 - TBID Advertising/Marketing</b>				0.00			
<b>Total Expense</b>	12,583.36	19,804.17	63.54%	210,073.18	237,650.00	88.4%	237,650.00
<b>Net Ordinary Income</b>	22,370.61	26,758.34	83.6%	282,461.67	308,750.00	91.49%	308,750.00
<b>Other Income/Expense</b>	51,796.94	50,429.16	102.71%	45,987.59	0.00	100.0%	0.00
<b>Other Income</b>							
<b>89950 - TBID Interest Income</b>	170.62			1,947.42			0.00
<b>Total Other Income</b>	170.62			1,947.42			0.00
<b>Net Other Income</b>	170.62			1,947.42			0.00
<b>Net Income</b>	51,967.56	50,429.16	103.05%	47,935.01	0.00	100.0%	0.00

Carried Forward from 2023 199,659.27

247,594.28

Cumulative Net Income



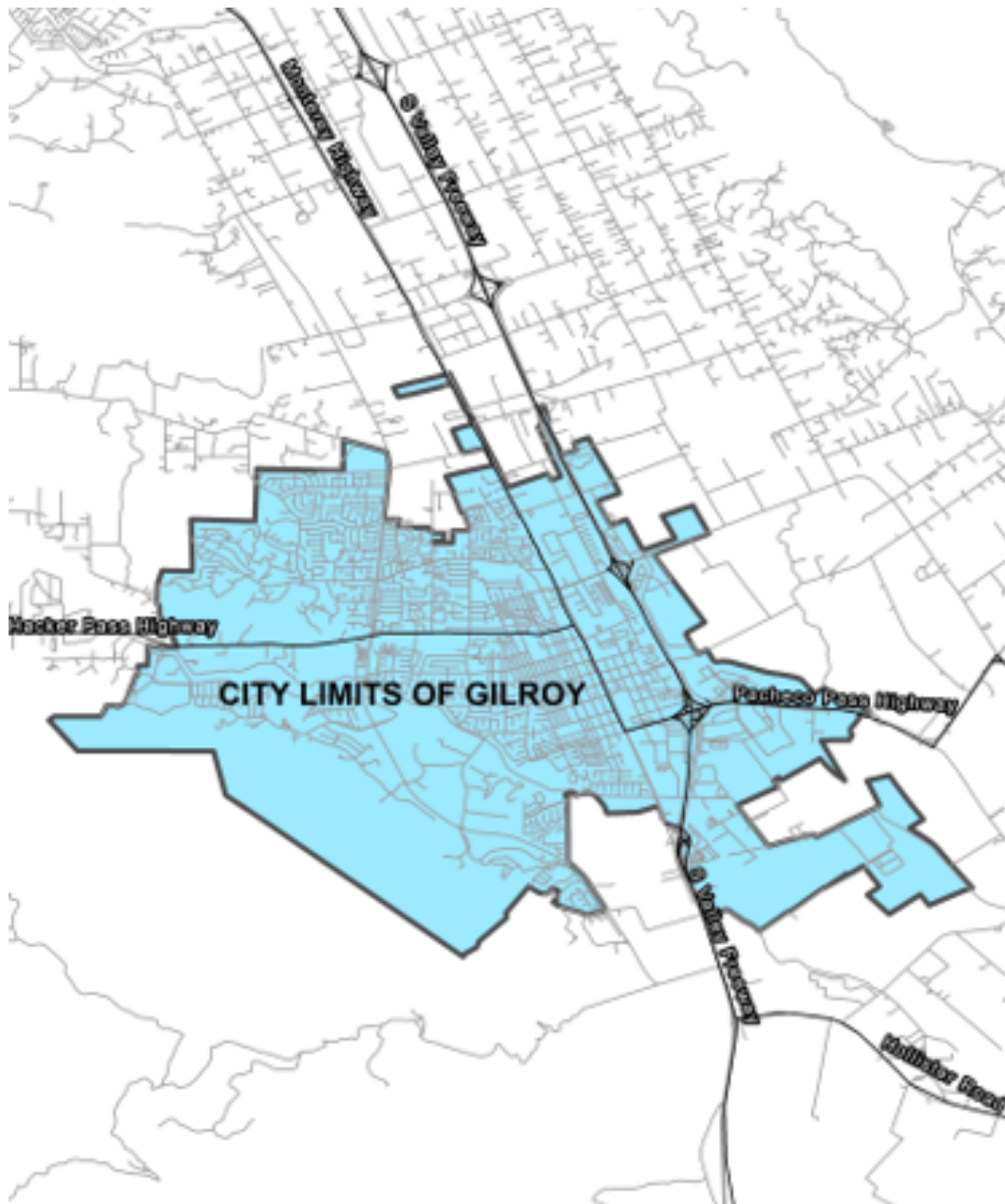
**GILROY TOURISM BUSINESS  
IMPROVEMENT DISTRICT  
2025 ANNUAL REPORT**

*Submitted to the City of Gilroy pursuant to Streets and Highways Code  
Section 36650 for the period from January 1, 2025-December 31, 2025*

## BOUNDARIES

There are no proposed changes to the Gilroy Tourism Business Improvement District (GTBID) boundaries. There have been no new lodging businesses, and no lodging businesses have closed.

The GTBID will continue to include all lodging businesses, existing and in the future, available for public occupancy, located within the boundaries of the City of Gilroy (City), as shown on the map below.





## IMPROVEMENTS AND ACTIVITIES

The improvements and activities to be provided for 2026 are consistent with the Management District Plan (Plan).

### **Sales and Marketing**

A sales and marketing program will continue to promote assessed lodging businesses as tourist, meeting, and event destinations. The sales and marketing program will continue to have a central theme of promoting Gilroy as a desirable place for overnight visits. The program will continue to have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed lodging businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed lodging businesses;
- Social media marketing efforts designed to drive overnight visitation and room sales to assessed lodging businesses;
- Attendance of trade and consumer shows to promote assessed lodging businesses;
- Sales blitzes for assessed lodging businesses;
- Familiarization tours of assessed lodging businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed lodging businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed lodging businesses;
- Lead generation activities designed to attract tourists and group events to assessed lodging businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed lodging businesses; and
- Development and maintenance of a website designed to promote assessed lodging businesses.

### **Administration and Operations**

The administration and operations portion of the budget shall continue to be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

### **City Collection Fee**

The City of Gilroy shall continue to be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

### **Contingency/Reserve**

The budget includes a contingency line item to continue to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies

from the reserve fund shall be set by the Board of Directors of the Owners’ Association. The reserve fund may be used for the costs of renewing the District.

## COST

### 2026 Projections

The cost of providing improvements and activities for 2026 is consistent with the Plan. The categorical breakdown for the assessment budget is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total assessment budget from the prior year.

Category	%	CY 2026 Estimated Collections	Carry Over*	Total CY 2026 Budget
Sales & Marketing	79%	\$257,400.00	\$0	\$257,400.00
Administration	19%	\$59,100.00	\$0	\$59,100.00
City Fee	2%	\$8,500.00	\$0	\$8,500.00
Contingency/Reserve	0%	\$0	\$167,303.00	\$167,303.00
<b>Total</b>	<b>100%</b>	<b>\$325,000.00</b>	<b>\$167,303.00</b>	<b>\$492,303.00</b>

*\*Carry over may include unspent funds from multiple years*

### 2025 Actual

The projected 2025 collections were approximately \$325,000. Actual collections were more than expected, totaling \$351,749. Budgeted and actual expenses are shown below.

Category	CY 2025 Budgeted		CY 2025 Actuals	
	%	\$	\$ Spent	\$ Carryover
Marketing & Sales	78%	\$251,575	\$326,372	\$0
Administration	20%	\$64,925	\$68,828	\$0
Contingency/Reserve	0%	\$0	\$31,200	\$167,303
City Collection Fee	2%	\$8,500	\$7,035	\$0
<b>Totals</b>	<b>100%</b>	<b>\$325,000</b>	<b>\$433,435</b>	<b>\$167,303</b>

## **ASSESSMENT**

There is no change in the method and basis of levying the assessment.

### **Assessment**

The initial annual assessment rate is two percent (2%) of gross short term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The assessment rate may be subject to increases during the ten (10) year term. At the discretion of the Gilroy Visitors Bureau, Inc. DBA the Gilroy Welcome Center's (GWC's) Board, the assessment rate may be increased by a maximum of two percent (2%) per year to a maximum rate of five percent (5%). The assessment rate may also be decreased by the GWC's Board, but shall not drop below two percent (2%) of gross room rental revenue. Any increase or decrease authorized by the GWC's Board shall be included in the Annual Report and approved by the Gilroy City Council during the fiscal year annual report review. Thereafter, the increase or decrease will be effective starting the following fiscal year.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the "GTBID Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

### **Time and Manner for Collecting Assessments**

The GTBID assessment was implemented beginning January 1, 2018 and will continue for ten (10) years through December 31, 2027. The City will continue to be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each assessed lodging business. The City shall continue to take all reasonable efforts to collect the assessments from each lodging business. The City shall continue to forward the assessments collected to the Owners' Association within thirty (30) days of receipt.

### **Delinquencies**

The GTBID shall continue to reimburse the City of Gilroy for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent GTBID assessment are sought to be recovered

in the same collection action by the City, the GTBID shall continue to bear its prorated share of such collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall continue to be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. *Fraud:* If the City determines that the non-payment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subsections 1 and 2 of this section.
4. *Interest:* In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of eighteen percent (18%) per annum. The interest shall be calculated per month or fraction thereof on the amount of the assessment and penalties, from the date on which the remittance first became delinquent until paid.
5. *Penalties Merged with Assessment:* Every penalty imposed and such interest as accrues shall become part of the assessment herein required to be paid.

In the event the City is unable to collect the delinquent assessments, the assessment amount including penalties and interest will be added to the business license renewal for the lodging business the following year. Upon collection of delinquent assessments, penalties and interest, the City shall retain the penalties and interest to cover the costs of collection, and shall forward the original assessment amount to the GWC Board.

## **SURPLUS AND OTHER FUNDING**

### **Surplus**

The amount of surplus to be carried over from previous years is approximately \$167,303. It is expected these funds will be used to pay for website licensing, branding and visual identity, and website updates.

### **Other Funding**

There are expected to be contributions from sources other than assessment funds. The estimated amount of any contributions to be made from sources other than GTBID assessments for 2026 include TBID Interest Income in the amount of \$1,395.

## ATTACHMENT 1

### GTBID ASSESSEE LISTING

Days Inn	8292 Murray Avenue Gilroy, CA 95020
Best Western Plus/Forest Park Inn	375 Leavesley Road Gilroy, CA 95020
Budget Motel	8897 Monterey Road Gilroy, CA 95020
Garlic Farm Inn	5920 Travel Park Circle Gilroy, CA 95020
Hampton Inn & Suites	5975 Travel Park Circle Gilroy, CA 95020
Hilton Garden Inn	6070 Monterey Road Gilroy, CA 95020
Kings Rest Motel	8175 Monterey Road Gilroy, CA 95020
Motel 6	6110 Monterey Road Gilroy, CA 95020
Travel Inn	5530 Monterey Road Gilroy, CA 95020
Oaks Motel	8065 Monterey Road Gilroy, CA 95020
Pacheco Pass Motel	570 Old Gilroy Street Gilroy, CA 95020
Quality Inn & Suites	8430 Murray Avenue Gilroy, CA 95020
Comfort Inn & Suites	8435 San Ysidro Avenue Gilroy, CA 95020
Gilroy Inn	611 Leavesley Road Gilroy, CA 95020

# ATTACHMENT 2 VISIT GILROY TBID BUDGET PERFORMANCE (P&L)

## Gilroy Visitors Bureau dba Visit Gilroy P & L Budget Performance - Visit Gilroy December 2025

5:55 PM  
01/07/26  
Accrual Basis

Ordinary Income/Expense	Dec 25	Budget	% of Budget	Jul - Dec 25	YTD Budget	% of Budget	Annual Budget
<b>Income</b>							
8900 - City of Gilroy Allocations	0.00	29,166.67	0.0%	196,862.31	174,999.98	112.45%	350,000.00
8920 - Advertising Partners	0.00	791.67	0.0%	0.00	4,749.98	0.0%	9,500.00
8930 - Retail Sales	3,789.98	3,125.00	120.64%	22,299.65	18,750.00	118.93%	37,500.00
8935 - Online Sales	0.00			0.00			
8936 - Other Location Sales	210.00			210.00			
8950 - Interest Income	146.44	15.83	925.08%	755.95	95.02	796.62%	190.00
8991 - Misc. Income	5.00	7.92	63.13%	55.25	47.48	116.37%	95.00
8993 - Consignment Ticket Sales	0.00	475.00	0.0%	1,299.98	2,850.00	45.61%	5,700.00
8994 - Event Revenue	0.00	475.00	0.0%	0.00	2,850.00	0.0%	5,700.00
8996 - CWC Adv. Partner-Certified Fold	391.25	425.00	92.06%	2,469.40	2,550.00	96.84%	5,100.00
<b>Total Income</b>	<b>4,522.67</b>	<b>34,482.09</b>	<b>13.12%</b>	<b>223,953.54</b>	<b>205,892.46</b>	<b>108.25%</b>	<b>413,785.00</b>
<b>Cost of Goods Sold</b>							
7555 - *Cost of Goods Sold	2,403.45	2,041.67	117.72%	13,273.78	12,249.98	108.36%	24,500.00
7556 - Commissions/ Consignment Fees	64.24			64.24			
<b>Total COGS</b>	<b>2,467.69</b>	<b>2,041.67</b>	<b>120.87%</b>	<b>13,338.02</b>	<b>12,249.98</b>	<b>108.88%</b>	<b>24,500.00</b>
<b>Gross Profit</b>	<b>2,054.98</b>	<b>32,440.42</b>	<b>6.34%</b>	<b>210,615.52</b>	<b>194,642.48</b>	<b>108.21%</b>	<b>389,285.00</b>
<b>Expense</b>							
<b>9000 - Payroll/Salaries</b>							
9012 - Executive Director	10,182.96	7,083.33	143.76%	44,522.50	42,500.02	104.76%	85,000.00
9014 - Welcome Center Manager	8,937.60	6,116.67	146.12%	39,513.60	36,689.98	107.67%	73,400.00
9016 - Welcome Center PIT Staff	2,000.00	2,333.33	85.71%	13,548.64	14,000.02	96.78%	28,000.00
9001 - Payroll Taxes & Simple IRA	1,604.88	1,833.33	87.54%	8,418.76	11,000.02	76.53%	22,000.00
9002 - Workers Comp. Insurance	49.60	100.00	49.6%	172.07	600.00	28.68%	1,200.00
9003 - Health Insurance	410.44	475.00	86.41%	2,321.43	2,850.00	81.45%	5,700.00
9030 - Staff Incentives	316.22	79.17	399.42%	592.71	474.98	124.79%	950.00
9040 - Tourism Coordinator	479.50	1,466.67	41.1%	1,109.50	6,999.98	15.85%	14,000.00
<b>Total 9000 - Payroll/Salaries</b>	<b>25,981.20</b>	<b>19,187.50</b>	<b>124.98%</b>	<b>110,199.21</b>	<b>115,125.00</b>	<b>95.72%</b>	<b>230,250.00</b>
9020 - Staff Development	0.00	12.50	0.0%	0.00	75.00	0.0%	150.00
9103 - Administrative Postage	17.76	21.67	81.96%	163.12	129.98	125.5%	260.00
9102 - Shipping - Online Store	0.00			6.87			

For management purposes only.

15

5:56 PM  
01/07/28  
Accrual Basis

**Gilroy Visitors Bureau dba Visit Gilroy  
P & L Budget Performance - Visit Gilroy  
December 2025**

	Dec 25	Budget	% of Budget	Jul - Dec 25	YTD Budget	% of Budget	Annual Budget
9111 - Auto/Mileage Expenses	0.00	142.50	0.0%	52.50	856.00	5.14%	1,710.00
9114 - Bank/Credit Card Fees	150.10	233.33	81.47%	1,355.09	1,400.02	96.79%	2,800.00
9115 - Accounting & Legal	441.00	1,250.00	35.28%	11,530.50	7,500.00	153.74%	15,000.00
9120 - Equipment Upgrades	0.00	125.00	0.0%	0.00	750.00	0.0%	1,500.00
9125 - Directors & Officers Ins.	145.67	166.67	87.4%	874.02	999.98	87.4%	2,000.00
9126 - Advertising/Marketing							
9100 - Memberships & Dues	0.00	625.00	0.0%	2,368.25	3,750.00	62.89%	7,500.00
9101 - Marketing Services	0.00	6,333.33	0.0%	10,126.99	50,000.02	20.25%	100,000.00
9106 - Trade & Consumer Shows	0.00	500.00	0.0%	13.04	3,000.00	0.44%	6,000.00
9109 - Conferences & Travel	0.00	416.67	0.0%	739.27	2,499.98	29.57%	5,000.00
9127 - Printing	0.00	79.17	0.0%	0.00	474.98	0.0%	950.00
9129 - Local Advertising	896.82	5,000.00	17.98%	45,661.96	30,000.00	152.21%	60,000.00
<b>Total 9126 - Advertising/Marketing</b>	<b>896.82</b>	<b>14,954.17</b>	<b>6.01%</b>	<b>56,899.51</b>	<b>89,724.98</b>	<b>65.64%</b>	<b>179,450.00</b>
9140 - Utilities/Garbage Expense	614.48	733.33	83.79%	4,652.53	4,400.02	105.74%	8,800.00
9145 - Communications/IT Expense	666.79	1,000.00	66.68%	4,940.68	6,000.00	82.35%	12,000.00
9147 - Rent/Operations Expense	1,536.06	1,750.00	87.78%	10,108.54	10,500.00	96.27%	21,000.00
9150 - Strategic Planning/Staff Devel.	0.00	190.00	0.0%	0.00	1,140.00	0.0%	2,280.00
9165 - Depreciation Expense	2,101.84	570.00	368.74%	12,498.78	3,420.00	365.46%	6,840.00
9170 - Office Supplies	364.91	260.00	145.96%	2,554.49	1,500.00	170.3%	3,000.00
9172 - Equipment Lease	271.54	316.67	85.75%	1,663.01	1,899.98	87.53%	3,800.00
9175 - Website Updates Expense	0.00	833.33	0.0%	5,194.55	5,000.02	103.89%	10,000.00
9177 - Surveys/Research	0.00	2,083.33	0.0%	0.00	12,500.02	0.0%	25,000.00
9180 - Social Media Campaign	0.00	680.18	0.0%	19,272.65	4,081.12	472.24%	8,162.20
9200 - Repairs & Maintenance	0.00	200.00	0.0%	332.00	1,200.00	27.67%	2,400.00
9295 - Miscellaneous	0.00	95.00	0.0%	66.36	570.00	11.64%	1,140.00
9296 - Liability Insurance	204.33	216.67	94.31%	1,226.01	1,299.98	94.31%	2,600.00
9297 - E&O Insurance	126.67	120.33	105.27%	760.02	732.02	105.26%	1,444.00
9500 - Consignment Ticket Expenses	0.00	435.42	0.0%	1,130.86	2,812.48	43.29%	5,225.00
95048 - CWC Annual Fees & Marketing Exp	0.00	666.67	0.0%	1,250.00	3,999.98	31.25%	8,000.00
<b>Total Expense</b>	<b>31,561.17</b>	<b>46,234.27</b>	<b>68.26%</b>	<b>248,731.42</b>	<b>277,405.58</b>	<b>88.66%</b>	<b>554,811.20</b>
<b>Net Ordinary Income</b>	<b>(29,506.19)</b>	<b>(13,793.85)</b>		<b>(38,115.90)</b>	<b>(82,763.10)</b>		<b>(165,526.20)</b>
<b>Net Income</b>	<b>(29,506.19)</b>	<b>(13,793.85)</b>		<b>(38,115.90)</b>	<b>(82,763.10)</b>		<b>(165,526.20)</b>

For management purposes only.

Page 2 of 2





## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Approve the Second Amendment to the Agreement with Dewberry Engineers Inc. to Add \$187,766.15 for the Design of the Lions Creek Trail and Santa Teresa Blvd/Day Rd East Bicycle and Pedestrian Improvements and Adopt a Budget Amendment Resolution for CIP Project No. 800270**

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: Julie Oates, Engineer

---

**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure

---

### RECOMMENDATION

1. Approve the second amendment to the agreement with Dewberry Engineers Inc. to add \$187,766.15 for the design of the Lions Creek Trail and Santa Teresa Blvd/Day Rd East Bicycle and Pedestrian Improvements and authorize the City Administrator to execute the amendment and associated documents.
2. Adopt a budget amendment resolution to appropriate \$187,766.15 from Gas Tax Fund (205) for the Lions Creek Trail and Santa Teresa Blvd/Day Rd East Bicycle and Pedestrian Improvements (Project No. 800270).

### EXECUTIVE SUMMARY

The Lions Creek Trail Project (Project) will construct two segments of Class I multi-use trails along Lions Creek. One segment will extend from Tapestry Drive near Christopher High School to the Santa Teresa Boulevard/ Day Road East intersection, and the other segment will extend from the Santa Teresa Boulevard/Day Road East intersection to Kern Avenue. The project also includes the design of pavement markings, curb ramps, and traffic signal modifications at the Santa Teresa Blvd/ Day Rd East intersection to

provide a bicycle and pedestrian crossing of Santa Teresa Blvd at Day Road East.

## **BACKGROUND**

Design of the Project by Dewberry Engineers Inc. (previously Drake Haglan and Associates) began in 2015. Due to funding constraints at the time, the Project was put on hold and the design was not completed.

In 2023, the City was awarded grant funds for the Project which allowed staff to resume the Project.

In April 2025, the City Council awarded a contract to Dewberry Engineers Inc. in the amount of \$189,652.26 for the design of the Project. Dewberry was chosen in part because of their previous work and familiarity with the project.

In September 2025, the City Council approved the first amendment to the agreement with Dewberry Engineers Inc. in the amount of \$29,880. The first amendment provided for an updated topographic survey, which was needed because Valley Water constructed improvements in the Project area in the years between the initial design and resumption of the Project.

## **ANALYSIS**

The updated topographic survey and new Valley Water requirements (in effect after 2015) require significant revisions to the vertical and horizontal alignment of both segments of the trail. The design also requires additional scope for the traffic signal modifications at the Santa Teresa Blvd/Day Rd East intersection, as well as guardrail improvements and design of additional curb ramps. Valley Water is also requiring revisions to the original design for their access needs, including regrading, drainage updates, and additional space for their maintenance vehicles. The changes in the Project's design also require additional coordination with Santa Clara County Department of Roads and Airports. In addition, there have been unanticipated costs due to the presence of listed species in the vicinity of the project.

These changes in scope require additional funds for project management; updating the 90% and 100% Plans, Specifications, and Estimates; environmental compliance, and utility coordination.

## **ALTERNATIVES**

The City Council may choose not to approve the second amendment to the agreement with Dewberry Engineers Inc. Staff does not recommend this as the the additional funds are critical for the consultant to finalize the Project plans, specifications, and estimate (PS&E). The final PS&E are required prior to the City being able to obtain

encroachment permits from Valley Water and Santa Clara County.

Once the final PS&E has completed and required encroachment permits have been obtained, the City can secure Caltrans approval to meet the September 2026 deadline to obligate grant funds for construction.

### **FISCAL IMPACT/FUNDING SOURCE**

Staff recommends appropriating an additional \$187,766.15 from Gas Tax Fund (205) for the second amendment with Dewberry Engineers Inc. for a total contract amount of \$407,298.41. Dewberry Engineers Inc. will only bill for actual work completed. Any funds not spent on the Project will be returned to Gas Tax Fund (205).

The recently completed FY25 Citywide Pavement Rehabilitation Project had savings of \$216,657.34 in Gas Tax Fund (205). Therefore, staff recommends a portion of these savings be appropriated to the Lions Creek Trail and Santa Teresa Blvd/Day Rd East Bicycle and Pedestrian Improvements (Project No. 800270).

### **PUBLIC OUTREACH**

N/A

### **NEXT STEPS**

If approved by City Council, staff will execute the second amendment and proceed with completing the design of the Project.

### **Attachments:**

1. Item 6.7 Budget Amendment Resolution
2. Dewberry 2nd Amendment
3. Exhibit B-2 Amended Scope
4. Exhibit D-2 Payment Schedule

**RESOLUTION 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY TO APPROVE A BUDGET AMENDMENT FOR THE LIONS CREEK TRAIL PROJECT (NO. 800270) AND APPROVE A SECOND AMENDMENT TO THE AGREEMENT FOR SERVICES WITH DEWBERRY ENGINEERS, INC.**

**WHEREAS**, the City Administrator prepared and submitted to the City Council a budget for the City of Gilroy for Fiscal Years 2025-2026 and 2026-2027, and the City Council carefully examined, considered, and adopted the same on June 2, 2025; and

**WHEREAS**, City Staff has prepared and submitted to the City Council a proposed amendment to said budget for Fiscal Year 2025-2026 for the City of Gilroy in the staff report dated April 20, 2026; and

**WHEREAS**, City Staff has prepared a Second Amendment to the Agreement for Services with Dewberry Engineers, Inc. for the Lions Creek Trail Project (No. 800270) to increase the contract amount by \$187,766.15 for a total contract amount of \$407,298.41.

**NOW, THEREFORE, BE IT RESOLVED** the appropriations for Fiscal Year 2025-2026 for the Gas Tax Fund 205 to Lions Creek Trail Project (No. 800270) shall be increased by \$187,766.74.

**PASSED AND ADOPTED** by the City Council of the City of Gilroy at a regular meeting duly held on the 20<sup>th</sup> day of April 2026 by the following roll call vote:

**AYES:            COUNCIL MEMBERS:**  
**NOES:            COUNCIL MEMBERS:**  
**ABSTAIN:        COUNCIL MEMBERS:**  
**ABSENT:         COUNCIL MEMBERS:**

APPROVED:

---

Greg Bozzo, Mayor

ATTEST:

---

Kim Mancera, City Clerk

**CERTIFICATE OF THE CLERK**

I, **Kim Mancera**, City Clerk of the City of Gilroy, do hereby certify that the attached **Resolution No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said held on Council held **Monday, April 20, 2026**, with a quorum present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this **Date**.

---

Kim Mancera  
City Clerk of the City of Gilroy

(Seal)

**SECOND AMENDMENT TO THE AGREEMENT WITH DEWBERRY ENGINEERS, INC.  
FOR DESIGN SERVICES FOR THE LIONS CREEK TRAIL PROJECT**

WHEREAS, the City of Gilroy, a municipal corporation (“City”), and Dewberry Engineers, Inc. entered into that certain agreement entitled Agreement for Services – Lions Creek Trail, effective on April 7, 2025, hereinafter referred to as “Original Agreement”; and

WHEREAS, City and Dewberry Engineers, Inc. have determined it is in their mutual interest to amend certain terms of the Original Agreement.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

1. Article 1 (Term of Agreement) of the Original Agreement shall be amended to read as follows:  

This Agreement will become effective on April 7, 2025 and will continue in effect through June 30, 2028 unless terminated in accordance with the provision of Article 7 of the original agreement.
2. Article 4 (Compensation) of the Original Agreement shall be amended to read as follows:  

In consideration for the services to be performed by CONSULTANT, CITY agrees to pay CONSULTANT the amounts set forth in **Exhibit “D”** (“Payment Schedule”). In no event however shall the total compensation paid to CONSULTANT exceed \$407,298.41.
3. **Exhibit “B”** of the Original Agreement shall include **Exhibit “B-2”** in Attachment 1.
4. **Exhibit “D”** of the Original Agreement shall include **Exhibit “D-2”** in Attachment 2.
4. This Amendment shall be effective on May 1, 2026.
5. Except as expressly modified herein, all of the provisions of the Original Agreement shall remain in full force and effect. In the case of any inconsistencies between the Original Agreement and this Amendment, the terms of this Amendment shall control.
6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the dates set forth besides their signatures below.

CITY OF GILROY  
By: \_\_\_\_\_  
  [signature]  
  **Matt Morley**  
  [employee name]  
  **City Administrator**  
  [title/department]

Date: \_\_\_\_\_

Approved as to Form  
\_\_\_\_\_  
City Attorney

DEWBERRY ENGINEERS, INC.  
By: \_\_\_\_\_  
  [signature]  
  **F. Jose Silva**  
  [name]  
  **Vice President**  
  [title]

Date: \_\_\_\_\_

ATTEST:  
\_\_\_\_\_  
City Clerk

Please note that this scope of services only includes the tasks that are being amended.

This amendment is requested to supplement budget used for additional tasks required as follows:

### Trail Redesign

The original assumption was that the 65% plans were completed in 2016. However, due to new SCVWD requirements and new topography needed, the original 65% was redesigned. Since 2016, SCVWD conducted grading adjustments along the creek, therefore a new topographic survey was needed. Coupled with the new topography, the SCVWD requirement to grade the trail away from the creek resulted in a complete redesign of the west and east trails vertical and horizontal alignment along with drainage system modifications. The west and east trail plans are to be combined into one plan set.

### Santa Teresa Boulevard and Day Road Intersection

CITY requested that CONSULTANT add electrical signal work, add guard railing, and potentially add two new curb ramp designs.

### SCVWD Access

SCVWD access needs require revisions to the original design including regrading, drainage updates, and additional space.

## **1.0 PROJECT MANAGEMENT**

### **Task 1.2 - Project Management**

#### *Task 1.2 1 – Project Management*

CONSULTANT will provide additional project management for the duration of the project. This includes additional meetings.

## **3.0 PLANS, SPECIFICATIONS, AND ESTIMATES (PS&E) (60%, 90%, 100% PS&E)**

CONSULTANT to revise plans to incorporate new topography, new SCVWD requirements, additional signal, guard railing, and potentially new curb ramps.

### **Task 3.2– 90% Plans, Specifications, and Estimate (PS&E)**

CONSULTANT to prepare additional plans and details to accommodate the added design elements originally not included. It is anticipated that additional comment responses will be required to acquire CITY and SCVWD approval of the plans. This submittal will include a set for the intersection plans, as well as a set including the West Trail, East Trail, and Access Driveway.

Redesign of trail and regrading longitudinal ditches requires performing additional civil/roadway quantity updates to accommodate. Revised trail requires corridor remodeling and preparing new design cross section iterations. This is a significant effort beyond the original budgeted 90% update.

### **Task 3.3 – 100% Plans, Specifications, and Estimate**

CONSULTANT to prepare additional plans and details to accommodate the added design elements originally not included.

### **Task 3.4 – Utility Coordination**

CONSULTANT to assist the CITY with utility coordination to verify if relocations are required.

## **5.0 BIDDING AND CONSTRUCTION SUPPORT**

Construction support hours will be billed on a time and materials basis up to the hours estimated in this scope and fee. Work in this task will need to be revisited if additional support is required.

### **Task 5.1 – Bidding Support**

CONSULTANT will assist CITY during the bidding process by responding to bidder inquiries, and preparing addenda to bid documents, and assist with bid evaluation.

### **Task 5.2 – Construction Support**

CONSULTANT will support CITY during construction. CONSULATNT will attend one (1) pre-construction meeting, if required. Support includes engineering and environmental elements. CONSULTANT will provide consultation and interpretation of contract documents. Written responses will be provided to requests for information (RFI's) and supplemental or revised drawings may be issued to provide clarity to the Resident Engineer and Contractor. In the event that inquiries result in the need to modify the bid documents, CONSULTANT will be available to assist in the preparation of Change Orders. CONSULTANT will attend up to three (3) site visits when requested by the CITY to discuss project challenges, to review field conditions, or to discuss RFI's.

Using mark-ups received from the Resident Engineer and supplemental or revised drawings from RFI's, CONSULTANT will prepare final record drawings. These drawings will be prepared electronically in CAD format and provided in CAD and PDF format.



# Lions Creek Trail

City of Gilroy

EXHIBIT C - Lions Creek Trail Fee



3/26/2026

		Dewberry Engineers Inc.		W.G. Zimmerman Engineering		TOTAL	
		HOURS	COST	HOURS	COST	HOURS	COST
Task #	Task Name						
<b>1.0</b>	<b>Project Management</b>						
1.1.	Project Management	24	\$8,518.46			24	\$8,518
	<b>Total Task 1</b>	<b>24</b>	<b>\$8,518.46</b>			<b>24</b>	<b>\$8,518</b>
<b>3.0</b>	<b>Prepare PS&amp;E (90%,100%)</b>						
3.2	Prepare 90% PS&E						
3.2.1	Prepare 90% Plans	288	\$47,221.87	88	\$12,189.83	376	\$59,412
3.2.3	Prepare 90% Estimate	18	\$3,166.50			18	\$3,167
3.2.5	Response to 90% Comments	50	\$8,079.76			50	\$8,080
3.3	Prepare 100% PS&E						
3.3.1	Prepare 100% Plans	208	\$34,515.16			208	\$34,515
3.3.3	Prepare 100% Estimate	6	\$1,324.03			6	\$1,324
3.4	Utility Assistance	26	\$4,503.66			26	\$4,504
	<b>Total Task 3</b>	<b>596</b>	<b>\$98,811.00</b>	<b>88</b>	<b>\$12,189.83</b>	<b>684</b>	<b>\$111,001</b>
5.1	Bidding Support	40	\$7,875.93	36	\$5,188.39	76	\$13,064
5.2	Construction Support	247	\$41,401.90	56	\$9,025.63	303	\$50,428
	<b>Total Task 5</b>	<b>287</b>	<b>\$49,277.84</b>	<b>92</b>	<b>\$14,214.02</b>	<b>379</b>	<b>\$63,492</b>
<b>TOTAL DIRECT LABOR HOURS</b>		<b>907</b>	<b>\$156,607.30</b>	<b>180</b>	<b>\$26,403.85</b>	<b>1087</b>	<b>\$183,011.15</b>
<b>TOTAL OTHER DIRECT COST</b>		<b>\$2,755.00</b>		<b>\$2,000.00</b>		<b>\$4,755.00</b>	
<b>TOTAL PROJECT COST</b>		<b>\$159,362.30</b>		<b>\$28,403.85</b>		<b>\$187,766.15</b>	



3/26/2026

**Prime**

**EXHIBIT C - Lions Creek Trail Fee**

		Project Manager F. Jose Silva	Engineer III Jared Mayer	ENGINEER II Luke Ervin	DESIGNER VI Stephanie Morales	PROFESSIONAL VII Jeff Bray	PROFESSIONAL IV Christopher Graham	PROFESSIONAL VII Christa Redd	PROFESSIONAL I To Be Determined	PROFESSIONAL IV To Be Determined	TASK HOURS	Labor Cost without Esc	ESCALATION	TASK COSTS
Loaded Rate:		\$350.73	\$159.20	\$144.24	\$165.16	\$263.45	\$169.28	\$258.02	\$104.39	\$179.61				
<b>1.0</b>	<b>Project Management</b>													
1.1.	Project Management	24									24	\$8,417.46	\$101.01	\$8,518.46
	<b>Total Task 1</b>	<b>24</b>									<b>24</b>	<b>\$8,417.46</b>	<b>\$101.01</b>	<b>\$8,518.46</b>
<b>3.0</b>	<b>Prepare PS&amp;E (90%,100%)</b>													
3.2	Prepare 90% PS&E													
3.2.1	Prepare 90% Plans	8	120	80	80						288	\$46,661.93	\$559.94	\$47,221.87
3.2.3	Prepare 90% Estimate	2	8	8							18	\$3,128.96	\$37.55	\$3,166.50
3.2.5	Response to 90% Comments	2	24	24							50	\$7,983.96	\$95.81	\$8,079.76
3.3	Prepare 100% PS&E													
3.3.1	Prepare 100% Plans	8	80	60	60						208	\$34,105.89	\$409.27	\$34,515.16
3.3.3	Prepare 100% Estimate	2	2	2							6	\$1,308.33	\$15.70	\$1,324.03
3.4	Utility Assistance	2	8	8	8						26	\$4,450.26	\$53.40	\$4,503.66
	<b>Total Task 3</b>	<b>24</b>	<b>242</b>	<b>182</b>	<b>148</b>						<b>596</b>	<b>\$97,639.32</b>	<b>\$1,171.67</b>	<b>\$98,811.00</b>
5.1	Bidding Support	8	8	8	16						40	\$7,875.93		\$7,875.93
5.2	Construction Support	24	40	40	40	2	16	8	65	12	247	\$41,401.90		\$41,401.90
	<b>Total Task 5</b>	<b>32</b>	<b>48</b>	<b>48</b>	<b>56</b>	<b>2</b>	<b>16</b>	<b>8</b>	<b>65</b>	<b>12</b>	<b>287</b>	<b>\$49,277.84</b>		<b>\$49,277.84</b>
	<b>Subtotal Task 5</b>	<b>32</b>	<b>48</b>	<b>48</b>	<b>56</b>	<b>2</b>	<b>16</b>	<b>8</b>	<b>65</b>	<b>12</b>	<b>287</b>	<b>\$49,277.84</b>		<b>\$49,277.84</b>
<b>TOTAL DIRECT LABOR</b>		<b>80</b>	<b>290</b>	<b>230</b>	<b>204</b>	<b>2</b>	<b>16</b>	<b>8</b>	<b>65</b>	<b>12</b>	<b>907</b>	<b>\$155,334.61</b>	<b>\$1,272.68</b>	<b>\$156,607.30</b>
<b>OTHER DIRECT COSTS BEFORE OPTIONAL TASKS (see attached sheet)</b>												<b>\$2,755.00</b>		
<b>TOTAL PROJECT COST</b>												<b>\$159,362.30</b>		

**EXHIBIT 10-H COST PROPOSAL** Page 1 of 3  
**COST-PLUS-FIXED FEE OR LUMP SUM OR FIRM FIXED PRICE CONTRACTS**  
(DESIGN, ENGINEERING, AND ENVIRONMENTAL STUDIES)

Note: Mark-ups are Not Allowed

Consultant: Dewberry Engineers Inc.  
Project No. Lions Creek Trail

Prime Consultant     Subconsultant     2nd Tier Subconsultant  
Contract No. \_\_\_\_\_ Date: 3/26/2026

**DIRECT LABOR**

Classification/Title	Name	Hours	Actual Hourly Rate	Range	Total
PRINCIPAL	Dennis Haglan*		\$120.00	\$120 - \$120	
PRINCIPAL	F. Jose Silva*	80.0	\$120.00	\$120 - \$120	\$9,600.00
ENGINEER III	Jared Mayer*	290.0	\$54.47	\$48 - \$60	\$15,796.30
ENGINEER II	Luke Ervin*	230.0	\$49.35	\$42 - \$53	\$11,350.50
DESIGNER VI	Jose Villa	204.0	\$56.51	\$74 - \$98	\$11,528.04
PROFESSIONAL VII	Jeff Bray*	2.0	\$90.14	\$81 - \$92	\$180.28
PROFESSIONAL IV	Christopher Graham*	16.0	\$57.92	\$55 - \$68	\$926.72
PROFESSIONAL VII	Christa Redd*	8.0	\$88.28	\$81 - \$92	\$706.24
PROFESSIONAL I	To Be Determined	65.0	\$35.72	\$30 - \$41	\$2,321.62
PROFESSIONAL I	To Be Determined		\$35.72	\$30 - \$41	
PROFESSIONAL IV	To Be Determined	12.0	\$61.45	\$55 - \$68	\$737.44
PROFESSIONAL III	To Be Determined		\$54.39	\$48 - \$61	
ENGINEER IX	To Be Determined		\$118.12	\$117 - \$119	
ENGINEER VIII	To Be Determined		\$107.59	\$101 - \$114	
ENGINEER VI	To Be Determined		\$83.67	\$77 - \$90	
ENGINEER V	To Be Determined		\$71.02	\$64 - \$78	
ENGINEER IV	To Be Determined		\$66.65	\$61 - \$72	
ENGINEER III	To Be Determined		\$53.87	\$48 - \$60	
ENGINEER II	To Be Determined		\$47.08	\$42 - \$53	
PROFESSIONAL VIII	To Be Determined		\$101.77	\$92 - \$112	
PROFESSIONAL VI	To Be Determined		\$82.26	\$72 - \$93	
PROFESSIONAL V	To Be Determined		\$75.08	\$66 - \$84	
PROFESSIONAL II	To Be Determined		\$50.19	\$42 - \$59	
CADD TECHNICIAN IV	To Be Determined		\$57.75	\$54 - \$62	
CADD TECHNICIAN III	To Be Determined		\$46.54	\$40 - \$53	
CADD TECHNICIAN II	To Be Determined		\$37.92	\$35 - \$41	
CADD TECHNICIAN I	To Be Determined		\$32.36	\$25 - \$39	
TECHNICAL II	To Be Determined		\$41.27	\$34 - \$49	
ADMIN PROFESSIONAL V	To Be Determined		\$67.62	\$63 - \$72	
ADMIN PROFESSIONAL IV	To Be Determined		\$58.62	\$50 - \$67	
ADMIN PROFESSIONAL III	To Be Determined		\$45.19	\$39 - \$52	
<b>Total</b>		<b>907.0</b>			<b>\$53,147.14</b>

**LABOR COSTS**

a) Subtotal Direct Labor Costs	\$53,147.14
b) Anticipated Salary Increases (Note 3)	\$435.44
Optional Anticipated Salary	
<b>c) TOTAL DIRECT LABOR COSTS [(a)+(b)]</b>	<b>\$53,582.59</b>

**INDIRECT COSTS**

d1) Fringe Benefits (OFFICE Rate):	58.82%	e) Total Fringe Benefits [(c) × (d)]	\$31,518.79
f1) Overhead (OFFICE Rate):	102.13%	g) Overhead [(c) × (f)]	\$54,726.57
h1) General and Administrative (OFFICE Rate):		i) Gen & Admin [(c) × (h)]	
d2) Fringe Benefits (FIELD Rate):	58.77%	e) Total Fringe Benefits [(c) × (d)]	
f2) Overhead (FIELD Rate):	78.52%	g) Overhead [(c) × (f)]	
h2) General and Administrative (FIELD Rate):		i) Gen & Admin [(c) × (h)]	
<b>j) INDIRECT COSTS BEFORE FCCM [(e)+(g)+(i)]</b>			<b>\$86,245.36</b>

**FIXED FEE**

k) <b>TOTAL FIXED PROFIT [(c) + (j)] × fixed fee</b>	<b>12%</b>	<b>\$16,779.35</b>
o) Facilities Capital Cost of Money (Rate):		FCCM [(o) × (c)]

**l) CONSULTANT'S OTHER DIRECT COSTS (ODC) - ITEMIZE (Add additional pages if necessary)**

Description	Quantity	Unit	Unit Cost	Total
Personal Vehicle	3800	Mile	\$0.725	\$2,755.00
Research Fees		EA	\$200.00	
<b>Base Project ODC's Subtotal</b>				<b>\$2,755.00</b>

**l) TOTAL OTHER DIRECT COSTS** \$2,755.00

**m) SUBCONSULTANT'S COSTS (add additional pages if necessary)**

Subconsultant 1:	<u>W.G. Zimmerman Engineering</u>	\$ 28,403.85
<b>m) TOTAL 2nd TIER SUBCONSULTANT'S COSTS</b>		<b>\$ 28,403.85</b>

**n) TOTAL OTHER DIRECT COSTS INCLUDING 2nd TIER SUBCONSULTANTS [(l) + (m)]** **\$31,158.85**

**TOTAL COST [(c) + (j) + (k) + (i) + (n)]** **\$187,766.15**

**NOTES:**

- Key Personnel **must** be marked with an asterisk (\*) and employees that are subject to prevailing wage requirements must be marked with two asterisks (\*\*). All costs must comply with the Federal Cost Principles. Subconsultants will provide their own cost proposals.
- The cost proposal format shall not be amended. Indirect cost rates shall be updated on an annual basis in accordance with the consultant's annual accounting period and established by a cognized agency or accepted by Caltrans.
- Anticipated salary increases calculation (page 2) must accompany.
- Pre-approved travel and per-diem costs will be reimbursed in conformance with the current Department of Transportation Travel and Expense Guide for Consultants.
- Pre-approved actual costs are competitive prices from appropriate vendors in their respective industries, and supported by receipts.
- Billing rate = (actual hourly rate) \* ((1+ ICR) \* (1+ Fee)) + (actual hourly rate \* FCCM). All costs must comply with the Federal cost principles for reimbursement.

# Lions Creek Trail

City of Gilroy

## W.G. Zimmerman Engineering

### Signal Modification

EXHIBIT C - Lions Creek Trail Fee

		PIC/PM, Bill Zimmerman	QA/QC, Christopher Cordero	Project Engineer, Antonio Magana	Senior Design Engineer, Johnny Bui	Senior Design Engineer, Eric Choe	TASK HOURS	TASK COSTS
		\$237.60	\$207.90	\$124.74	\$116.69	\$120.57		
Task #	Task Name						TASK HOURS	TASK COSTS
<b>3.0</b>	<b>Prepare PS&amp;E (90%,100%)</b>							
3.2	Prepare 90% PS&E							
3.2.1	Prepare 90% Plans	8	8	24	40	8	88	\$12,189.83
<b>Total Task 3</b>		<b>8</b>	<b>8</b>	<b>24</b>	<b>40</b>	<b>8</b>	<b>88</b>	<b>\$12,189.83</b>
5.1	Bidding Support	2	8	2	24		36	\$5,188.39
5.2	Construction Support	8	16	8	24		56	\$9,025.63
<b>TOTAL DIRECT LABOR HOURS</b>		<b>18</b>	<b>32</b>	<b>34</b>	<b>88</b>	<b>8</b>	<b>180</b>	<b>\$26,403.85</b>
<b>OTHER DIRECT COSTS (see attached sheet)</b>								<b>\$2,000.00</b>
<b>TOTAL PROJECT COST</b>								<b>\$28,403.85</b>



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approval of a Purchasing Contract With Papé Machinery of Gilroy in the Amount of \$352,595 for the Purchase of a John Deere 320 P-Tier Backhoe Loader, a John Deere 60 P-Tier Compact Excavator, and a TKT24LP Tilt Trailer Under a Cooperative Purchasing Agreement with Sourcewell, Contract# 011723-JDC and 092922-TKI

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: Walter Dunckel, Fleet and Facilities Superintendent

---

**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure

---

### RECOMMENDATION

Approve a purchase contract with Papé Machinery of Gilroy in the amount of \$352,595 for the purchase of a John Deere 320 P-Tier Backhoe Loader, a John Deere 60 P-Tier Compact Excavator, and a TKT24LP Tilt Trailer for the excavator, using the cooperative purchasing agreement with Sourcewell formerly known as National Joint Powers Alliance (NJPA), and authorize the City Administrator to execute the contract and related documents.

### EXECUTIVE SUMMARY

The Wastewater Section of the Utilities Department relies on heavy equipment for trenching, lifting, excavation, and transport operations. Their existing backhoe is aging and was recently removed from service because it had reached its end of life and repairs to bring it back into service were too costly for 24-year-old piece of equipment. Additionally, the Water Section lacks a compact excavator for confined-space and utility work. In developing the Fleet Vehicle budget, Fleet staff worked with Operations staff to identify the best replacement and supplemental equipment options using the Cooperative Purchasing Agreement with Sourcewell, formerly known as National Joint

Powers Alliance (NJPA). John Deere was selected as the best option for the City because of ease of operation, ergonomic cab, parts availability, location of the dealer, and warranty. Local John Deere dealer, Papé Machinery of Gilroy, California, provided the quotes.

## **BACKGROUND**

The Wastewater Section's existing backhoe has exceeded its useful service life and required extensive repairs. Because of this, the backhoe was recently put out of service, rather than continuing to invest in a 24-year-old machine.

The Water Section identified a need for a compact excavator to efficiently perform work in confined areas where the full-size backhoe cannot safely or effectively operate, such as around utilities, in narrow easements, and in tight urban settings. A dedicated tilt trailer is also required to transport the compact excavator between worksites.

The City Council approved the equipment for replacement in the Fiscal Year 2025-2026 Operating Budget.

## **ANALYSIS**

The Fleet Section worked with Utilities Department staff to identify the best replacement and supplemental equipment options based on current and future operational needs. Staff evaluated factors including ease of operation, controls, ergonomics, safety, emissions compliance, and overall cost. Additional factors such as parts availability, proximity of the dealer, and warranty terms were also considered. Based on this evaluation, staff recommends the purchase of the following three items:

### **John Deere 320 P-Tier Backhoe Loader (\$186,338):**

- The 320 P-Tier features upgraded cab ergonomics, enhanced visibility, improved fuel efficiency, and compliance with current emissions standards.
- It includes an integrated hydraulic coupler system for quick, single-operator bucket changes, and a clamping appendage that securely holds large objects during transport across the worksite, eliminating the unsafe practice of balancing material on the bucket lip.
- These features significantly improve both operator safety and overall productivity.

### **John Deere 60 P-Tier Compact Excavator (\$112,890):**

- The 60 P-Tier offers a reduced tail swing radius, zero-damage undercarriage, and advanced hydraulic performance.
- This compact excavator enables crews to perform precise excavation work in confined spaces, narrow utility corridors, and areas inaccessible to a full-size

backhoe.

- This equipment will improve the department's ability to respond to water main breaks, sewer repairs, and other utility emergencies in tight urban settings, reducing both response time and risk of collateral damage.

#### **TKT24LP Tilt Trailer (\$53,367):**

- This low-profile tilt trailer is purpose-built to transport the 60 P-Tier Compact Excavator between project sites safely and efficiently.
- The tilt-bed design allows for fast, ramp-free loading and unloading, minimizing setup time in the field.
- Acquiring the trailer as part of this package ensures the excavator can be immediately deployable upon delivery.

<b>Equipment</b>	<b>Price</b>
John Deere 320 P-Tier Backhoe Loader	\$186,338.00
John Deere 60 P-Tier Compact Excavator	\$112,890.00
TKT24LP Tilt Trailer (for Compact Excavator)	\$ 53,367.00
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$352,595.00</b>

The total price of \$352,595.00 is based on a quote received from Papé Machinery of Gilroy, which is a competitive price available to public agencies through the NJPA/Sourcwell process, utilizing Sourcwell Contract [#011723-JDC](#) and [#092922-TKI](#)

#### **ALTERNATIVES**

City Council could deny the purchase of one or more of the items.

STAFF DOES NOT RECOMMEND THIS OPTION. The existing backhoe is beyond its useful life, requiring such extensive repair that it was recently sent to surplus. Delaying the compact excavator purchase would continue to limit the department's ability to respond efficiently in confined work areas, increasing project timelines and making their workaround of small existing pipes more difficult. Denying the tilt trailer would render the compact excavator immobile between sites, defeating the purpose of the purchase.

### **FISCAL IMPACT/FUNDING SOURCE**

The City's fleet replacement budget for Fiscal Year 2025-2026 includes \$378,000 for the purchase of this equipment package. Funding is budgeted in the following funds:

FY 2026 Sewer Fund (700) — \$186,338	Backhoe Loader
FY 2026 Water Fund (705) — \$166,257	Excavator & TKT24LP and Tilt Trailer

### **PUBLIC OUTREACH**

None

### **NEXT STEPS**

With Council's approval, staff will move forward with the purchase of all three items from Papé Machinery of Gilroy. John Deere requires an approximate two-month lead time for delivery of the backhoe and compact excavator. The tilt trailer will be delivered concurrently. Once delivered, all equipment will be deployable within one week.

### **Attachments:**

1. 60P Excavator SALES ORDER
2. 320P Backhoe SALES ORDER
3. TKT24LP Trailer SALES ORDER



**Prepared For**

CITY OF GILROY  
 7351 ROSANNA ST  
 GILROY, CA 950206196  
 (408) 846-0420

**Prepared By**

Jake Dutra  
 Pape Machinery, Inc.  
 43510 Osgood Ave  
 FREMONT, CA 94539  
 jdutra@papemachinery.com

**Quote Id** 1671704

**Creation Date** 24-Feb-2026

**Expiration Date** 30-Apr-2026

**Customer Notes**

This sale is subject to Papé's Terms and Conditions of Sale effective on the date hereof, which are incorporated in full by this reference. The Terms and Conditions of Sale are available at [www.pape.com/terms](http://www.pape.com/terms), and will also be sent by mail or e-mail to the purchaser upon request.

## Quote Summary

Equipment Summary	QTY In Group
<b>60 P-Tier Compact Excavator</b>	1
<b>Equipment Total</b>	<b>\$103,450.00</b>
<hr/>	
<b>Quote Summary</b>	
Total Selling Price	\$103,450.00
Sales - (9.125%)	\$9,439.81
<b>Sub-total</b>	<b>\$112,889.81</b>
<b>Balance Due</b>	<b>\$112,889.81</b>
<b>SOURCEWELL CONTRACT #011723-JDC</b>	

Salesperson : X \_\_\_\_\_

Accepted By : X \_\_\_\_\_

## Selling Equipment

Quote # 1671704  
 Customer CITY OF GILROY

### 60 P-Tier Compact Excavator

QTY In Group : 1

Equipment Notes

Hours ---  
 Serial Number ---  
 Stock Number ---  
 PUK Parent Serial #

List Price: \$115,490.00  
 Discount: 27%  
 Discount Amount: \$31,182.30

### Equipment Summary

Code	Description	Qty
0190FF	60 P-Tier Compact Excavator	1

**Base / Options** **\$84,307.70**

Code	Description	Qty
0202	Destination Code - United States	1
0259	English Customer Delivery Packet	1
0406	Configuration 6 - Cab, Rubber, Susp, Long Arm + EX C/W	1

**Total Base / Options**

**Dealer Attachments** **\$8,832.24**

Code	Description	Qty
	1/4 XLS MANUAL COUPLER	1
	12" XLS TOOTH BUCKET	1
	18" XLS TOOTH BUCKET	1
	INSTALL QUICK DISCONNECTS ON BALL VALVES	1
	INSTALL WAINROY COUPLER	1

**Total Dealer Attachments**

**Other Charges: 3" Seatbelt, Setup/PDI, Freight, Delivery Charge** **\$10,310.06**

**Total Selling Price**

**Prepared For**

CITY OF GILROY  
 7351 ROSANNA ST  
 GILROY, CA 950206196  
 (408) 846-0420

**Prepared By**

Jake Dutra  
 Pape Machinery, Inc.  
 43510 Osgood Ave  
 FREMONT, CA 94539  
 jdutra@papemachinery.com

**Quote Id** 1672006

**Creation Date** 24-Feb-2026

**Expiration Date** 30-Apr-2026

**Customer Notes**

This sale is subject to Papé's Terms and Conditions of Sale effective on the date hereof, which are incorporated in full by this reference. The Terms and Conditions of Sale are available at [www.pape.com/terms](http://www.pape.com/terms), and will also be sent by mail or e-mail to the purchaser upon request.

## Quote Summary

Equipment Summary	QTY In Group
<b>320 P-Tier Backhoe Loader</b>	1
<b>Equipment Total</b>	<b>\$170,750.00</b>
<b>Quote Summary</b>	
Total Selling Price	\$170,750.00
Sales - (9.125%)	\$15,580.94
<b>Sub-total</b>	<b>\$186,330.94</b>
*TIRE FEE	\$7.00
<b>Balance Due</b>	<b>\$186,337.94</b>

**SOURCEWELL CONTRACT #011723-JDC**

**PAPE PLUS SERVICE AGREEMENT FOR 0-2000HRS  
 -INCLUDED**

**EXTENDED POWERTRAIN & HYDRAULICS WARRANTY  
 FOR 24 MONTHS OR 2000HRS  
 -INCLUDED**

Salesperson : X \_\_\_\_\_

Accepted By : X \_\_\_\_\_

## Selling Equipment

Quote # 1672006  
 Customer CITY OF GILROY

### 320 P-Tier Backhoe Loader

QTY In Group : 1

Equipment Notes

Hours - - -

Serial Number - - -

Stock Number - - -

PUK Parent Serial #

List: \$232,539.00  
 Discount: 43%  
 Discount Amount: \$97,896.81

### Equipment Summary

Code	Description	Qty
17C1T	320 P-Tier Backhoe Loader	1
<b>Base / Options</b>		<b>\$134,642.19</b>
Code	Description	Qty
0202	United States	1
0351	Translated Text Labels	1
0259	English	1
0606	Level 2 Cab	1
0651	Level 1 Performance Package	1
0950	Less Vision System	1
1205	Basic Package Radio	1
183N	JDLink™	1
3009	Autoshift Transmission - Mechanical Front Wheel Drive (MFWD) with Limited Slip Differential	1
4006	John Deere 4.5L - FT4/Stage IV	1
5245	Galaxy 19.5L-24 12PR Rear & 12.5/80-18 10PR Front	1
6155	Dual Batteries with Disconnect and Jump Post	1
6752	Extendible Dipperstick	1
6576	1000 lb. (454 kg.) Front Counterweight	1
7001	Auxiliary Hydraulics with One Way Flow (Hammer)	1
7028	Pilot Controls, Two Lever, with Pattern Selection	1
7040	Three-Function Loader Hydraulics, Single Lever	1
7800	Less Backhoe Bucket with Bucket Pins	1
7705	Multi-Brand Quick Coupler - Less Thumb	1

7861	92 in. (2.35 m.) Multi-Purpose Bucket, 1.31 cu. yd (1.00 cu. m.)	1
8030	Fire Extinguisher Bracket	1
8096	Premium Mirrors - Exterior Rear View Mirrors (2) and Front View Mirror (1)	1
8213	Chrome Exhaust Extension	1
8075	Diagnostic Oil Sampling Ports	1

**Total Base / Options**

**Dealer Attachments** **\$16,724.32**

Code	Description	Qty
	12" HEAVY DUTY TOOTH BUCKET- AT437338	1
	18" HEAVY DUTY TOOTH BUCKET-AT437340	1
	24" HEAVY DUTY TOOTH BUCKET- AT437343	1
	PURCHASE AND INSTALL QUICK DISCONNECTS ON BULKHEAD BALL VALVES	1
	PURCHASE AND INSTALL D-RING ON FRONT LOADER BUCKET	1
	PURCHASE AND INSTALL HOOK ON BACKHOE COUPLER /BUCKET	1

**Total Dealer Attachments**

**Other Charges: Set-up/PDI, Fabrication, Freight, Delivery Charge** **\$19,383.49**

**Total Selling Price**

Sourcewell: 092922-TKI

Quote #: TK-95011.00

To: City of Gilroy  
Rosanna St Gilroy CA 95020

7351



Attn: Walter Dunckel  
Phone: 408-461-0854  
Fax: NA  
Email: [Walter.Dunckel@cityofgilroy.org](mailto:Walter.Dunckel@cityofgilroy.org)  
PO #:  
Issued: February 25, 2026

Contact: Jake Dutra  
Phone: 510-376-7002  
Fax: NA  
Email: [Jdutra@papemachinery.com](mailto:Jdutra@papemachinery.com)  
Expires: April 30, 2026

**\*\*TKT24LP Tilt Trailer; 24,000 lbs. capacity  
11329-TKT24LP\_New**

**11329-Base**

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
11329	Open Deck	**TKT24LP Tilt Trailer; 24,000 lbs. capacity			\$43,223	\$43,223

**11329-General - TKT24LP**

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
14535	Overall Width	102" overall width				
17866	Paint	Zinc-rich Primer				
08024	Paint	S7203 Black with white decals				
18508	Paint	Red & white conspicuity markings				

**11329-Tongue - TKT24LP**

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
14482	Hitch	5' Tongue, pintle eye with adjustable coupler; 18" - 29" Hitch Height (Loaded)				
14533	Hitch	Safety chains with hooks				
14515	Hitch	Lockable tool box				
11335	Landing Gear	25k Single 2-speed			\$41	\$41

**11329-Deck - TKT24LP**

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
13098	Deck Length	28' Overall deck (4' stationary and 24' tilt deck) <i>See below option for 22' tilt ILO 24'</i>				
09998	Deck Lock	See Custom Option Below.				
14490	Main Deck	34" Loaded deck height				
15797	Main Deck	10" Manufactured I-beam Mainframe				
15800	Main Deck	4" Full width I-beam crossmembers 11" OC on Tilt Bed				

15785	Main Deck	7" Mill channel outer rail				
14471	Main Deck	4" Safety headboard				
O9998	Main Deck	See Custom Option Below.				
14539	Main Deck	Floor plate on approach plate and fold under				
18522	Main Deck	11" fold- down approach plate and underride protection (16" ground clearance)				
11347	Decking	1-3/8" Apitong (raised)			\$2,060	\$2,060
13097	Tie Downs	9 Pair D-rings (2 stationary deck, 7 tilt deck)			\$222	\$222
202174	Additional Options	202174 - TKT24-50LP: 22' Tilt Deck ILO 24'			(\$612)	(\$612)
200594	Additional Options	200594 - TKT24-TKT60: Dual air locks with single safety lock handle operated from driver side. May be used on trailers without a stationary deck. Requires air supply.			\$1,785	\$1,785
201729	Additional Options	201729 - TKT24LP: Dual Cushioning Cyl ILO Single			\$648	\$648

### 11329-Suspension - TKT24LP

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
13939	Suspensions /	2 Axle, H9700 Spring suspension (TKT24/40)				
14521	Suspensions /	(2) 12,000 lb. capacity axles				
14545	Axle Spacing	49" Axle spacing				
15738	Brakes	Air Brakes 4S/2M (12 1/4 x 7 1/2), must select 17.5" wheels and tires			(\$651)	(\$651)
15353	Wheels (inside)	6.75 x 17.5 8-hole steel disc dual wheel, ILO 6 x 16 steel disc dual wheel (per wheel)		4	\$6	\$24
15353	Wheels (outside)	6.75 x 17.5 8-hole steel disc dual wheel, ILO 6 x 16 steel disc dual wheel (per wheel)		4	\$6	\$24
10058	Spare Wheel	No Spare Wheel				
16500	Tires	215/75R17.5 - 16 ply/ ILO ST235/80R16 10 ply		8	\$87	\$696
10059	Spare Tires	No Spare Tire				
14759	Flaps, Mud	Mudflaps				

### 11329-Electrical - TKT24LP

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
14648	Lights /	Grote LED Lights				
18726	Lights /	Grote sealed electrical harness system				
15821	Lights / Electrical	One pair oval quad flash amber strobes with switch (2 pair oval stop/turn/tail, 1 pair amber strobe furthest inboard, and (3) penny ID lights at the rear)			\$449	\$449
15754	Lights / Electrical	7 Pole round electrical plug (must select with air brake option)				

### 11329-Miscellaneous - TKT24LP

Item #	Category	Description	Weight (lbs)	Qty	Unit Price	Total
14481	Document	Registration holder				

11353	Miscellaneous	Air operated approach plates (requires air supply)	\$566	\$566
13913	Miscellaneous	4 wheel chocks with holder	\$669	\$669
14206	Miscellaneous	Hold valve for tilt bed	\$641	\$641

**TOTALS**

<b>Total:</b>	\$49,785.00
<b>Sourcewell Discount (15%):</b>	(\$7,467.75)
<b>Discounted Net:</b>	\$42,317.25
<b>Pre-delivery Inspection:</b>	\$1,012.32
<b>F.E.T:</b>	
<b>Factory &amp; Local Freight:</b>	\$5,470.43
<b>Total Unit Sale Price:</b>	\$48,800.00
<b>DMV &amp; Tire Fee:</b>	\$ 114.00
<b>Sales Tax:</b>	\$4,453.00
<b>Net Due:</b>	\$53,367.00

**Sign Here:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\*This order may be subject to tariff related surcharges.

\*\* Freight charge to be determined at time of shipment.

Approved change orders will be subject to a change order fee.

**Terms and Conditions**

- Prices effective 9/8/2024. Prices and specs subject to change without notice.
- Order pricing and specifications finalized at 16 week window.
- All orders and terms subject to credit approval.
- Federal Excise Tax calculated on selling price to non-exempt end user.
- Non-Standard production units require 20% down payment.
- Fifth-wheel trailers may require 10% down payment to secure productions slot.
- Promised Date subject to change under following conditions:
  1. Change in customer credit status.
  2. Approval drawing not signed promptly.
  3. Down payment not received promptly.
  4. Customer change order modifying design, manufacturing or sourcing time.





## THE COMPLETE TRAILER LINE MANUFACTURER

### TRAIL KING INDUSTRIES, INC. LIMITED WARRANTY POLICY

#### WARRANTY:

Trail King Industries, Inc. warrants that trailer model: \_\_\_\_\_, Serial number: \_\_\_\_\_ (herein-after referred to as "Equipment") manufactured by Trail King Industries will be free from defects in materials and workmanship, provided that the Equipment warranted hereunder is operated by the purchaser in accordance with the practices approved by Trail King Industries with loads not exceeding the manufacturer's rated capacities and with loads that are not abrasive or corrosive in nature.

Trail King Industries' sole obligation under this warranty shall be limited to repairing or replacing, at its option, in accordance with the schedule below, any defective part of the warranted Equipment, which shall be returned to Trail King Industries' factory location or authorized service facilities and then Trail King Industries' examination shall disclose to its satisfaction to have been defective; provided, however, that the purchaser notifies the Warranty Department immediately upon identification of defect, and such defective Equipment is returned by the purchaser to a Trail King Industries location authorized by the Warranty Department of Trail King Industries with transportation and freight charges prepaid within fifteen (15) days after discovery of defective conditions.

The customer shall not be required to deliver defective Equipment to Trail King Industries if the Equipment was destroyed as a result of defect covered in this warranty and the Trail King Industries Warranty Department is reasonably satisfied that the Equipment was defective at the time of the sale.

All labor and parts warranty must be authorized by Trail King Industries Warranty Manager. Failure to do so will result in no warranty payment of any kind.

THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES OF MATERIAL, WORKMANSHIP, DESIGN, APPLICATION OR OTHERWISE WITH RESPECT TO ANY EQUIPMENT, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF TRAIL KING INDUSTRIES.

Components supplied by other manufacturers shall be warranted under the following schedule:

I.	Axles, Suspensions, Landing Gear, Wheels, Rims, Hubs Hydraulic Valve Body	One Year 100%
II.	Air Lines, Springs, Air Bags, Leveling Valves, Bearings, Brake Valves, Paint, Oil Seals, Brake Drums, Shock Absorbers, Electrical, Cylinders, Hydraulic Hoses & Connections, Floor Plastic, Plastic Liners, Rubber Flashing	Six Months 100%
III.	Tires, Tubes and Engines	Warranty claims must be made directly to component suppliers
IV.	Wood Components	0%

#### *Trail King Open Deck Series & Van Chassis (i.e. Medical Chassis)*

Trail King Industries shall bear that portion of the cost of repairing or replacing the main beams, (The two beams running from front to back that both the upper coupler and the suspension are connected to) found to be defective under the following schedule: This excludes all parts that may be bolted, welded or otherwise attached to the main beams.

Year 1 - 100%	Year 2 - 75%	Year 3 - 50%	Year 4 - 25%	Year 5 - 25%
All other Trail King manufactured components		One Year 100%		

#### *Trail King Dump Series:*

Bottom Dump, Side Dump, Half Round Trailers, and Steel Tub End Dumps:  
All Trail King manufactured components                      One Year 100%

*(continued...)*

TRAIL KING Industries, Inc. • P.O. Box 1084 • Mitchell, SD 57301-7084 USA • 800-843-3324 • Fax: 605-998-4727 • www.trailking.com

(continued from front...)

*Trail King Pneumatic Bulker Series:*

All Trail King manufactured components	One Year 100%		
Frame, Struts, Vessel	Year 1 – 100%	Year 2 – 75%	Year 3 – 50%

*Trail King Live Bottom Series:*

The period of warranty is set forth as follows

Construction Live Bottom Trailers, 5-Star Trailers, and Advantage Ag Trailers (Continuous Belt):

I.	Gear box, Motor and Drive Shaft, and Individual Chain Strands Only				
	Year 1 – 100%	Year 2 – 75%	Year 3 – 50%	Year 4 – 25%	Year 5 – 25%
II.	Trail King manufactured components.			Year 1	100%
	This excludes all hopper sheets.			Year 2	75%

Aluminum Super Hi-Lite and Advantage Ag Trailers (Segmented Belt):

I.	Chain, Gear box, Motor and Drive shaft.		Year 1	100%
II.	Components Manufactured by Trail King.		Year 1	100%
			Year 2	75%

All other warranties, if any, extended by the makers and suppliers of component parts, accessories, or other goods included in the manufacture of Trail King Industries' Equipment will be assigned, if contractually permitted, to the purchaser. This warranty excludes such parts or accessories which are not defective, but may wear out and have to be replaced during the warranty period, including, but not limited to, light bulbs, paint, brake lining, brake drums, wood pieces and equipment that has been repaired, replaced, or altered by someone other than TRAIL KING or one of its authorized dealers. (Tire Warranties are expressly excluded from Trail King Industries' warranty herein.) Purchaser is expected to pay all repairs or replacement costs, in connection with this Agreement, including sales and other taxes immediately upon completion of work performed.

LIMITATION OF LIABILITY: Trail King Industries shall not be liable to purchaser for any incidental or consequential damages suffered by the purchaser, including, but not limited to, any commercially reasonable charges, expenses or commissions incurred in connection with effecting cover or any other reasonable expense incident to the delay or other breach of warranty by Trail King Industries, any loss of or damage to any cargo loaded or shipped in or on Equipment, loss of anticipated profits, transportation expenses due to repairs, non-operation or increased expense of operation costs of purchased or replaced equipment, claim of customers, cost of money, any loss of use of capital or revenue, or for any special damage or loss of any nature arising at any time or from any cause whatsoever.

LIMITATION OF REMEDY: In the event of Trail King Industries' failure to repair the Equipment subject to the warranty contained herein, the purchaser's sole and exclusive remedy against Trail King Industries shall be for the repair or replacement of any defective part or parts of Equipment subject to work or repair within the time period and manner set forth herein. This exclusive remedy shall not be deemed to have failed of its essential purpose so long as Trail King is willing and able to repair or replace defective parts in the prescribed manner.

January 2011



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Consent the City Administrator's Recommendation to Appoint Cindy Murphy to the Department Head Position of Finance Director

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Administration  
 Submitted by: Matt Morley, City Administrator  
 Prepared by: Matt Morley, City Administrator

---

**STRATEGIC PLAN GOALS:** Develop a Financially Resilient Organization

---

### RECOMMENDATION

Consent the City Administrator's recommendation to appoint Cindy Murphy to the department head position of Finance Director.

### EXECUTIVE SUMMARY

Consent the appointment of Cindy Murphy to the position of Finance Director

### BACKGROUND

With the recent appointment of Harjot Sangha to the position of Assistant City Administrator, the City has a vacant Finance Director position. Cindy Murphy has vast experience in municipal Finance, including a previous role as Finance Director in Gilroy. The City Administrator has determined that Cindy's expertise and experience will greatly benefit the City.

### ANALYSIS

N/A

**ALTERNATIVES**

The alternative to forego the appointment to Finance Director is not recommended.

**FISCAL IMPACT/FUNDING SOURCE**

There is no fiscal impact as a result of this appointment. The position is included in the current operating budget.

**PUBLIC OUTREACH**

N/A

**NEXT STEPS**

Following Council consent of this item, Cindy Murphy will assume the necessary duties and responsibilities of the Finance Director.

**Attachments:**

None



**City of Gilroy**  
**STAFF REPORT**

**Agenda Item Title:** **Claim of Farmers Insurance Exchange a/s/o Armando Flores (The City Administrator recommends a "yes" vote under the Consent Calendar shall constitute denial of the claim)**

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Human Resources/Risk Management  
 Submitted by: LeeAnn McPhillips, Interim Human Resources Director/Risk Manager.  
 Prepared by: LeeAnn McPhillips, Interim Human Resources Director/Risk Manager.

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

**RECOMMENDATION**

Based on the recommendation from Municipal Pooling Authority (MPA) and/or legal counsel, this claim is recommended for rejection.

**EXECUTIVE SUMMARY**

Based on the recommendation from the Municipal Pooling Authority (MPA) and/or legal counsel, the following claim is submitted to the City Council for rejection at the April 20, 2026 meeting:

- Claim of Farmers Insurance Exchange a/s/o Armando Flores

**BACKGROUND**

n/a

**ANALYSIS**

n/a

**ALTERNATIVES**

n/a

**FISCAL IMPACT/FUNDING SOURCE**

n/a

**PUBLIC OUTREACH**

n/a

**NEXT STEPS**

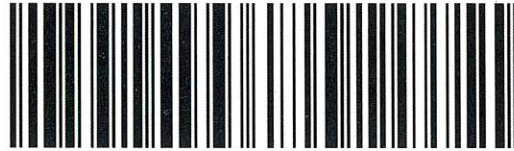
n/a

**Attachments:**

1. Claim of Farmers Insurance Exchange aso Armando Flores claim only for agenda packet

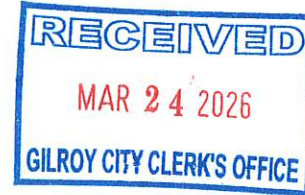
ALEXUS PETTIT  
FARMERS INSURANCE  
EXCHANGE  
7340 W MEMORIAL RD  
OKLAHOMA CITY OK 73142-1402

**USPS CERTIFIED MAIL**



9414 8098 9864 3579 1419 34

PITNEY BOWES  
**\$13.16**<sup>0</sup>  
US POSTAGE<sup>IM</sup>  
FIRST-CLASS  
028W0002310939  
2000364696  
ZIP 73142  
MAR 18 2026



CITY OF GILROY  
ATTN: CITY CLERK'S OFFICE  
7351 ROSANNA ST  
GILROY CA 95020-6141

# CLAIM PRESENTED TO THE CITY OF GILROY



Please read the instructions on the back before completing.

Claim #: \_\_\_\_\_

1. Full Name of Claimant: <b>Farmers Insurance Exchange a/s/o Armando Flores</b>	Reserved for Filing Stamp
Claimant's Address: <b>PO Box 268992</b>	<input type="checkbox"/> In person <input type="checkbox"/> Mailed
Claimant's City, State, Zip: <b>Oklahoma City, OK 73126</b>	
Claimant's Email Address: <b>rachael.rogers@farmersinsurance.com</b>	Police Report # (if applicable) <b>N/A</b>
Claimant's Telephone Number, including area code: <b>806-788-3558</b>	
2. If different from above, address to which notices regarding the claim should be sent (include the name, relationship to the claimant, and other contact information of anyone other than the claimant to whom notices regarding the claim should be sent):	
First and Last Name	Relationship to Claimant
Address	City, State, Zip:
Email:	Telephone number, including area code:
3. Date (Month/Day/Year) and time the injury, damage, or loss occurred: <b>11/16/2025</b>	
4. Specific location where the injury, damage, or loss occurred: <b>4335 Sheldon Avenue in Gilroy, CA</b>	
5. a. What happened (describe in as much detail as possible the circumstances that gave rise to the claim) and why is the City responsible? <b>On 11/16/2025 at 4335 Sheldon Avenue in Gilroy, CA, our insured's 2013 GMC Sierra was parked outside their residence when it was hit by a City of Gilroy Police Department vehicle, causing damages. Our insured is Armando Flores. Our investigation has determined that the City of Gilroy Police Department is responsible for our insured's damages.</b>	
b. Name(s) and job title(s) of responsible City employee(s), if known. <b>Unknown</b>	
6. Describe in as much detail as possible the injury, damage, or loss incurred: <b>Damage to our insured's 2013 GMC Sierra</b>	
7. Claim amount (if less than \$10,000): \$	For amounts \$10,000 and over, please indicate whether the claim would be a limited civil case: <input checked="" type="checkbox"/> Yes (Limited Civil Case) <input type="checkbox"/> No (Unlimited Civil Case)
8. How did you arrive at the amount claimed? Please attach documentation. <b>Vehicle was a total loss. ACV \$19,162.52 less salvage \$3,146.00 = \$16,016.52 + \$500 rental/LOU = \$16,516.52</b>	
9. Signature of Claimant or Representative <i>Rachael Rogers</i>	Date Signed <b>03/18/2026</b>



## PRESENTING A CLAIM TO THE CITY OF GILROY

PLEASE TYPE OR PRINT CLEARLY ALL OF THE INFORMATION REQUESTED ON THE CLAIM FORM.  
ATTACH ADDITIONAL PAGES, IF NECESSARY, TO GIVE COMPLETE DETAILS AND INFORMATION.

**File With: City Clerk's Office**  
**7351 Rosanna Street**  
**Gilroy, CA 95020**

**Instructions:**

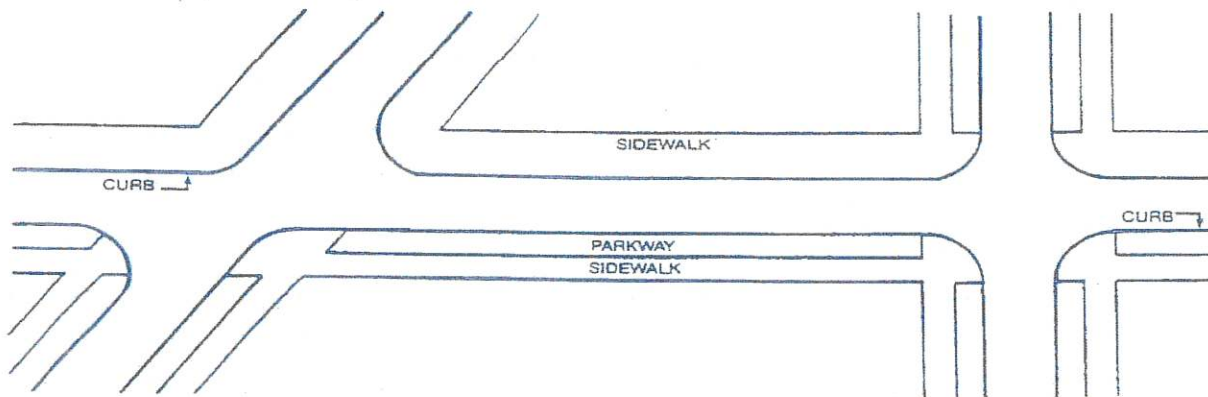
- Claims for death, injury to person or to personal property must be filed not later than six months after the occurrence (Gov. Code Sec. 911.2)
- Claims for damages to real property must be filed not later than 1 year after the occurrence (Gov. Code Sec. 911.2)
- Use the diagram below to provide location place of accident

### **READ CAREFULLY**

For all accident claims, place on following diagram names of streets, including North, East, South and West: Indicate place of accident by "X" and by showing house numbers or distances to street corners. If City vehicle was involved, designate by letter "A" location of City vehicle when you first saw it, and by "B" location of yourself or your vehicle when you first saw City vehicle:

Location of City at time of accident by "A-1" and location of yourself or your vehicle at the time of the accident by "B-1" and the point of impact by "X".

**NOTE:** If diagrams below do not fit the situation, attach hereto a proper diagram signed by claimant.



### **THE FOLLOWING PROVIDES INSTRUCTIONS FOR COMPLETING EACH SECTION OF THE CLAIM FORM:**

1. **Claimant's Contact Information** - State the full name and mailing address of the person/persons claiming damage or injury. Please include a daytime and evening telephone number, and an email address if you have one.
2. **Official Notices and Correspondence** - Provide the name and mailing address of the person to whom all official notices and other correspondence from the City should be sent, if different from the information provide in section 1. Please provide the best telephone number to reach the representative during business hours.
3. **Date and Time Injury, Damage, or Loss Occurred?** - State the month, date, year, and approximate time (if known) of the incident that caused the alleged damage/injury.
4. **Specific Location Where the Injury, Damage, or Loss Occurred**- Please include street address, city, county, intersection, etc. If applicable, also include the Police Report number in the top right of the form.
5. **What Happened and Why is the City Responsible?**
  - a. Please explain the circumstances that led to the alleged damage or injury. State all facts that support your claim against the City and why you believe the City is responsible for the alleged damage or injury.
  - b. If known, identify the name of the City Department(s) and/or City employee(s) that allegedly caused the damage or injury.
6. **Describe the Damage or Injury that Arose from the Incident** - Provide in full detail a description of the damage/injury that allegedly resulted from the incident. (What specific damage or injury do you claim resulted from the alleged actions?)
7. **Claim Amount** - If under \$10,000, state the specific total dollar amount you are claiming as a result of the alleged damage/injury. If the damage/injury is continuing or you anticipate future costs, indicate with a "+" following the dollar amount. If the total dollar amount exceeds \$10,000, select the appropriate court jurisdiction for the claim.
8. **How Did You Arrive at the Amount Claimed?** - Provide a breakdown of how the total amount that you are claiming was computed. You may declare expenses incurred and/or future, anticipated expenses. If you have supporting documentation (i.e. bills, payment receipts, cost estimates), please attach copies of them to your claim. You may redact bank, credit card, or other private information from any documents attached.
9. **Signature** - The claim must be signed by the claimant or by some person (i.e., an attorney or other representative) on behalf of the claimant.



Toll Free: (800) 435-7764  
Email: [myclaim@farmersinsurance.com](mailto:myclaim@farmersinsurance.com)  
National Document Center  
P.O. Box 268992  
Oklahoma City, OK. 73126-8992  
Fax: (877) 217-1389

**Email Delivery:**

From: [myclaim@farmersinsurance.com](mailto:myclaim@farmersinsurance.com)  
Date: Wed, Mar 18, 2026 @ 10:56 AM  
Subject: Farmers Insurance Exchange 7009620197-1-0 Self Insured  
To: [rachael.rogers@farmersinsurance.com](mailto:rachael.rogers@farmersinsurance.com)

03/18/2026

City Of Gilroy Police Department  
7351 Rosanna St  
Gilroy, CA 95020

Our Insured: Armando Flores  
Our Claim #: 099 SUB 7009620197-1  
Date of Loss: 11/16/2025  
Your Insured: City Of Gilroy Pd Officer  
Your Claim #:  
Deductible Amount: \$1,000.00  
Total Amount Owed: \$16,516.52

Dear City Of Gilroy Police Department:

Our investigation has established that the above loss was caused by your negligence or someone employed by you. It has been determined that you are responsible for all or part of the material damage, bodily injury, property damage, medical, and/or related expense payments paid on our insured's behalf. The current amount we have paid on our insured's behalf may increase or decrease due to additional bodily injury, property damage, medical and/or other related expense payments. The amount for which we are seeking reimbursement for property damage is \$16,516.52.

Our theory of liability is as follows: On 11/16/2025 at 4335 Sheldon Avenue in Gilroy, CA, our insured's 2013 GMC Sierra was parked outside their residence when it was hit by a City of Gilroy Police Department vehicle, causing damages. Our insured is Armando Flores. Our investigation has determined that the City of Gilroy Police Department is responsible for our insured's damages.

You have the right to dispute any or all of our claim. If you do not dispute it within seven (7) days of receiving this letter, Farmers Insurance Exchange will assume that it is valid. Be advised that no partial payment, which is less than the full amount, will be considered in any way an acceptance of benefits, a novation or an accord and satisfaction of this claim without the express written release of our claim executed by an individual who identifies himself/herself as a member of our subrogation department. Therefore, our legal rights to enforce collection on the remaining amount of the claim

shall not be waived or estopped due to a partial payment by you.

If you need additional support for our claim or require further information, please contact me. Please send payment to:

National Document Center  
PO Box 268992  
Oklahoma City, Ok 73126

Thank you,

Rachael Rogers  
Litigation Claims Representative  
Farmers Insurance Exchange  
806-788-3558 (call/text)



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Award a Two-Year Contract to Hello Housing to Administer the City's Below Market Rate Housing Program with Three, One-Year Extension Options in a Total Amount Not to Exceed \$973,689 and Adopt a Resolution Amending the Budget in the Housing Trust and Los Arroyos Funds

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Christie Thomas, Housing and Community Services Manager

---

**STRATEGIC PLAN GOALS:** Promote Safe and Affordable Housing for All

---

### RECOMMENDATION

1. Award a contract to Hello Housing to administer the Below Market Rate (BMR) Housing Program from July 1, 2026, to June 30, 2028, with three, one-year extension options, and authorize the City Administrator to execute the contract and associated documents.
2. Adopt the resolution amending the Fiscal Year 2026-27 budget to increase appropriations in the Housing Trust Fund by \$6,240 and the Los Arroyos Fund by \$5,760 for the Fiscal Year 2027 services of this contract.

### EXECUTIVE SUMMARY

Since April of 2017, Housekeys Inc. (HouseKeys) has served as the administrator of the City's Below Market Rate (BMR) Housing Program. HouseKeys current contract will expire on June 30, 2026. Due to their contract expiring, a competitive Request for Proposals (RFP) for the administration of the City's BMR Housing Program ([26-RFP-CDD-532](#)) was issued on February 3, 2026. In response to this request, the City received two proposals from HouseKeys and Hello Housing. Staff reviewed and scored the proposals and found Hello Housing to be the most qualified to administer the City's

BMR Housing Program. Staff proposes that the City enter into a contract with Hello Housing for the full administration of all components of the BMR Housing Program from July 1, 2026, to June 30, 2028, with up to three one-year extension options.

## **BACKGROUND**

In late 2013, South County Housing (SCH), a predecessor agency that administered BMR programs in Gilroy, ceased operations. SCH transferred its multi-family portfolio to Eden Housing and entered into an agreement with a regional provider, Neighborhood Housing Services Silicon Valley (NHSSV), to administer SCH's BMR homeownership units and down payment assistance loan portfolio. However, in mid-2015, NHSSV also ceased operations. From mid-2015 to early 2016, City staff worked with NHSSV and SCH staff to obtain the proper documents to facilitate the transfer of the portfolio to the City as the City was a party to most of the agreements.

Prior to SCH's dissolution, the City was responsible for oversight of 138 BMR properties. The dissolution of SCH added an additional 155 BMR properties for a total of 293 units for City staff to manage. With the increased number of BMR units and down payment assistance loans, staff determined that engaging a third-party administrator was the most effective approach to manage the City's comprehensive BMR homeownership portfolio. This approach was consistent with the model adopted by several other cities in Santa Clara County following the dissolution of NHSSV, ensuring continued professional administration and long-term program stability.

On March 6, 2017, Council approved a contract with HouseKeys to administer the City's BMR Housing Program until June 30, 2020. In July 2020, the contract was extended, and the scope was increased to include rental units. The current contract expires on June 30, 2026.

Currently, the City's BMR Housing Program portfolio includes approximately 250 deed-restricted BMR homeownership units, most of which are layered with deferred down-payment assistance loans. In addition, the City's broader affordable housing inventory includes 1,927 tax credit-restricted rental apartment units.

### **Request for Proposals**

On February 3, 2026, the City issued RFP No. 26-RFP-CDD-532 seeking proposals from qualified consultants to administer the three components of the City's BMR Housing Program: Homeownership, Rental (100% Affordable Rental Units - Tax Credit Projects and possible future BMR Rental Units), and Loan Administration. The RFP was advertised in the Mercury News, posted on the City's website, and distributed directly via email to the following prospective consultants with experience in affordable housing program administration:

- HouseKeys
- Hello Housing

- Rise Housing
- Alta Housing
- Heart of SMC
- Housing Inc.
- AmeriNat

At the conclusion of the solicitation period, the City received two proposals in response to the RFP — HouseKeys and Hello Housing — for comprehensive administration of all components of the City’s BMR Housing Program.

## **ANALYSIS**

Given current staffing levels and the complex, highly specialized nature of the BMR Housing Program, staff determined that the program is best administered by a professional organization with the requisite expertise, resources, and dedicated staffing. Based on the evaluation process (assembling a cross-departmental city staff review panel to score the proposal, conducting reference checks, and interviewing applicant staff), staff concluded that Hello Housing is the most qualified firm and will best serve the interests of the City and the long-term success of the BMR Housing Program.

### **Hello Housing Proposal**

Hello Housing is an experienced administrator of all aspects of BMR programs and currently provides BMR program administration services for the cities of Santa Clara, Newark, and Emeryville. In addition, Hello Housing designs and manages a Down Payment Assistance Program for the County of Alameda Housing and Community Development and the City of South San Francisco.

Hello Housing has over 14 years of experience providing specialized expertise in affordable housing program administration and delivery. The firm’s 9-member staff includes a multidisciplinary team of experts with backgrounds in affordable housing program management, program design, finance, development, construction, and housing services. They have a deep understanding of these different industries, each with their own terminology, practices, and regulatory frameworks.

Hello Housing’s proposal details their intent to administer all three components of the program. In addition to overall program administration, within the initial 60-day onboarding period, they will conduct a comprehensive review of current program guidelines, application guides, developer agreements and loan documents, etc., and determine if there might be any recommendations for consideration based on best practices or trends that may improve the program and help the City achieve its affordable housing goals and objectives.

The Hello Housing proposal includes a detailed scope of work for administering the BMR Housing Program. Examples of the scope include the following:

- Onboarding, including developing and updating program guidelines, agreements, marketing materials, and documents, etc.
- Creating and maintaining a City BMR Housing Program webpage and program database to manage records and interest lists
- Comprehensive customer service, including current and prospective BMR homeowners, renters, and property managers
- Manage all resale (including Pilot BMR Preservation Program units) and possible future new unit sale transactions, including transaction coordination, unit rehab coordination and management, document preparation, marketing and outreach, and purchaser qualification and selection process
- Comprehensive loan portfolio management, including refinances, subordinations, and capital requests
- BMR Housing Program reporting, utilizing Homekeeper, a CRM database platform from Salesforce, to track all service files in the BMR portfolio
- Conduct owner, renter, and community outreach efforts

One of the most important components of the proposal is monitoring and compliance activities. Compliance monitoring is necessary to ensure continued affordability of BMR units. The proposal by Hello Housing includes a scope for conducting annual compliance for both the homeownership and rental components of the BMR Housing Program. This service is vital to ensuring the integrity of the BMR portfolio for the City and the residents benefiting from the program.

The City vetted this proposal through a comprehensive evaluation process that included assembling a cross-departmental staff review panel to score the proposals, conduct reference checks, and interview the Hello Housing staff. Based on this process, the City determined that Hello Housing is qualified to perform the services outlined in the RFP.

Following completion of the evaluation, a Notice of Intent to Award was issued on March 2, 2026, with the contract scheduled for City Council consideration on April 6, 2026.

## **ALTERNATIVES**

If Council chooses not to approve this contract, the current administration of the BMR Housing Program will conclude on June 30, 2026. The City does not have the staffing capacity or specialized expertise required to effectively administer the BMR Housing Program in-house, which would result in a gap in program administration and oversight.

## **FISCAL IMPACT/FUNDING SOURCE**

The total cost of the contract over the initial two-year term, from July 1, 2026, to June 30, 2028, is \$376,080. The first-year cost totals \$192,000 and includes a one-time onboarding fee of \$15,000, as well as a budget of 40 hours at \$225 per hour (\$9,000) for Unit Rehab Coordination and Management (URCM). Costs for the second year, and any subsequent years if the contract is extended, include a 4% cost-of-living adjustment. The contract will be funded by the Housing Trust Fund (HTF) (52%) and the Los Arroyos Fund (48%). The table below summarizes the projected expenditures associated with this contract over a five-year period.

<b>Period</b>	<b>Annual Cost</b>	<b>Program Set Up</b>	<b>URCM</b>	<b>Total</b>
July 1, 2026 – June 30, 2027	\$168,000	\$15,000	\$9,000	\$192,000
July 1, 2027 – June 30, 2028	\$174,720*	\$0	\$9,360*	\$184,080
<b>Total for Two-Year Contract</b>				<b>\$376,080</b>
July 1, 2028 – June 30, 2029	\$181,709*	\$0	\$9,734*	\$191,443
July 1, 2029 – June 30, 2030	\$188,977*	\$0	\$10,124*	\$199,101
July 1, 2030 - June 30, 2031	\$196,536*	\$0	\$10,529*	\$207,065
<b>Total with All Three, One-Year Extension Options (Five Years Total)</b>				<b>\$973,689</b>

\*Includes annual 4% cost-of-living adjustment

Primary sources of revenue for the HTF and the Los Arroyos Fund include repayments of down-payment assistance loans and equity shares received by the City from BMR Housing Program resale transactions. Financial assets and ongoing revenue streams within the HTF and the Los Arroyos Fund are sufficient to support continued BMR Housing Program administration and fully fund the Hello Housing contract throughout the initial term of the contract, plus three additional years if approved annually.

The FY 27 adopted budget is \$180,000 for these services (\$93,600 in the Housing Trust Fund and \$86,400 in the Los Arroyos Fund). An additional \$12,000 in appropriations is requested for FY 27 per the Budget Amendment Resolution (\$6,240 from the Housing Trust Fund and \$5,760 from the Los Arroyos Fund). Future years' appropriations will be included as part of the future biennial budget development process.

## **PUBLIC OUTREACH**

26-RFP-CDD-532 - Below Market Rate (BMR) Housing Program Administrator was advertised in the San Jose Mercury, advertised on the City's website, and distributed directly via email to prospective consultants with experience in affordable housing program administration.

## **NEXT STEPS**

Upon City Council approval, staff will execute the contract with Hello Housing to initiate administration of the City's BMR Housing Program effective July 1, 2026. Following



issuance of the contract, Hello Housing will commence program onboarding, including transition coordination with the current administrator, file review, and administrative setup. The onboarding process will be completed within 60 days of the start of the contract, to ensure a seamless transition and continuity of services.

**Attachments:**

1. Draft Contract for Services – Hello Housing
2. Budget Amendment Resolution – Contract with Hello Housing (FY 27 Additional Costs)

**AGREEMENT FOR SERVICES**  
(For contracts over \$5,000 - CONSULTANT)

This AGREEMENT made this 20th day of April, 2026, between:

CITY: City of Gilroy, having a principal place of business at  
7351 Rosanna Street, Gilroy, California

and CONSULTANT: Hello Housing, having a principal place of business at 121 San Anselmo Avenue, #2440, San Anselmo, CA 94979.

**ARTICLE 1. TERM OF AGREEMENT**

This Agreement will become effective on July 1, 2026 and will continue in effect through June 30, 2028, with three, one-year extension options unless terminated in accordance with the provisions of **Article 7** of this Agreement.

Any lapse in insurance coverage as required by Article 5, Section D of this Agreement shall terminate this Agreement regardless of any other provision stated herein.

\_\_\_\_\_  
Initial

**ARTICLE 2. INDEPENDENT CONTRACTOR STATUS**

It is the express intention of the parties that CONSULTANT is an independent contractor and not an employee, agent, joint venturer or partner of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONSULTANT or any employee or agent of CONSULTANT. Both parties acknowledge that CONSULTANT is not an employee for state or federal tax purposes. CONSULTANT shall not be entitled to any of the rights or benefits afforded to CITY'S employees, including, without limitation, disability or unemployment insurance, workers' compensation, medical insurance, sick leave, retirement benefits or any other employment benefits. CONSULTANT shall retain the right to perform services for others during the term of this Agreement.

**ARTICLE 3. SERVICES TO BE PERFORMED BY CONSULTANT**

**A. Specific Services**

CONSULTANT agrees to: Perform the services as outlined in **Exhibit "A"** ("Specific Provisions") and **Exhibit "B"** ("Scope of Services"), within the time periods described in **Exhibit "C"** ("Milestone Schedule").

**B. Method of Performing Services**

CONSULTANT shall determine the method, details and means of performing the above-described services. CITY shall have no right to, and shall not, control the manner or determine the method of accomplishing CONSULTANT'S services.

**C. Employment of Assistants**

CONSULTANT may, at the CONSULTANT’S own expense, employ such assistants as CONSULTANT deems necessary to perform the services required of CONSULTANT by this Agreement, subject to the prohibition against assignment and subcontracting contained in **Article 5** below. CITY may not control, direct, or supervise CONSULTANT’S assistants in the performance of those services. CONSULTANT assumes full and sole responsibility for the payment of all compensation and expenses of these assistants and for all state and federal income tax, unemployment insurance, Social Security, disability insurance and other applicable withholding.

**D. Place of Work**

CONSULTANT shall perform the services required by this Agreement at any place or location and at such times as CONSULTANT shall determine is necessary to properly and timely perform CONSULTANT’S services.

**ARTICLE 4. COMPENSATION**

**A. Consideration**

In consideration for the services to be performed by CONSULTANT, CITY agrees to pay CONSULTANT the amounts set forth in **Exhibit “D”** (“Payment Schedule”). In no event however shall the total compensation paid to CONSULTANT exceed \$973,689.

**B. Invoices**

CONSULTANT shall submit invoices for all services rendered.

**C. Payment**

Payment shall be due according to the payment schedule set forth in **Exhibit “D”**. No payment will be made unless CONSULTANT has first provided City with a written receipt of invoice describing the work performed and any approved direct expenses (as provided for in **Exhibit “A”**, **Section IV**) incurred during the preceding period. If CITY objects to all or any portion of any invoice, CITY shall notify CONSULTANT of the objection within thirty (30) days from receipt of the invoice, give reasons for the objection, and pay that portion of the invoice not in dispute. It shall not constitute a default or breach of this Agreement for CITY not to pay any invoiced amounts to which it has objected until the objection has been resolved by mutual agreement of the parties.

**D. Expenses**

CONSULTANT shall be responsible for all costs and expenses incident to the performance of services for CITY, including but not limited to, all costs of equipment used or provided by CONSULTANT, all fees, fines, licenses, bonds or taxes required of or imposed against CONSULTANT and all other of CONSULTANT’S costs of doing business. CITY shall not be responsible for any expenses incurred by CONSULTANT in performing services for CITY, except for those expenses constituting “direct expenses” referenced on **Exhibit “A.”**

## **ARTICLE 5. OBLIGATIONS OF CONSULTANT**

### **A. Tools and Instrumentalities**

CONSULTANT shall supply all tools and instrumentalities required to perform the services under this Agreement at its sole cost and expense. CONSULTANT is not required to purchase or rent any tools, equipment or services from CITY.

### **B. Workers' Compensation**

CONSULTANT agrees to provide workers' compensation insurance for CONSULTANT'S employees and agents and agrees to hold harmless, defend with counsel acceptable to CITY and indemnify CITY, its officers, representatives, agents and employees from and against any and all claims, suits, damages, costs, fees, demands, causes of action, losses, liabilities and expenses, including without limitation reasonable attorneys' fees, arising out of any injury, disability, or death of any of CONSULTANT'S employees.

### **C. Indemnification of Liability, Duty to Defend**

1. As to professional liability, to the fullest extent permitted by law, CONSULTANT shall defend, through counsel approved by CITY (which approval shall not be unreasonably withheld), indemnify and hold harmless CITY, its officers, representatives, agents and employees against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys' fees, to the extent arising or resulting directly or indirectly from any willful or negligent acts, errors or omissions of CONSULTANT or CONSULTANT'S assistants, employees or agents, including all claims relating to the injury or death of any person or damage to any property.

2. As to other liability, to the fullest extent permitted by law, CONSULTANT shall defend, through counsel approved by CITY (which approval shall not be unreasonably withheld), indemnify and hold harmless CITY, its officers, representatives, agents and employees against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys' fees, arising or resulting directly or indirectly from any act or omission of CONSULTANT or CONSULTANT'S assistants, employees or agents, including all claims relating to the injury or death of any person or damage to any property.

### **D. Insurance**

In addition to any other obligations under this Agreement, CONSULTANT shall, at no cost to CITY, obtain and maintain throughout the term of this Agreement: (a) Commercial Liability Insurance on a per occurrence basis, including coverage for owned and non-owned automobiles, with a minimum combined single limit coverage of \$1,000,000 per occurrence for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof; and (b) Professional Liability Insurance (Errors & Omissions) with a minimum coverage of \$1,000,000 per occurrence or claim, and \$2,000,000 aggregate; provided however, Professional Liability Insurance written on a claims made basis must comply with the requirements

set forth below. Professional Liability Insurance written on a claims made basis (including without limitation the initial policy obtained and all subsequent policies purchased as renewals or replacements) must show the retroactive date, and the retroactive date must be before the earlier of the effective date of the contract or the beginning of the contract work. Claims made Professional Liability Insurance must be maintained, and written evidence of insurance must be provided, for at least five (5) years after the completion of the contract work. If claims made coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the earlier of the effective date of the contract or the beginning of the contract work, CONSULTANT must purchase so called “extended reporting” or “tail” coverage for a minimum of five (5) years after completion of work, which must also show a retroactive date that is before the earlier of the effective date of the contract or the beginning of the contract work. As a condition precedent to CITY’S obligations under this Agreement, CONSULTANT shall furnish written evidence of such coverage (naming CITY, its officers and employees as additional insureds on the Comprehensive Liability insurance policy referred to in (a) immediately above via a specific endorsement) and requiring thirty (30) days written notice of policy lapse or cancellation, or of a material change in policy terms.

**E. Assignment**

Notwithstanding any other provision of this Agreement, neither this Agreement nor any duties or obligations of CONSULTANT under this Agreement may be assigned or subcontracted by CONSULTANT without the prior written consent of CITY, which CITY may withhold in its sole and absolute discretion.

**F. State and Federal Taxes**

As CONSULTANT is not CITY’S employee, CONSULTANT shall be responsible for paying all required state and federal taxes. Without limiting the foregoing, CONSULTANT acknowledges and agrees that:

- CITY will not withhold FICA (Social Security) from CONSULTANT’S payments;
- CITY will not make state or federal unemployment insurance contributions on CONSULTANT’S behalf;
- CITY will not withhold state or federal income tax from payment to CONSULTANT;
- CITY will not make disability insurance contributions on behalf of CONSULTANT;
- CITY will not obtain workers’ compensation insurance on behalf of CONSULTANT.

## ARTICLE 6. OBLIGATIONS OF CITY

### A. Cooperation of City

CITY agrees to respond to all reasonable requests of CONSULTANT and provide access, at reasonable times following receipt by CITY of reasonable notice, to all documents reasonably necessary to the performance of CONSULTANT'S duties under this Agreement.

### B. Assignment

CITY may assign this Agreement or any duties or obligations thereunder to a successor governmental entity without the consent of CONSULTANT. Such assignment shall not release CONSULTANT from any of CONSULTANT'S duties or obligations under this Agreement.

## ARTICLE 7. TERMINATION OF AGREEMENT

### A. Sale of Consultant's Business/ Death of Consultant.

CONSULTANT shall notify CITY of the proposed sale of CONSULTANT's business no later than thirty (30) days prior to any such sale. CITY shall have the option of terminating this Agreement within thirty (30) days after receiving such notice of sale. Any such CITY termination pursuant to this **Article 7.A** shall be in writing and sent to the address for notices to CONSULTANT set forth in **Exhibit A, Subsection V.H.**, no later than thirty (30) days after CITY' receipt of such notice of sale.

If CONSULTANT is an individual, this Agreement shall be deemed automatically terminated upon death of CONSULTANT.

### B. Termination by City for Default of Consultant

Should CONSULTANT default in the performance of this Agreement or materially breach any of its provisions, CITY, at CITY'S option, may terminate this Agreement by giving written notification to CONSULTANT. For the purposes of this section, material breach of this Agreement shall include, but not be limited to the following:

1. CONSULTANT'S failure to professionally and/or timely perform any of the services contemplated by this Agreement.
2. CONSULTANT'S breach of any of its representations, warranties or covenants contained in this Agreement.

CONSULTANT shall be entitled to payment only for work completed in accordance with the terms of this Agreement through the date of the termination notice, as reasonably determined by CITY, provided that such payment shall not exceed the amounts set forth in this Agreement for the tasks described on Exhibit C" which have been fully, competently and timely rendered by CONSULTANT. Notwithstanding the foregoing, if CITY terminates this Agreement due to CONSULTANT'S default in the performance of this Agreement or material breach by CONSULTANT of any of its provisions, then in addition to any other rights and remedies CITY

may have, CONSULTANT shall reimburse CITY, within ten (10) days after demand, for any and all costs and expenses incurred by CITY in order to complete the tasks constituting the scope of work as described in this Agreement, to the extent such costs and expenses exceed the amounts CITY would have been obligated to pay CONSULTANT for the performance of that task pursuant to this Agreement.

**C. Termination for Failure to Make Agreed-Upon Payments**

Should CITY fail to pay CONSULTANT all or any part of the compensation set forth in Article 4 of this Agreement on the date due, then if and only if such nonpayment constitutes a default under this Agreement, CONSULTANT, at the CONSULTANT'S option, may terminate this Agreement if such default is not remedied by CITY within thirty (30) days after demand for such payment is given by CONSULTANT to CITY.

**D. Transition after Termination**

Upon termination, CONSULTANT shall immediately stop work, unless cessation could potentially cause any damage or harm to person or property, in which case CONSULTANT shall cease such work as soon as it is safe to do so. CONSULTANT shall incur no further expenses in connection with this Agreement. CONSULTANT shall promptly deliver to CITY all work done toward completion of the services required hereunder, and shall act in such a manner as to facilitate any the assumption of CONSULTANT's duties by any new consultant hired by the CITY to complete such services.

**ARTICLE 8. GENERAL PROVISIONS**

**A. Amendment & Modification**

No amendments, modifications, alterations or changes to the terms of this Agreement shall be effective unless and until made in a writing signed by both parties hereto.

**B. Americans with Disabilities Act of 1990**

Throughout the term of this Agreement, the CONSULTANT shall comply fully with all applicable provisions of the Americans with Disabilities Act of 1990 ("the Act") in its current form and as it may be amended from time to time. CONSULTANT shall also require such compliance of all subcontractors performing work under this Agreement, subject to the prohibition against assignment and subcontracting contained in Article 5 above. The CONSULTANT shall defend with counsel acceptable to CITY, indemnify and hold harmless the CITY OF GILROY, its officers, employees, agents and representatives from and against all suits, claims, demands, damages, costs, causes of action, losses, liabilities, expenses and fees, including without limitation reasonable attorneys' fees, that may arise out of any violations of the Act by the CONSULTANT, its subcontractors, or the officers, employees, agents or representatives of either.

**C. Attorneys' Fees**

If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable

attorneys' fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

**D. Captions**

The captions and headings of the various sections, paragraphs and subparagraphs of the Agreement are for convenience only and shall not be considered nor referred to for resolving questions of interpretation.

**E. Compliance with Laws**

The CONSULTANT shall keep itself informed of all State and National laws and all municipal ordinances and regulations of the CITY which in any manner affect those engaged or employed in the work, or the materials used in the work, or which in any way affect the conduct of the work, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Without limiting the foregoing, CONSULTANT agrees to observe the provisions of the Municipal Code of the CITY OF GILROY, obligating every contractor or subcontractor under a contract or subcontract to the CITY OF GILROY for public works or for goods or services to refrain from discriminatory employment or subcontracting practices on the basis of the race, color, sex, religious creed, national origin, ancestry of any employee, applicant for employment, or any potential subcontractor.

**F. Conflict of Interest**

CONSULTANT certifies that to the best of its knowledge, no CITY employee or officer of any public agency interested in this Agreement has any pecuniary interest in the business of CONSULTANT and that no person associated with CONSULTANT has any interest that would constitute a conflict of interest in any manner or degree as to the execution or performance of this Agreement.

**G. Entire Agreement**

This Agreement supersedes any and all prior agreements, whether oral or written, between the parties hereto with respect to the rendering of services by CONSULTANT for CITY and contains all the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

No other agreements or conversation with any officer, agent or employee of CITY prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Such other agreements or conversations shall be considered as unofficial information and in no way binding upon CITY.



**H. Governing Law and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws provisions of any jurisdiction. The exclusive jurisdiction and venue with respect to any and all disputes arising hereunder shall be in state and federal courts located in Santa Clara County, California.

**I. Notices**

Any notice to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in **Exhibit "A", Section V.H.** but each party may change the address by written notice in accordance with this paragraph. Notices delivered personally will be deemed delivered as of actual receipt; mailed notices will be deemed delivered as of three (3) days after mailing.

**J. Partial Invalidity**

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**K. Time of the Essence**

All dates and times referred to in this Agreement are of the essence.

**L. Waiver**

CONSULTANT agrees that waiver by CITY of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement.

**Executed at Gilroy, California, on the date and year first above written.**

**CONSULTANT:**

**CITY:**

HELLO HOUSING

CITY OF GILROY

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Jennifer Duffy

Name: Matt Morley

Title: President

Title: City Administrator

Social Security or Taxpayer

Identification Number 14-1870357

Approved as to Form

ATTEST:

---

City Attorney

---

City Clerk

## EXHIBIT "A"

### SPECIFIC PROVISIONS

#### I. PROJECT MANAGER

CONSULTANT shall provide the services indicated on the attached **Exhibit "B"**, Scope of Services ("Services"). (All exhibits referenced are incorporated herein by reference.) To accomplish that end, CONSULTANT agrees to assign Jennifer Duffy, President, who will act in the capacity of Project Manager, and who will personally direct such Services.

Except as may be specified elsewhere in this Agreement, CONSULTANT shall furnish all technical and professional services including labor, material, equipment, transportation, supervision and expertise to perform all operations necessary and required to complete the Services in accordance with the terms of this Agreement.

#### II. NOTICE TO PROCEED/COMPLETION OF SERVICE

##### A. NOTICE TO PROCEED

CONSULTANT shall commence the Services upon delivery to CONSULTANT of a written "Notice to Proceed", which Notice to Proceed shall be in the form of a written communication from designated City contact person(s). Notice to Proceed may be in the form of e-mail, fax or letter authorizing commencement of the Services. For purposes of this Agreement, Christie Thomas, Housing and Community Services Manager, shall be the designated City contact person(s). Notice to Proceed shall be deemed to have been delivered upon actual receipt by CONSULTANT or if otherwise delivered as provided in the **Section V.H.** ("Notices") of this **Exhibit "A"**.

##### B. COMPLETION OF SERVICES

When CITY determines that CONSULTANT has completed all of the Services in accordance with the terms of this Agreement, CITY shall give CONSULTANT written Notice of Final Acceptance, and CONSULTANT shall not incur any further costs hereunder. CONSULTANT may request this determination of completion when, in its opinion, it has completed all of the Services as required by the terms of this Agreement and, if so requested, CITY shall make this determination within two (2) weeks of such request, or if CITY determines that CONSULTANT has not completed all of such Services as required by this Agreement, CITY shall so inform CONSULTANT within this two (2) week period.

#### III. PROGRESS SCHEDULE

The schedule for performance and completion of the Services will be as set forth in the attached **Exhibit "C"**.

#### IV. PAYMENT OF FEES AND DIRECT EXPENSES

Payments shall be made to CONSULTANT as provided for in **Article 4** of this Agreement.

Direct expenses are charges and fees not included in **Exhibit "B"**. CITY shall be obligated to pay only for those direct expenses which have been previously approved in writing by CITY. CONSULTANT shall obtain written approval from CITY prior to incurring or billing of direct expenses.

Copies of pertinent financial records, including invoices, will be included with the submission of billing(s) for all direct expenses.

#### V. OTHER PROVISIONS

##### A. STANDARD OF WORKMANSHIP

CONSULTANT represents and warrants that it has the qualifications, skills and licenses necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and CITY expressly relies upon CONSULTANT'S representations and warranties regarding its skills, qualifications and licenses. CONSULTANT shall perform such Services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California.

Any plans, designs, specifications, estimates, calculations, reports and other documents furnished under this Agreement shall be of a quality acceptable to CITY. The minimum criteria for acceptance shall be a product of neat appearance, well-organized, technically and grammatically correct, checked and having the maker and checker identified. The minimum standard of appearance, organization and content of the drawings shall be that used by CITY for similar purposes.

##### B. RESPONSIBILITY OF CONSULTANT

CONSULTANT shall be responsible for the professional quality, technical accuracy, and the coordination of the Services furnished by it under this Agreement. CONSULTANT shall not be responsible for the accuracy of any project or technical information provided by the CITY. The CITY'S review, acceptance or payment for any of the Services shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and CONSULTANT shall be and remain liable to CITY in accordance with applicable law for all damages to CITY caused by CONSULTANT'S negligent performance of any of the services furnished under this Agreement.

##### C. RIGHT OF CITY TO INSPECT RECORDS OF CONSULTANT

CITY, through its authorized employees, representatives or agents, shall have the right, at any and all reasonable times, to audit the books and records (including, but not limited to, invoices, vouchers, canceled checks, time cards, etc.) of CONSULTANT for the purpose of verifying any and all charges made by CONSULTANT in connection with this Agreement. CONSULTANT shall maintain for a minimum period of three (3) years (from the date of final payment to

CONSULTANT), or for any longer period required by law, sufficient books and records in accordance with standard California accounting practices to establish the correctness of all charges submitted to CITY by CONSULTANT, all of which shall be made available to CITY at the CITY's offices within five (5) business days after CITY's request.

D. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data (including, but not limited to, computer data and source code), drawings, descriptions, documents, discussions or other information developed or received by or for CONSULTANT and all other written and oral information developed or received by or for CONSULTANT and all other written and oral information submitted to CONSULTANT in connection with the performance of this Agreement shall be held confidential by CONSULTANT and shall not, without the prior written consent of CITY, be used for any purposes other than the performance of the Services, nor be disclosed to an entity not connected with the performance of the such Services. Nothing furnished to CONSULTANT which is otherwise known to CONSULTANT or is or becomes generally known to the related industry (other than that which becomes generally known as the result of CONSULTANT'S disclosure thereof) shall be deemed confidential. CONSULTANT shall not use CITY'S name or insignia, or distribute publicity pertaining to the services rendered under this Agreement in any magazine, trade paper, newspaper or other medium without the express written consent of CITY.

E. NO PLEDGING OF CITY'S CREDIT.

Under no circumstances shall CONSULTANT have the authority or power to pledge the credit of CITY or incur any obligation in the name of CITY.

F. OWNERSHIP OF MATERIAL.

All material including, but not limited to, computer information, data and source code, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports and other material developed, collected, prepared (or caused to be prepared) under this Agreement shall be the property of CITY, but CONSULTANT may retain and use copies thereof subject to **Section V.D** of this **Exhibit "A"**.

CITY shall not be limited in any way in its use of said material at any time for any work, whether or not associated with the City project for which the Services are performed. However, CONSULTANT shall not be responsible for, and City shall indemnify CONSULTANT from, damages resulting from the use of said material for work other than PROJECT, including, but not limited to, the release of this material to third parties for work other than on PROJECT.

G. NO THIRD PARTY BENEFICIARY.

This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any claim or right of action hereunder for any cause whatsoever.

H. NOTICES.

Notices are to be sent as follows:

CITY: Sharon Goei, Community Development Director  
City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020

CONSULTANT: Jennifer Duffy, President  
Hello Housing  
121 San Anselmo Avenue, #2440  
San Anselmo, CA 94979

I. FEDERAL FUNDING REQUIREMENTS.

- If the box to the left of this sentence is checked, this Agreement involves federal funding and the requirements of this **Section V.I.** apply.
- If the box to the left of this sentence is checked, this Agreement does not involve federal funding and the requirements of this **Section V.I.** do not apply.

1. DBE Program

CONSULTANT shall comply with the requirements of Title 49, Part 26, Code of Federal Regulations (49 CFR 26) and the City-adopted Disadvantaged Business Enterprise programs.

2. Cost Principles

Federal Acquisition Regulations in Title 48, CFR 31, shall be used to determine the allowable cost for individual items.

3. Covenant against Contingent Fees

The CONSULTANT warrants that he/she has not employed or retained any company or person, other than a bona fide employee working for the CONSULTANT, to solicit or secure this Agreement, and that he/she has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or formation of this Agreement. For breach or violation of this warranty, the Local Agency shall have the right to annul this Agreement without liability or, at its discretion, to deduct from the agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

## EXHIBIT “B”

### SCOPE OF SERVICES

#### BELOW MARKET RATE (BMR) HOUSING PROGRAM ADMINISTRATOR

##### 1. BMR Program Administration Setup

- a. Design and set up a formal BMR interest list in a database administered by the CONSULTANT and owned by the City.
- b. Review and organize Gilroy BMR homeowner files, rental files (possible future), loan files, and the City’s existing digital inventory, and create a system for ongoing administration and monitoring, including an easily accessible list of BMR portfolio units showing their expiration date, and accompanying City down payment assistance loans.
- c. Review existing BMR Re-Sale, Deed of Trust, Promissory Notes, and Developer Affordable Housing Agreement templates and suggest modifications that align with industry best practices.
- d. Establish a point of contact with HOA presidents for all BMR developments, local Escrow, Appraisal, Real Estate professionals involved in BMR resale transactions, and Property Managers for 100% affordable developments.
- e. Create flow charts and protocols for BMR home transfers, BMR acquisition, residence owners’ refinances, capital improvement process, loan payoff/subordination, default remedies, and other processes (noted above in qualifications) associated with the BMR program.
- f. Provide a dedicated webpage for the Gilroy BMR program, separately for current Residence Owners and applicants. This webpage should include frequently asked questions, online application forms (e.g., pre-qualification), available properties, upcoming orientations, etc., and other relevant information.

Deliverables: Updated BMR Agreement and document templates, flow charts, and protocols; web content

##### 2. BMR Program Administration

- a. BMR Inquiries: The CONSULTANT will respond within 24 hours to calls, emails, and in-person inquiries from current BMR Residence Owners, housing portfolio loan holders, etc.
- b. BMR Eligibility List: The CONSULTANT will maintain a list of qualified buyers.

c. BMR Acquisition and Resale Coordination: The CONSULTANT will work with City and County staff to administer the BMR Preservation Program and with Residence Owners and their Realtors and escrow teams to manage the complete BMR resale process.

d. BMR Residence Owners Misc. Management: The CONSULTANT will guide current Residence Owners through the refinance process, capital improvement permitting process, loan payoff, equity share calculation inquiries, agreement questions, etc.

e. BMR Program Marketing: The CONSULTANT will conduct monthly virtual program orientations, separately in English and Spanish, and quarterly in-person program orientations. The CONSULTANT will also create flyers for available units and post them on the CONSULTANT's Gilroy BMR webpage and the CONSULTANT's social media accounts. The CONSULTANT will table at local Gilroy events at least twice per year and outreach to local businesses to promote the program.

f. BMR Program Reports: The CONSULTANT will provide written quarterly reports to staff and the City Council on the general status of the BMR program administration, including:

i. General Program Activity

ii. BMR compliance (see item #3)

iii. Loan activity (see item #4)

iv. Current inventory of all affordable units within Gilroy City limits (including notation of units in default or foreclosure, etc.)

v. Resale value of all BMR homes as requested by the County, annually

vi. Other information as needed for County and State reporting

g. Weekly virtual meeting with the CITY, quarterly in-person meetings with the CITY as needed, and annual in-person meetings with City Council.

Deliverables: Quarterly BMR Program Reports, weekly customer service requests tracking, monthly virtual Program Orientations, separately in English and Spanish, quarterly in-person Program Orientations, weekly city staff meetings, and in-person marketing as specified above. Resale, etc., documents/agreements drafted and recorded as necessary

### 3. Annual BMR Compliance Monitoring

a. BMR Homeowner Certification: The CONSULTANT will coordinate with homeowners annually via email or U.S. Postal Service mail to certify that the Residence Owner continues to comply with the signed BMR Re-Sale Agreement, including living in the BMR home as their principal residence. The CONSULTANT will work with the City to remedy potential BMR defaults in accordance with the BMR Re-Sale Agreement.



- b. 100% Affordable Developments annual recertification, including vacancy and rent information reporting.

Deliverables: Annual Compliance Reports

#### 4. Loan Administration

- a. The CONSULTANT will maintain an updated database, to be owned by the City, of all down payment assistance and other housing loans (borrower name and address, loan amount, interest rate, loan term, loan distribution date, and due date). This database will also include the principal and interest received from loan payoffs and any principal written off due to foreclosure or other default.
- b. The CONSULTANT will monitor existing down payment assistance and other housing loans annually to ensure that the borrower complies with the loan agreement (e.g., current homeowner insurance, the Residence Owner continues to reside on the property). In case of default, the CONSULTANT will contact the owner and work with the City to see that the loan is repaid, and with the City's permission, will, in certain circumstances, process a loan modification.
- c. The CONSULTANT will process all reconveyance documents, subordinations, and legal recordings required when down payment assistance and other housing loans are paid off or refinanced (on an as-needed basis).
- d. The CONSULTANT will process all documents required, income calculations for qualifications, etc., for new City down payment assistance loans.

Deliverables: The existing loan database and updated list are provided as loans are paid off and new loans are created. Loan documents drafted and recorded as necessary.

#### 5. BMR Home Sales/Resales/Acquisition (on an as-needed basis)

- a. BMR Available Unit Marketing: The CONSULTANT will work with each Developer, Homeowner, and/or the City to market the availability of new and resale BMR homes via Multiple Listing Service and flyer distribution to the general public and on the CONSULTANT's BMR website to eligible households who have expressed interest in the BMR program. This task will include providing marketing materials, including flyers in English and Spanish, to City staff for the City's website, to place on the CONSULTANT's BMR program website, and CONSULTANT's social media accounts.
- b. Sales/Rental Prices: The CONSULTANT will keep current and publish on the CONSULTANT's Gilroy BMR webpage, updated Santa Clara County income limits, and other information necessary to set the sales prices of new and existing BMR homes being offered for resale up to date. The CONSULTANT will provide literature showing rent amount/income eligibility per income category/occupancy standards/bedroom count information for rental units (city to provide a sample document), provided in English and Spanish annually or as updated by HCD.

c. Homeowner Eligibility: The CONSULTANT will submit the data on each eligible applicant to the City for approval before formalizing any Agreement.

d. BMR Homeowner Documents: The CONSULTANT will coordinate with the Developer, lender, Title Company, and homeowner and review all required documents to ensure that each BMR Residence Owner household meets the requirements of the BMR program. The CONSULTANT will prepare and record all legal documents required for each BMR homebuyer. The CONSULTANT will create both a hard file and an electronic version of pertinent documents for each Residence Owner transaction. Hard files, including all original recorded documents, will be kept in Gilroy's office in the Housing and Community Services Division storage area.

e. BMR Preservation Program: The CONSULTANT will work with City and County staff to implement the BMR Preservation Program by coordinating with the CITY to purchase available resale BMR Residences with County loan or City funds, including setting up escrow and drafting purchase agreements, etc. The CONSULTANT will work with a local Realtor to manage the rehab of the property, market to income-qualified households, conduct a lottery, and set up escrow for resale (see d. for additional resale requirements), etc.

Deliverables: Marketing materials (English & Spanish); Sales prices & related information (upon request); HCD/Santa Clara County Rent Limits annual document, homeowner eligibility data; BMR Homeowner documentation/files, BMR Preservation Program acquisitions and resale transaction documentation.

6. Housing Fund / BMR Programs: The CONSULTANT will work with City staff to recommend, develop, and implement programs using the City of Gilroy Housing Trust Fund and Deferred Down Payment Assistance Loan cash funds. City Council will approve any new programs under this task.

## EXHIBIT “C”

### MILESTONE SCHEDULE

#### ONBOARDING OF THE BELOW MARKET RATE (BMR) HOUSING PROGRAM

CONSULTANT shall conduct onboarding of the comprehensive BMR program beginning contract effective date, July 1, 2026, and ending within 60 days after issuance. During this onboarding process, the CONSULTANT shall generate the following deliverables for the BMR Housing Program:

- Create and host a custom City of Gilroy webpage linked to City of Gilroy HCS Below Market Rate webpage for the program, clarifying program information, contact information, application links, and provide downloadable access to key forms for program participants.
- Conduct a comprehensive review of the current program guidelines, application guides, developer agreements and loan documents to determine if there might be any recommendations for consideration based on best practices or trends that they have seen that may improve the program. This review will also incorporate approved adjustments in administration processes determined in partnership with the city to ensure public facing materials align with any new administration practices.
- Within the first 30 days, CONSULTANT will interview key city staff to understand if there are any policy or programmatic shifts that may need to be memorialized in existing documents as part of the onboarding process.
- CONSULTANT team will host portfolio transition meetings and work with the CITY and the City's Fiscal Year 2026 BMR Program Administrator, as necessary, to ensure customer files and applicant information is transitioned effectively and with sensitivity to personal and financial information.
- A full inventory of current tools and forms utilized in the program will be used to build out outdated templates, forms, and applications, including building an outline pre-application and purchase application platform to support ownership and rental eligibility review practices.
- All draft forms and public access links will be reviewed, approved, and tested before publishing.
- Index of all BMR units (homeownership and tax credit apartment developments), including owners/property managers, deed restriction details, and loan terms and amounts. All pertinent current homeownership and tax credit apartment development files will be digitized and a Gilroy data storing system will be built out to include data tracking fields in consultants Homekeeper database.

- Draft and send an introduction letter to all BMR homeowners, HOA Board Chairs, Tax Credit Apartment Developments, property owners, as well as any applicant interest list or wait list announcing the change in the CONSULTANT.
- Correspondence with existing program partners (SCC Office of Supportive Housing, Lenders, Appraisers, Escrow Services, Agents) will be conducted to ensure a seamless transition and minimal disruption in support services.
- Establish initial ongoing meetings with key personnel associated with existing program partners to ensure effective communication and points of contact are established.

## BMR PROGRAM ADMINISTRATION

In addition to these milestones, other deliverables by the CONSULTANT are expected to be delivered during the following timeframes:

1. BMR Program Reports: The CONSULTANT will provide written quarterly reports to staff and the City Council on the general status of the BMR program administration, including:
  - a. General BMR Program Activity,
  - b. Monthly open customer service requests tracking,
  - c. Monthly virtual Program Orientations, separately in English and Spanish,
  - d. Quaterly in-person Program Orientations, and
  - e. In-person marketing as specified in Scope of Services.

Below data will be delivered to staff during weekly meetings (or via email in between meetings as necessary) as updates to status occurs.

2. BMR compliance as updates occur (see item #3 in Scope of Services - Deliverables)
3. Loan activity as updates occur (see item #4 in Scope of Services - Deliverables)
4. Current inventory of all affordable units within Gilroy City limits (including notation of units in default or foreclosure, etc.) as updates occur.
5. Miscellaneous Reporting and Meeting Requirments:
  - a. Resale value of all BMR homes as requested by the County, annually.
  - b. Other information as needed for County and State reporting.
  - c. Weekly virtual meeting with Gilroy city staff, quarterly in-person meetings with staff as needed, and annual in-person meetings with City Council.

**EXHIBIT "D"**

**PAYMENT SCHEDULE**

The CONSULTANT will submit monthly invoices of \$14,000 per month for year one and \$14,560 per month for year two. Other fees, such as the Unit Rehab Coordination and Management will be added services, as requested by the CITY.

The one-time Program Setup Fee of \$15,000 shall be paid upon completion of the setup services and acceptance by the City, following receipt of a valid invoice from the CONSULTANT.

If the CITY executes the three one-year extension options, the monthly fee is \$15,142 for year three, \$15,748 for year 4, and \$16,378 for year 5. Other fees will be added for services as requested by the CITY. Years 2-5 rates include the 4% cost-of-living\* (COLA) adjustment.

The CONSULTANT will not invoice for cost incurred for basic office functions such as phone lines, postage, photocopying and other office equipment.

**FIVE- YEAR CONTRACT "NOT TO EXCEED" SUMMARY**

Year	Period	Annual Cost	Setup	Other	Total
1	7/1/2026-6/30/2027	\$168,000	\$15,000	\$9,000	\$192,000
2	7/1/2027-6/30/2028	\$174,720	\$0	\$9,360	\$184,080
[Total for 2-Year Contract					\$376,080]
3	7/1/2028-6/30/2029	\$181,709	\$0	\$9,734	\$191,443
4	7/1/2029-6/30/2030	\$188,977	\$0	\$10,124	\$199,101
5	7/1/2030-6/30/2031	\$196,536	\$0	\$10,529	\$207,065
Grand Total					\$973,689

A detailed breakdown of the fees is provided below.

**PROGRAM SETUP**

Digitization of BMR files, create service files for all BMR programs and loan participants, build out online file directory	\$4,000 one-time fee
Build program specific webpage, online Pre-application and Purchase Application	\$2,500 one-time fee
Revise existing Program manuals, forms and documents to include current administrative practices, logos and contact info and recommendations based on best practices	\$4,500 one-time fee

Send out introduction communications to all BMR Owner's, Property Managers and existing program partners - coordinate meetings to further introduce our team and key points of contact. \$1,000 one-time fee

Build out BMR Program Application Workshop Materials \$3,000 one-time fee

TOTAL \$ 15,000

## PROGRAM ADMINISTRATION

Program Administration Total (Year 1) \$14,000 per month / \$168,000 per year

Program Administration Total (Year 2) \$14, 560 per month / \$174,720 per year

In addition to the deliverables in the Scope of Services, the following tasks are included with the monthly fee:

- Field and track inquiries from the public, triage response and share actions with the City
- General portfolio reporting on status, inquiries, trends and resolutions
- Review and update, as necessary BMR Program Policies, Guidelines, Procedures and Agreements
- Ownership Monitoring, data collection in CRM database, follow-up tracking and reporting
- BMR Rental Compliance monitoring audits for each development
- Maintain and update web page with updated income eligibility tables, programmatic information and relevant BMR ownership and rental housing information
- Develop and maintain BMR Interest List
- Develop and disseminate marketing materials for use by the CITY, for the CONSULTANT's e-newsletter blasts, social media, interest lists and for peer organizations.
- Identify and onboard preferred lenders and HUD approved homebuying counseling agencies conduct training on the program throughout the year around sale campaigns.
- Provide annual trainings to Property Management teams on annual compliance and recertification activities.
- Coordinate with Development Sales Teams to facilitate closing process workflow, communication protocols, marketing collateral and status updates for new BMR pipeline.
- Meetings with City staff to review program status, transaction status and inquiries. Produce reports as requested.
- Ongoing training and oversight of the CONSULTANT team.

## PROGRAM TRANSACTIONAL FEES

New BMR Ownership Sales (Paid by Owner)	3% of sales price / Max \$18,000
Ownership Resales (Paid by Owner)	6% of sales price / Max \$36,000
BMR Preservation Activities: City Buyback, New Resale (Built into Resale Price ) 3% of Resale Restriction Price & 3% of New Sales Price	6% per sales price / Max \$40,000
Unit Rehab Coordination and Management (Dependent on Scope of Rehab Activities)	\$225 per hour
Refinance, Subordination Requests, Loan Payoffs (Paid by Lender/Owner) Other Fees Rates*	\$1,200 per transaction

## REIMBURSABLE COSTS

Language Translation Services including ASL interpretation services (excluding English/Spanish deliverables in the Scope of Services)	actual cost plus 10%
---	----------------------

## HOURLY CONSULTING FEES\* (for services outside base scope described above)

President	\$ 250
Program Manager	\$ 175
Program Specialist	\$ 175
Loan Closing Specialist	\$ 135
Construction Project Manager	\$ 225

\*These fees are subject to an annual COLA of 4%, beginning July 1, 2027.

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY  
AMENDING THE BUDGET FOR THE CITY OF GILROY FOR 2026-  
2027 IN THE HOUSING TRUST FUND AND THE LOS ARROYOS  
FUND AND APPROPRIATING PROPOSED EXPENDITURE  
AMENDMENTS**

**WHEREAS**, the City Administrator prepared and submitted to the City Council a budget for the City of Gilroy for Fiscal Years 2025-2026 and 2026-2027, the City Council carefully examined, considered, and adopted the same on June 2, 2025; and

**WHEREAS**, City Staff has prepared and submitted to the City Council a proposed budget amendment for Fiscal Year 2026-2027 in the staff report dated April 20, 2026, for the Below Market Rate (BMR) Housing Program Administration, a portion of a one-time onboarding fee; and

**WHEREAS**, the City Council has carefully examined and considered the same and is satisfied with said budget amendments.

**NOW, THEREFORE, BE IT RESOLVED THAT** the expenditure appropriations for Fiscal Year 2026-2027 in the Housing Trust Fund (Fund 250) are hereby increased by \$6,240 and in the Los Arroyos Fund (Fund 255) by \$5,760.

**PASSED AND ADOPTED** by the City Council of the City of Gilroy at a regular meeting duly held on the 20<sup>th</sup> day of April 2026 by the following roll call vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>

APPROVED:

\_\_\_\_\_  
Greg Bozzo, Mayor

ATTEST:

\_\_\_\_\_  
Kim Mancera, City Clerk



**CERTIFICATE OF THE CLERK**

I, **KIM MANCERA**, City Clerk of the City of Gilroy, do hereby certify that the attached **Resolution No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the City Council of the City of Gilroy at a Regular Meeting held on **April 20, 2026**, with a quorum present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this **Date**.

---

Kim Mancera  
City Clerk of the City of Gilroy

(Seal)



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Award a contract to 17 Mile Construction in the amount of \$198,900 for tenant improvements at 641 Old Gilroy St (Jessup Property); Approve a project contingency of \$19,100, and Approve a total project expenditure of \$218,000

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Utilities  
 Submitted by: Karl Bjarke, Interim Public Utilities Director  
 Prepared by: Izabela Cirloganu, Management Analyst

---

**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure

---

### RECOMMENDATION

1. Award a Public Works contract in the amount of \$198,900 to 17 Mile Construction for the tenant improvement project at 641 Old Gilroy St.;
2. Approve a project contingency of \$19,100 for a total project authorization of \$218,000; and
3. Authorize the City Administrator to execute the contract documents and approve any future change orders within the project contingency.

### EXECUTIVE SUMMARY

The property at 641 Old Gilroy Street (Jessup Property) was purchased last year by the City to relocate the Utilities Department Operations team to the building. The Utilities Department staff conducted a procurement process to solicit bids for tenant improvements at the Jessup Property. The project will prepare the site for occupancy by the Water and Wastewater Operations staff by addressing building repairs, code compliance items, and functional upgrades to the office spaces.

Staff received and evaluated four bid submittals to determine the lowest responsive and

responsible bid. 17 Mile Construction submitted the lowest responsive bid and demonstrated the ability to complete the work within the project scope and timeline.

The proposed contract amount of \$198,900 is within the project budget of \$220,000. Approval of this contract will allow the City to proceed with the planned improvements and support utility operations at the site.

## **BACKGROUND**

This past summer, the City acquired the property at 641 Old Gilroy Street (Jessup Property). The site, which contains an administrative building and an industrial warehouse, is adjacent to the existing Corporation Yard, providing an opportunity to expand and enhance municipal operations on a larger footprint.

The property will serve as dedicated office space for the Utilities Department's Water and Wastewater Sections. It includes the two buildings mentioned above, totaling approximately 8,666 square feet on a nearly one-acre paved parking area. The site was originally developed in the late 1970s and early 1980s, with subsequent improvements made by the previous owner's commercial operation.

The front building (1,666 square feet) will house the Water Section operations team and includes three office rooms, a kitchen, and a restroom. The rear building (approximately 7,000 square feet) includes a hangar/warehouse and approximately 1,680 square feet of office space, consisting of three office rooms, a kitchen, two restrooms, and a designated area for a future locker room.

Due to the age and condition of the buildings, renovations are necessary to make the spaces functional, compliant, and suitable for staff occupancy. Utilities staff, together with the City Building Official and Facilities staff, conducted walkthroughs and developed a list of required improvements. The scope of work includes flooring, drywall repair, interior painting, lighting replacement, new cabinets, backsplash, and countertop upgrades, minor plumbing, kitchen installation, concrete staining, ADA ramp reconstruction, and other general improvements to prepare the space for office use.

## **ANALYSIS**

Pursuant to the City's purchasing policy, the Utilities Department conducted an informal public works project bid solicitation process and received four bids. The contract is to be awarded to the lowest responsive and responsible bidder.

Received bids were evaluated for completeness, responsiveness to the Scope of Work, and cost. 17 Mile Construction submitted the lowest responsive and responsible bid at \$198,900 and demonstrated the capacity to perform the work as specified.

A summary of the bids received is provided below:

<b>Company Name</b>	<b>Type of Proposal</b>	<b>Amount Quoted</b>
17MileConstruction	Lump Sum	\$ 198,900
Method Construction	Itemized by Area	\$ 203,376
Manning Development	Fully Itemized	\$ 217,869
Strawn	Lump Sum	\$ 218,922

Based on this evaluation, the staff recommends awarding the contract to 17 Mile Construction as the lowest responsive and responsible bidder.

## **ALTERNATIVES**

The alternative would be to reject all quotes and not award the contract. Staff does not recommend this option, as it would delay the project and require restarting the procurement process. In addition, staff have found it challenging to attract qualified contractors for projects at or below the \$220,000 threshold who are also willing to comply with prevailing wage requirements. Smaller tenant improvement projects of this size often generate limited contractor interest, and rebidding may result in fewer responses, higher costs, or further delays in completing the necessary improvements.

## **FISCAL IMPACT/FUNDING SOURCE**

Staff recommends awarding this project to 17 Mile Construction for \$198,900 and authorizing a contingency amount of \$19,100 (approximately 10%). Staff budgeted funding for this project within the Water Fund (705) and Wastewater Fund (700) under the Repair and Maintenance approved budget for FY 26. If approved, the total authorized amount for this project, including the contingency, is \$218,000.

Costs will be shared equally between the two funds, with each fund contributing \$109,000 toward the total project amount.

## **PUBLIC OUTREACH**

N/A

## **NEXT STEPS**

Upon Council approval, the contract will be executed. Staff will coordinate with the contractor to complete the following next steps: obtain and submit a payment bond in the amount of 100 percent of the contract value; verify the contractor's registration with the Department of Industrial Relations (DIR) and register the project; and finalize the selection and approval of finishes and colors.

**Attachments:**

1. 17 Mile Construction Services Inc. -Signed Agreement

**AGREEMENT FOR SERVICES**

(For contracts over \$5,000 – NON-DESIGN, NON-ENGINEERING TYPE CONTRACTOR)

This AGREEMENT made this \_\_\_\_ day of April, 2026, between:

CITY: City of Gilroy, having a principal place of business at  
7351 Rosanna Street, Gilroy, California

and CONTRACTOR: 17 Mile Construction Services, Inc., having a principal place of business at  
26600 Pancho Way, Carmel CA 93923.

**ARTICLE 1. TERM OF AGREEMENT**

This Agreement will become effective on May 1, 2026 and will continue in effect through July 31, 2026 unless terminated in accordance with the provisions of **Article 7** of this Agreement.

Any lapse in insurance coverage as required by Article 5, Section D of this Agreement shall terminate this Agreement regardless of any other provision stated herein.

MC  
Initial

**ARTICLE 2. INDEPENDENT CONTRACTOR STATUS**

It is the express intention of the parties that CONTRACTOR is an independent contractor and not an employee, agent, joint venturer or partner of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR or any employee or agent of CONTRACTOR. Both parties acknowledge that CONTRACTOR is not an employee for state or federal tax purposes. CONTRACTOR shall not be entitled to any of the rights or benefits afforded to CITY’S employees, including, without limitation, disability or unemployment insurance, workers’ compensation, medical insurance, sick leave, retirement benefits or any other employment benefits. CONTRACTOR shall retain the right to perform services for others during the term of this Agreement.

**ARTICLE 3. SERVICES TO BE PERFORMED BY CONTRACTOR**

**A. Specific Services**

CONTRACTOR agrees to: Perform the services as outlined in **Exhibit “A”** (“Specific Provisions”) and **Exhibit “B”** (“Scope of Services”), within the time periods described in **Exhibit “C”** (“Milestone Schedule”).

**B. Method of Performing Services**

CONTRACTOR shall determine the method, details and means of performing the above-described services. CITY shall have no right to, and shall not, control the manner or determine the method of accomplishing CONTRACTOR’S services.

**C. Employment of Assistants**

CONTRACTOR may, at the CONTRACTOR'S own expense, employ such assistants as CONTRACTOR deems necessary to perform the services required of CONTRACTOR by this Agreement, subject to the prohibition against assignment and subcontracting contained in **Article 5** below. CITY may not control, direct, or supervise CONTRACTOR'S assistants in the performance of those services. CONTRACTOR assumes full and sole responsibility for the payment of all compensation and expenses of these assistants and for all state and federal income tax, unemployment insurance, Social Security, disability insurance and other applicable withholding.

**D. Place of Work**

CONTRACTOR shall perform the services required by this Agreement at 641 Old Gilroy St Gilroy California and at such times as CONTRACTOR shall determine is necessary to properly and timely perform CONTRACTOR'S services.

**ARTICLE 4. COMPENSATION**

**A. Consideration**

In consideration for the services to be performed by CONTRACTOR, CITY agrees to pay CONTRACTOR the amounts set forth in **Exhibit "D"** ("Payment Schedule"). In no event however shall the total compensation paid to CONTRACTOR exceed \$198,900 (one hundred ninety-eight thousand nine hundred and 00/100) for the entire duration of the contract.

**B. Invoices**

CONTRACTOR shall submit invoices for all services rendered.

**C. Payment**

Payment shall be due according to the payment schedule set forth in **Exhibit "D"**. No payment will be made unless CONTRACTOR has first provided City with a written receipt of invoice describing the work performed and any approved direct expenses (as provided for in **Exhibit "A"**, **Section IV**) incurred during the preceding period. If CITY objects to all or any portion of any invoice, CITY shall notify CONTRACTOR of the objection within thirty (30) days from receipt of the invoice, give reasons for the objection, and pay that portion of the invoice not in dispute. It shall not constitute a default or breach of this Agreement for CITY not to pay any invoiced amounts to which it has objected until the objection has been resolved by mutual agreement of the parties.

**D. Expenses**

CONTRACTOR shall be responsible for all costs and expenses incident to the performance of services for CITY, including but not limited to, all costs of equipment used or provided by CONTRACTOR, all fees, fines, licenses, bonds or taxes required of or imposed against CONTRACTOR and all other of CONTRACTOR'S costs of doing business. CITY shall not be

responsible for any expenses incurred by CONTRACTOR in performing services for CITY, except for those expenses constituting “direct expenses” referenced on **Exhibit “A.”**

## **ARTICLE 5. OBLIGATIONS OF CONTRACTOR**

### **A. Tools and Instrumentalities**

CONTRACTOR shall supply all tools and instrumentalities required to perform the services under this Agreement at its sole cost and expense. CONTRACTOR is not required to purchase or rent any tools, equipment or services from CITY.

### **B. Workers’ Compensation**

CONTRACTOR agrees to provide workers’ compensation insurance for CONTRACTOR’S employees and agents and agrees to hold harmless, defend with counsel acceptable to CITY and indemnify CITY, its officers, representatives, agents and employees from and against any and all claims, suits, damages, costs, fees, demands, causes of action, losses, liabilities and expenses, including without limitation reasonable attorneys’ fees, arising out of any injury, disability, or death of any of CONTRACTOR’S employees.

### **C. Indemnification of Liability, Duty to Defend**

As to all liability, to the fullest extent permitted by law, CONTRACTOR shall defend, through counsel approved by CITY (which approval shall not be unreasonably withheld), indemnify and hold harmless CITY, its officers, representatives, agents and employees against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys’ fees, arising or resulting directly or indirectly from any act or omission of CONTRACTOR or CONTRACTOR’S assistants, employees or agents, including all claims relating to the injury or death of any person or damage to any property.

### **D. Insurance**

In addition to any other obligations under this Agreement, CONTRACTOR shall, at no cost to CITY, obtain and maintain throughout the term of this Agreement: (a) Commercial Liability Insurance on a per occurrence basis, including coverage for owned and non-owned automobiles, with a minimum combined single limit coverage of \$1,000,000 per occurrence for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof. As a condition precedent to CITY’S obligations under this Agreement, CONTRACTOR shall furnish written evidence of such coverage (naming CITY, its officers and employees as additional insureds on the Comprehensive Liability insurance policy referred to in (a) immediately above via a specific endorsement) and requiring thirty (30) days written notice of policy lapse or cancellation, or of a material change in policy terms.



**E. Assignment**

Notwithstanding any other provision of this Agreement, neither this Agreement nor any duties or obligations of CONTRACTOR under this Agreement may be assigned or subcontracted by CONTRACTOR without the prior written consent of CITY, which CITY may withhold in its sole and absolute discretion.

**F. State and Federal Taxes**

As CONTRACTOR is not CITY'S employee, CONTRACTOR shall be responsible for paying all required state and federal taxes. Without limiting the foregoing, CONTRACTOR acknowledges and agrees that:

- CITY will not withhold FICA (Social Security) from CONTRACTOR'S payments;
- CITY will not make state or federal unemployment insurance contributions on CONTRACTOR'S behalf;
- CITY will not withhold state or federal income tax from payment to CONTRACTOR;
- CITY will not make disability insurance contributions on behalf of CONTRACTOR;
- CITY will not obtain workers' compensation insurance on behalf of CONTRACTOR.

**ARTICLE 6. OBLIGATIONS OF CITY**

**A. Cooperation of City**

CITY agrees to respond to all reasonable requests of CONTRACTOR and provide access, at reasonable times following receipt by CITY of reasonable notice, to all documents reasonably necessary to the performance of CONTRACTOR'S duties under this Agreement.

**B. Assignment**

CITY may assign this Agreement or any duties or obligations thereunder to a successor governmental entity without the consent of CONTRACTOR. Such assignment shall not release CONTRACTOR from any of CONTRACTOR'S duties or obligations under this Agreement.

**ARTICLE 7. TERMINATION OF AGREEMENT**

**A. Sale of CONTRACTOR'S Business/ Death of CONTRACTOR.**

CONTRACTOR shall notify CITY of the proposed sale of CONTRACTOR'S business no later than thirty (30) days prior to any such sale. CITY shall have the option of terminating this Agreement within thirty (30) days after receiving such notice of sale. Any such CITY termination pursuant to this **Article 7.A** shall be in writing and sent to the address for notices to CONTRACTOR set forth in **Exhibit A, Subsection V.H.**, no later than thirty (30) days after CITY' receipt of such notice of sale.

If CONTRACTOR is an individual, this Agreement shall be deemed automatically terminated upon death of CONTRACTOR.

**B. Termination by City for Default of CONTRACTOR**

Should CONTRACTOR default in the performance of this Agreement or materially breach any of its provisions, CITY, at CITY'S option, may terminate this Agreement by giving written notification to CONTRACTOR. For the purposes of this section, material breach of this Agreement shall include, but not be limited to the following:

1. CONTRACTOR'S failure to professionally and/or timely perform any of the services contemplated by this Agreement.
2. CONTRACTOR'S breach of any of its representations, warranties or covenants contained in this Agreement.

CONTRACTOR shall be entitled to payment only for work completed in accordance with the terms of this Agreement through the date of the termination notice, as reasonably determined by CITY, provided that such payment shall not exceed the amounts set forth in this Agreement for the tasks described on Exhibit C" which have been fully, competently and timely rendered by CONTRACTOR. Notwithstanding the foregoing, if CITY terminates this Agreement due to CONTRACTOR'S default in the performance of this Agreement or material breach by CONTRACTOR of any of its provisions, then in addition to any other rights and remedies CITY may have, CONTRACTOR shall reimburse CITY, within ten (10) days after demand, for any and all costs and expenses incurred by CITY in order to complete the tasks constituting the scope of work as described in this Agreement, to the extent such costs and expenses exceed the amounts CITY would have been obligated to pay CONTRACTOR for the performance of that task pursuant to this Agreement.

**C. Termination for Failure to Make Agreed-Upon Payments**

Should CITY fail to pay CONTRACTOR all or any part of the compensation set forth in Article 4 of this Agreement on the date due, then if and only if such nonpayment constitutes a default under this Agreement, CONTRACTOR, at the CONTRACTOR'S option, may terminate this Agreement if such default is not remedied by CITY within thirty (30) days after demand for such payment is given by CONTRACTOR to CITY.

**D. Transition after Termination**

Upon termination, CONTRACTOR shall immediately stop work, unless cessation could potentially cause any damage or harm to person or property, in which case CONTRACTOR shall cease such work as soon as it is safe to do so. CONTRACTOR shall incur no further expenses in connection with this Agreement. CONTRACTOR shall promptly deliver to CITY all work done toward completion of the services required hereunder, and shall act in such a manner as to facilitate any the assumption of CONTRACTOR's duties by any new CONTRACTOR hired by the CITY to complete such services.

## **ARTICLE 8. GENERAL PROVISIONS**

### **A. Amendment & Modification**

No amendments, modifications, alterations or changes to the terms of this Agreement shall be effective unless and until made in a writing signed by both parties hereto.

### **B. Americans with Disabilities Act of 1990**

Throughout the term of this Agreement, the CONTRACTOR shall comply fully with all applicable provisions of the Americans with Disabilities Act of 1990 (“the Act”) in its current form and as it may be amended from time to time. CONTRACTOR shall also require such compliance of all subcontractors performing work under this Agreement, subject to the prohibition against assignment and subcontracting contained in Article 5 above. The CONTRACTOR shall defend with counsel acceptable to CITY, indemnify and hold harmless the CITY OF GILROY, its officers, employees, agents and representatives from and against all suits, claims, demands, damages, costs, causes of action, losses, liabilities, expenses and fees, including without limitation reasonable attorneys’ fees, that may arise out of any violations of the Act by the CONTRACTOR, its subcontractors, or the officers, employees, agents or representatives of either.

### **C. Attorneys’ Fees**

If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys’ fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

### **D. Captions**

The captions and headings of the various sections, paragraphs and subparagraphs of the Agreement are for convenience only and shall not be considered nor referred to for resolving questions of interpretation.

### **E. Compliance with Laws**

The CONTRACTOR shall keep itself informed of all State and National laws and all municipal ordinances and regulations of the CITY which in any manner affect those engaged or employed in the work, or the materials used in the work, or which in any way affect the conduct of the work, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Without limiting the foregoing, CONTRACTOR agrees to observe the provisions of the Municipal Code of the CITY OF GILROY, obligating every contractor or subcontractor under a contract or subcontract to the CITY OF GILROY for public works or for goods or services to refrain from discriminatory employment or subcontracting practices on the basis of the race, color, sex, religious creed, national origin, ancestry of any employee, applicant for employment, or any potential subcontractor.

**F. Conflict of Interest**

CONTRACTOR certifies that to the best of its knowledge, no CITY employee or office of any public agency interested in this Agreement has any pecuniary interest in the business of CONTRACTOR and that no person associated with CONTRACTOR has any interest that would constitute a conflict of interest in any manner or degree as to the execution or performance of this Agreement.

**G. Entire Agreement**

This Agreement supersedes any and all prior agreements, whether oral or written, between the parties hereto with respect to the rendering of services by CONTRACTOR for CITY and contains all the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

No other agreements or conversation with any officer, agent or employee of CITY prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Such other agreements or conversations shall be considered as unofficial information and in no way binding upon CITY.

**H. Governing Law and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws provisions of any jurisdiction. The exclusive jurisdiction and venue with respect to any and all disputes arising hereunder shall be in state and federal courts located in Santa Clara County, California.

**I. Notices**

Any notice to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in **Exhibit "A", Section V.H.** but each party may change the address by written notice in accordance with this paragraph. Notices delivered personally will be deemed delivered as of actual receipt; mailed notices will be deemed delivered as of three (3) days after mailing.

**J. Partial Invalidity**

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**K. Time of the Essence**

All dates and times referred to in this Agreement are of the essence.

**L. Waiver**

CONTRACTOR agrees that waiver by CITY of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement.

Executed at **Gilroy, California**, on the date and year first above written.

**CONTRACTOR:**

**CITY:**

17 Mile Construction Services Inc.

CITY OF GILROY

By:  \_\_\_\_\_  
Name: Matt Carley  
Title: Managing Partner

By: \_\_\_\_\_  
Name: Matt Morley  
Title: City Administrator

Social Security or Taxpayer  
Identification Number 85-1012823

Approved as to Form

ATTEST:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Clerk

## EXHIBIT "A"

### SPECIFIC PROVISIONS

#### I. PROJECT MANAGER

CONTRACTOR shall provide the services indicated on the attached **Exhibit "B"**, Scope of Services ("Services"). (All exhibits referenced are incorporated herein by reference.) To accomplish that end, CONTRACTOR agrees to assign Matt Carley, who will act in the capacity of Project Manager, and who will personally direct such Services.

Except as may be specified elsewhere in this Agreement, CONTRACTOR shall furnish all technical and professional services including labor, material, equipment, transportation, supervision and expertise to perform all operations necessary and required to complete the Services in accordance with the terms of this Agreement.

#### II. NOTICE TO PROCEED/COMPLETION OF SERVICE

##### A. NOTICE TO PROCEED

CONTRACTOR shall commence the Services upon delivery to CONTRACTOR of a written "Notice to Proceed", which Notice to Proceed shall be in the form of a written communication from designated City contact person(s). Notice to Proceed may be in the form of e-mail, fax or letter authorizing commencement of the Services. For purposes of this Agreement, Izabela Cirloganu shall be the designated City contact person(s). Notice to Proceed shall be deemed to have been delivered upon actual receipt by CONTRACTOR or if otherwise delivered as provided in the **Section V.H.** ("Notices") of this **Exhibit "A"**.

##### B. COMPLETION OF SERVICES

When CITY determines that CONTRACTOR has completed all of the Services in accordance with the terms of this Agreement, CITY shall give CONTRACTOR written Notice of Final Acceptance, and CONTRACTOR shall not incur any further costs hereunder. CONTRACTOR may request this determination of completion when, in its opinion, it has completed all of the Services as required by the terms of this Agreement and, if so requested, CITY shall make this determination within two (2) weeks of such request, or if CITY determines that CONTRACTOR has not completed all of such Services as required by this Agreement, CITY shall so inform CONTRACTOR within this two (2) week period.

#### III. PROGRESS SCHEDULE

The schedule for performance and completion of the Services will be as set forth in the attached **Exhibit "C"**.

#### IV. PAYMENT OF FEES AND DIRECT EXPENSES

Payments shall be made to CONTRACTOR as provided for in **Article 4** of this Agreement.

Direct expenses are charges and fees not included in **Exhibit “B”**. CITY shall be obligated to pay only for those direct expenses which have been previously approved in writing by CITY. CONTRACTOR shall obtain written approval from CITY prior to incurring or billing of direct expenses.

Copies of pertinent financial records, including invoices, will be included with the submission of billing(s) for all direct expenses.

V. OTHER PROVISIONS

A. STANDARD OF WORKMANSHIP

CONTRACTOR represents and warrants that it has the qualifications, skills and licenses necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and CITY expressly relies upon CONTRACTOR’S representations and warranties regarding its skills, qualifications and licenses. CONTRACTOR shall perform such Services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California.

Any plans, designs, specifications, estimates, calculations, reports and other documents furnished under this Agreement shall be of a quality acceptable to CITY. The minimum criteria for acceptance shall be a product of neat appearance, well-organized, technically and grammatically correct, checked and having the maker and checker identified. The minimum standard of appearance, organization and content of the drawings shall be that used by CITY for similar purposes.

B. RESPONSIBILITY OF CONTRACTOR

CONTRACTOR shall be responsible for the professional quality, technical accuracy, and the coordination of the Services furnished by it under this Agreement. CONTRACTOR shall not be responsible for the accuracy of any project or technical information provided by the CITY. The CITY’S review, acceptance or payment for any of the Services shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and CONTRACTOR shall be and remain liable to CITY in accordance with applicable law for all damages to CITY caused by CONTRACTOR’S negligent performance of any of the services furnished under this Agreement.

C. RIGHT OF CITY TO INSPECT RECORDS OF CONTRACTOR

CITY, through its authorized employees, representatives or agents, shall have the right, at any and all reasonable times, to audit the books and records (including, but not limited to, invoices, vouchers, canceled checks, time cards, etc.) of CONTRACTOR for the purpose of verifying any and all charges made by CONTRACTOR in connection with this Agreement. CONTRACTOR shall maintain for a minimum period of three (3) years (from the date of final payment to CONTRACTOR), or for any longer period required by law, sufficient books and records in accordance with standard California accounting practices to establish the correctness of all charges submitted to CITY by CONTRACTOR, all of which shall be made available to CITY at the CITY’S offices within five (5) business days after CITY’S request.

D. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data (including, but not limited to, computer data and source code), drawings, descriptions, documents, discussions or other information developed or received by or for CONTRACTOR and all other written and oral information developed or received by or for CONTRACTOR and all other written and oral information submitted to CONTRACTOR in connection with the performance of this Agreement shall be held confidential by CONTRACTOR and shall not, without the prior written consent of CITY, be used for any purposes other than the performance of the Services, nor be disclosed to an entity not connected with the performance of the such Services. Nothing furnished to CONTRACTOR which is otherwise known to CONTRACTOR or is or becomes generally known to the related industry (other than that which becomes generally known as the result of CONTRACTOR'S disclosure thereof) shall be deemed confidential. CONTRACTOR shall not use CITY'S name or insignia, or distribute publicity pertaining to the services rendered under this Agreement in any magazine, trade paper, newspaper or other medium without the express written consent of CITY.

E. NO PLEDGING OF CITY'S CREDIT.

Under no circumstances shall CONTRACTOR have the authority or power to pledge the credit of CITY or incur any obligation in the name of CITY.

F. OWNERSHIP OF MATERIAL.

All material including, but not limited to, computer information, data and source code, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports and other material developed, collected, prepared (or caused to be prepared) under this Agreement shall be the property of CITY, but CONTRACTOR may retain and use copies thereof subject to **Section V.D** of this **Exhibit "A"**.

CITY shall not be limited in any way in its use of said material at any time for any work, whether or not associated with the City project for which the Services are performed. However, CONTRACTOR shall not be responsible for, and City shall indemnify CONTRACTOR from, damages resulting from the use of said material for work other than PROJECT, including, but not limited to, the release of this material to third parties for work other than on PROJECT.

G. NO THIRD PARTY BENEFICIARY.

This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any claim or right of action hereunder for any cause whatsoever.



H. NOTICES.

Notices are to be sent as follows:

CITY: Izabela Cirloganu  
City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020

CONTRACTOR: Matt Carley  
17 Mile Construction Services, Inc.  
26600 Pancho Way  
Carmel, CA 93923

I. FEDERAL FUNDING REQUIREMENTS.

- If the box to the left of this sentence is checked, this Agreement involves federal funding and the requirements of this **Section V.I.** apply.
- If the box to the left of this sentence is checked, this Agreement does not involve federal funding and the requirements of this **Section V.I.** do not apply.

1. DBE Program

CONTRACTOR shall comply with the requirements of Title 49, Part 26, Code of Federal Regulations (49 CFR 26) and the City-adopted Disadvantaged Business Enterprise programs.

2. Cost Principles

Federal Acquisition Regulations in Title 48, CFR 31, shall be used to determine the allowable cost for individual items.

3. Covenant against Contingent Fees

The CONTRACTOR warrants that he/she has not employed or retained any company or person, other than a bona fide employee working for the CONTRACTOR, to solicit or secure this Agreement, and that he/she has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or formation of this Agreement. For breach or violation of this warranty, the Local Agency shall have the right to annul this Agreement without liability or, at its discretion, to deduct from the agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

## J. PREVAILING WAGE

CONTRACTOR agrees and acknowledges that it is its obligation to determine whether, and to what extent, any work performed is or any workers employed relative to any construction to be performed under this Agreement are subject to any Codes, Ordinances, Resolutions, Rules and other Regulations and established policies of CITY and the laws of the State of California and the United States, including, without limitation, the California Labor Code and Public Contract Code relating to public contracting and prevailing wage requirements ("Prevailing Wage Laws"). To the extent Prevailing Wage Laws apply to work performed or workers employed for the purpose of performing work under this Agreement, CONTRACTOR shall fully comply with and ensure that all workers and/or subcontractors are informed of and comply with all Prevailing Wage Laws and specifically any applicable requirement of California Labor Code Sections 1720 et seq. and 1770 et seq. and the regulations thereunder, which require the payment of prevailing wage rates based on labor classification, as determined by the State of California, and the performance of other requirements on certain "public works" or "maintenance" projects. It is the duty of CONTRACTOR to post a copy of applicable prevailing wages at the job site. Prevailing wage information may be obtained at [www.dir.ca.gov](http://www.dir.ca.gov).

## **EXHIBIT “B”**

### **Scope of Work for Tenant Improvement at 641 Old Gilroy St.**

The City of Gilroy Utilities Department is undertaking a tenant improvement project at the property located at **641 Old Gilroy Street** to renovate and prepare two adjacent buildings for office use. The project will not structurally alter any of the existing buildings; instead, it will repair and enhance the current layout to better accommodate the daily administrative and operational activities for Utilities staff.

The property consists of two adjacent buildings. The front building, which faces Old Gilroy Street, will be renovated and configured to serve as office space for the City’s Water Section team. The building is approximately 1,664 sf.

The second building, adjacent to the front one, is a 7,000 sf metal warehouse that includes approximately 2,000 sf of office space. This area will be improved to accommodate the City’s Wastewater Section team.

#### **A. Water Section Office Area**

The Water Section office area will include the following improvements: framing and drywall repair to the exposed areas, updated flooring, patching and painting of the entire space, recessed light installation. The following are specific scope items:

- 1) Provide wall and floor framing where the drywall and flooring are currently exposed (area next to the entrance, area next to the second door)
- 2) Remove one door and its frame, then patch and finish the drywall so it matches the existing interior wall texture.
- 3) Provide drywall repair where needed.
- 4) Create the same finish texture for the ceiling and walls.
- 5) Prime all surfaces. Paint should be two coats with the color and sheen provided by the Contract Manager. Walls and Ceiling will be painted one color.
  - a) The paint brand should be Dunne Edwards or Sherwin Williams, as approved by the Contract Manager.
- 6) Prime and paint all interior doors and windows sills. Color and sheen choices will be provided by the Contract Manager.
- 7) Furnish and install 60 4” LED Downlight with Selectable CCT Can Lights. Install dimmers; one per room.
  - a) If the number of lights need to be reduced, details on the lighting plan should be discussed with the Contract Manager.
- 8) Furnish and install emergency ballasts (for night lighting).
- 9) Install commercial vinyl flooring per the specs provided by the City.
  - a) Commercial sheet vinyl Visionary Collection by Mohawk or commercial grade vinyl plank. Colors choices will be selected by the Contract Manager.
  - b) Finish with 4” baseboard in all rooms. Color choice will be selected by the Contract Manager.
- 10) Install a new sink, all appurtenant plumbing, laminate kitchen counter, kitchen fronts, and backsplash. Items will be provided by the City.

**B. Wastewater Section Office Area**

The Wastewater Section office area will include improvements such as framing and drywall repair, install flooring, patching, painting, minor plumbing area and recess cans installation. The following are specific scope items:

- 1) Provide and install sheetrock 8 ft in height in the locker room. Tape and finish at the top to transition to the existing wall area. Leave the beams of the ceiling exposed. Beams and the plywood ceiling will be primed and painted.
- 2) Polish and provide a concrete stain floor coating with rubber base only for the locker room.
- 3) Frame and infill two door openings and match the existing drywall texture.
- 4) Frame and install a new door and install one new building standard door, install frame and hardware. Hardware will be provided by the City.
- 5) Install commercial vinyl flooring per the specs provided by the City in 3 rooms (two offices and a conference room). Hallway, kitchen and bathroom are not included.
  - a. Commercial sheet vinyl Visionary Collection by Mohawk or commercial plank vinyl. If the brand is changed, the decision must be approved by the Contract Manager.
  - b. Install 4" baseboard in all rooms.
- 6) Provide water and sewer connections for the breakroom and sink.
- 7) Install the kitchen cabinets, counter, sink and backsplash. Remove the existing sink in the hangar area, by the entrance and install a new one. Items will be provided by the City.
- 8) Furnish and install 6 4-foot LED light fixtures and 1 standard switch for the locker area
- 9) Furnish and install 55 4-inch LED Downlights with selectable CCT Can Lights recessed light fixtures and dimmable switches.
  - a. If the number of lights needs to be reduced, details on the lighting plan should be discussed with the Contract Manager.
- 10) Prime all surfaces (minus the two-bathrooms existing plastic baseboards which are in good condition). Paint should be two coats with the color and sheen provided by the Contract Manager. Walls and Ceiling will be painted one color. Missing ceiling tiles will be provided by the Contract Manager.
  - a. The paint brand should be Dunne Edwards or Sherwin Williams, as approved by the Contract Manager.
- 11) Prime and paint all interior doors and windows sills. Color and sheen choices will be provided by the Contract Manager.

**C. Front Office ADA Ramp (ramp specs are attached to the Scope of Work)**

- 1) Demolish the existing ramp and remove the concrete from the site.
- 2) Provide plan for new ramp and landing showing dimensions and slopes for City's review and approval.
- 3) Construct new ramp and landing expansions, including handrails per approved plan.
- 4) Landing shall be 5'X5' and the ramp shall be 4' wide with a 6" curb
- 5) Remove and reconstruct the current step at the kitchen entry to ensure compliance with state requirements.

**Additional:**

- 1) Provide all required progressive clean up and dump fees (this includes mopping all hard surface flooring, haul off all remaining waste and construction debris)
- 2) A permit with the City is required for the ADA ramp. Utilities Department will pay for the permit application fees; however, the drawings and the permit submittal are the contractor's responsibility.
- 3) Some landscaping adjacent to the new concrete ramp will need to be removed. No repairs or re-planting is included.
- 4) A City inspector will visit the site and provide the notice to proceed before pouring the concrete for the ramp. Any additional fees for the inspection will be supported by the Utilities Department.

**Supplemental Conditions:**

- A. The Contractor must provide an experienced, competent Superintendent who is responsible for effectively supervising all work in progress. In addition to supervision or work in progress, the Superintendent must be capable of instructing his subordinates in correct and proper installation techniques.
- B. The Contractor shall be solely and completely responsible for conditions of the jobsite, including safety of all persons and property during performance of the work. This requirement shall apply continuously and not be limited to normal working hours. Safety provisions shall conform to U.S. Department of Labor, the California Occupational Safety and Health Act (OSHA), and all other applicable Federal, State, County, and local laws, ordinances, codes, the requirements set forth below, and any regulations that may be detailed in other parts of these Contract Documents. Where any of these are in conflict, the more stringent requirement shall be followed.
- C. The Contractor is responsible for its and its subcontractor's compliance with the provisions of Section 1776 of the Labor Code.
- D. Work Hours: Normal working hours shall be limited to eight (8) hours per day, typically between 7:00 a.m. or 8:00 a.m. and 4:00 p.m. or 5:00 p.m., depending on the start time, and forty (40) hours per week. No overtime is allowed.
- E. Upon contract award and prior to issuance of the Notice to Proceed, the Contractor shall furnish a Payment Bond in the amount of 100% of the total contract value.
- F. Contractor must be registered with the Department of Industrial Relationships (DIR). The City Facilities Manager will register the Project once the City Council approves the contract.

## **EXHIBIT “C”**

### **MILESTONE SCHEDULE**

The project is scheduled to begin mobilization on May 1, 2026, with the City providing site access. The anticipated project completion date is July 31, 2026; however, this timeline is dependent on the issuance of the permit for the ADA ramp.

**EXHIBIT "D"**

**PAYMENT SCHEDULE**

The total contract amount is \$198,900 (one hundred ninety-eight thousand nine hundred dollars). The Contractor shall submit invoices bi-weekly for work completed. The City will review and process each invoice and issue payment within two weeks of receipt, or sooner when feasible.



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Public Hearing to Establish a List of Properties Subject to the Weed Abatement Program and Adoption of a Resolution Authorizing the Fire Chief to Abate the Nuisance Arising Out of Weeds Growing and Refuse Accumulating Upon Property in the City of Gilroy Pursuant to Section 12.51 of the Gilroy Code**

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Jonathan Crick, Fire Marshal

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

Adopt a Resolution of the City Council of the City of Gilroy authorizing the Fire Chief to abate the nuisance arising out of weeds growing and refuse accumulating upon property in the City of Gilroy, pursuant to Section 12.51 of the Gilroy City Code.

### EXECUTIVE SUMMARY

The Weed Abatement Program is an annual process required under the Gilroy Municipal Code and State Health and Safety Code to mitigate fire hazards caused by unmanaged vegetation and refuse on private property. This report presents the 2026 commencement list of 118 properties with a history of non-abatement, outlines the notification steps taken by the County and City, and requests Council approval to authorize the Fire Chief to abate nuisance conditions where compliance is not achieved by the May 15, 2026, deadline. Adoption of the resolution will allow the County, under its existing agreement with the City, to conduct inspections, issue notices, perform abatement where necessary, and recover associated costs through administrative fees and future tax assessments.



## **BACKGROUND**

On February 9, 2026, the City Council adopted Weed Abatement Resolution 2026-06 declaring weeds and refuse as a public nuisance. This annual process complies with both the City Code and State Health and Safety Code, which require that, prior to authorizing the abatement of a lot, the City hold a public hearing of the subject properties. The City of Gilroy, via the annual resolution, identifies those properties and owners with a history of non-abatement, and this list serves as the commencement list for the County's inspection and abatement program. The abatement program continues to be implemented under an agreement with the Santa Clara County Agricultural Commissioner's Office for the Vegetation Management Program.

## **ANALYSIS**

All subject property owners identified on the commencement list have been mailed a public hearing notice, as well as the abatement instructions and the fee costs. The abatement notice is sent to property owners after City Council adoption of the Weed Declaration Resolution. As part of the notification, property owners receive notice that the annual Abatement Deadline is May 15, 2026. A second notice was sent out approximately 30 days prior to the May 15th deadline. If the property owner fails to complete abatement of their lot by May 15, 2026, the owner will be assessed fees for the failed inspection, in addition to the initial inspection fee, and will receive a notice requiring that the abatement be completed within two weeks.

Lots in the Wildland Urban Interface Hazardous Fire Areas, primarily homes on the hillside, pose an immediate concern with potential wildfires. Therefore, these owners will not receive the additional 2-week grace period. If these lots are not abated by the May 15th deadline, the County will complete a work order to have the lot abated by their contractor. The County will then assess an abatement administrative fee, in addition to the cost of the abatement. The abatement administrative fee and cost of abatement will be in addition to the inspection fee and the failed inspection fee.

At the conclusion of the abatement period, a public hearing (tax lien hearing) will be held on August 3, 2026, to add the fees as a tax assessment for the following year's property taxes. Prior to the City Council tax lien assessment hearing, property owners with an assessment will be notified of the pending action. They can request an administrative meeting/review with the County's Program Manager and the City's Fire Marshal, should they disagree with the assessment. The administrative meeting/review can be held in person, virtually, or by phone. The purpose is to eliminate assessments that were incorrectly made through an error or incorrectly applied to the wrong property owner.

A listing of the properties and owners that have been noticed is attached and on file with the City Clerk. It is also posted at the City's Fire Stations. Lots in which weeds

and/or rubbish have been abated by the May 15th deadline and are maintained in an abated condition through the fire season, will only be assessed the \$296 inspection fee. Following the adoption of the Weed Declaration Resolution by the City Council, this year's weed abatement notices went out to property owners in March 2026. This year's commencement listing consists of 118 properties, identified by assessor parcel number (APN). As part of the inspection process, which will occur shortly after May 15, 2026, the County will maintain current photos and documentation of their inspections. Property owners who missed the deadline will receive subsequent notices and associated fees. Lots that need immediate abatement (e.g., those located in Wildland Urban Interface Hazardous Fire Areas) will be abated by the County. A comprehensive report of abated lots and associated fees will be presented to the City Council at the tax lien assessment hearing on August 3, 2026.

The agreement with the County requires properties that have failed inspections within the past three years to remain on the commencement list. A property with no violations within a consecutive three-year period will be removed from the commencement list. However, the County does provide for some lots to be removed from the commencement list if the property has been completely redeveloped and there is no unmanaged weed hazard. The commencement list length fluctuates from year to year. The commencement list changed from **174** lots for 2019 to 146 lots for 2020, 150 for 2021, 146 for 2022, 166 lots for 2023, 154 lots for 2024, 129 for 2025 and **118** lots for 2026.

Any owner that objects to their property being on the commencement list can object as part of this public hearing. Such lots can be removed from the commencement list if there is adequate reason (i.e., the lot has been redeveloped and there is no weed hazard). Any objections will be evaluated for conformance to the agreement and an adjustment will be made if appropriate. Otherwise, the commencement list should be approved by the City Council so the program can proceed. Owners with concerns that cannot meet the deadline due to site conditions can contact the County and/or City Fire Marshal's office.

The County also provides a website for the public to notify them of weed complaints (<https://weedabatement.santaclaracounty.gov/home>). Lots that are reported or identified to be out of compliance with weed and refuse requirements that are not on the commencement list will also be sent a warning notice to comply. Administrative citations can be issued by the Fire Marshal's office, and lots can be added to the abatement program for the following year. If an unlisted lot has unmitigated weeds and refuse, that lot can be scheduled for a separate public hearing to allow the County to abate the lot this year and assess fees for cost recovery. Voluntary compliance is encouraged.

The information provided above demonstrates that the Weed Abatement Program continues to serve as an effective partnership between the City and Santa Clara County in reducing hazardous fire conditions and ensuring consistent compliance across the community. The commencement list reflects the County's criteria for identifying

properties with prior non-compliance, while the established inspection and notification process offers property owners multiple opportunities to achieve voluntary abatement. Approval of the resolution will affirm the City Council's authorization for the Fire Chief to proceed with enforcement actions as needed and will enable the County to implement inspections, documentation, and abatement in accordance with the program's established standards, ensuring continuity, cost recovery, and timely mitigation of fire hazards.

## **ALTERNATIVES**

The Council could choose not to approve the resolution to establish the commencement list. The burden of both managing this program and abating the properties would revert back to the City of Gilroy, requiring additional resources to be needed and no funding available. This alternative is not recommended.

## **FISCAL IMPACT/FUNDING SOURCE**

As long as the County recovers its expenses for the program using the fees assessed, the County bears the entire cost of the program. If there is a shortfall in cost recovery, the City would be requested to provide its proportionate share of the shortfall. Historically, the process has generally operated through full cost recovery handled by the County.

## **PUBLIC OUTREACH**

In March of 2026, the County of Santa Clara mailed abatement notices and instructions to property owners identified on the commencement list. In coordination with Gilroy Fire Operations and Gilroy Fire Prevention staff, the City's Communication and Engagement Manager provides public education and outreach using the Gilroy Email Express, the City's website, and various social media platforms.

## **NEXT STEPS**

The property owners on the commence report (list of properties), will have received at least two written notifications from the County Weed Abatement Program (one in March 2026 and another in May 2026). May 15, 2026, is the date set for the weed abatement deadline. After this date, City and County staff will report non-compliant conditions for weed abatement. Lots reported or identified as out of compliance with weed and refuse requirements that are not on the commencement list will also be sent a notice to comply. If an unlisted lot has unmitigated weeds and refuse, that lot can be scheduled for a separate public hearing to allow the County to abate the lot this year and assess fees for cost recovery. The third and final step in the process will occur on August 3, 2026, with the Public Hearing for a list of properties to be sent to the County Property Tax Assessor who will then place any fees on the next property tax bill as an assessment.

**Attachments:**

1. Resolution
2. 2026 Commencement Report

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY ORDERING THE FIRE CHIEF TO ABATE THE NUISANCE ARISING OUT OF WEEDS GROWING AND REFUSE ACCUMULATING UPON PROPERTY IN THE CITY OF GILROY, PURSUANT TO SECTION 12.51 OF THE GILROY CITY CODE**

**WHEREAS**, pursuant to Article III of Chapter 12 of the Gilroy City Code, on February 9, 2026, the City Council adopted Resolution No. 2026-06 declaring that weeds growing and refuse accumulating in the City of Gilroy constitute public nuisances; and

**WHEREAS**, the Chief of the Fire Department of the City of Gilroy has caused notice of the adoption of Resolution No. 2026-06 and notice of a public hearing on the proposed order to abate said nuisances to be given to all of the affected property owners at their stated mailing addresses on the latest tax assessor's roll, and has also caused notice to be given by posting and publication in the manner and form provided in Sections 12.48, 12.49 and 12.53 of the Gilroy City Code; and

**WHEREAS**, said public hearing was duly held on April 20, 2026, pursuant to said resolution in the time and manner required by law, and any objections raised to the proposed destruction or removal of said weeds and refuse were duly considered by the City Council.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:**

1. That the Chief of the Fire Department is hereby ordered to abate the nuisances on the properties described in Exhibit "A" attached hereto, or cause the same to be abated, by having refuse removed and weeds destroyed and/or removed by cutting, discing, chemical spraying or any other method as may be determined by the Chief of the Fire Department or his authorized Contractor. Such abatement shall be performed before May 15, 2026.

2. That any property owner shall have the right to destroy and/or remove weeds growing and refuse accumulating on his property or have the same destroyed or removed at their expense prior to the arrival of the Chief of the Fire Department or his authorized representatives or contractors to remove them. Any property found with weeds after May 15, 2026, shall be subject to the costs of further inspection and /or abatement by the City or the County and its authorized contractor. Sites found after such date that constitute a fire hazard shall also be subject to administrative citation.

3. That the Chief of the Fire Department or his authorized contractors (County) shall keep an account of the costs of destroying and/or removing said weeds and refuse and embody such account in a report and assessment list to be presented to the City Council and filed with the City Clerk. Such report shall refer to and sufficiently describe each separate lot or parcel of land

and, for each, shall state the costs of destroying or removing weeds, removing refuse, or both, and the costs which are proposed to be assessed against the lot or parcel.

**PASSED AND ADOPTED** this 20th day of April 2026, by the following roll call vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>

APPROVED:

---

Greg Bozzo, Mayor

ATTEST:

---

Kim Mancera, City Clerk

### CERTIFICATE OF THE CLERK

I, **Kim Mancera**, City Clerk of the City of Gilroy, do hereby certify that the attached **Resolution No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said held on Council held **Monday, April 20, 2026**, with a quorum present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this **Date**.

---

Kim Mancera  
City Clerk of the City of Gilroy (Seal)

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs	APN	CITY/STATE
1	VERBENA DR 783-03-070	GOLDEN OAKS INVESTMENT P.O. BOX 616 AROMAS CA 95004
2	8351 WINTER CT 783-03-077	SUNSET HILLS DEVELOPMENT LLC 575 SOUTHSIDE DR STE C GILROY CA 95020
3	8341 WINTER CT 783-03-081	CLAYTON JOHNSON ENTERPRISES 650 B FREMONT AVENUE #344 LOS ALTOS CA 94024
4	HECKER PASS 783-04-032	HOEY RANCH COMPANY 2485 HECKER PASS HWY GILROY CA 95020-8802
5	820 SUNRISE DR 783-20-049	YANG, DI P 2478 N STEVENS AVE ROSEMEAD CA 91770-2947
6	1885 HOLLYHOCK LN 783-45-014	ROSS, RICHARD JOHN III 1885 HOLLYHOCK LN GILROY CA 95020-0000
7	1920 MANTELLI DR 783-45-016	SEVILLA, JERRY M AND CUNANAN , PO BOX 5175 ARAMCO MC DHAHRAN SAUDI 31311
8	HOLLYHOCK LN 783-45-044	ENTERPRISE REI 8 LLC 10440 S DE ANZA BLVD STE CUPERTINO CA 95014
9	2280 CORAL BELL CT 783-46-026	BHAGAVAN, I KISHEN TRUSTEE 1240 MONTE VERDE CT LOS ALTOS CA 94024
10	STRAWBERRY LN 783-46-079	LE, ANH 682 KAWEAH AVE CLOVIS CA 93619
11	SUNFLOWER CL 783-47-003	ENTERPRISE REI 8 LLC 24168 BIG BASIN WY SARATOGA CA 95070
12	1463 PHEASANT DR 783-50-058	PALMER, MARY L 1463 PHEASANT DR GILROY CA 95020-8219
13	8745 WILD IRIS DR 783-52-032	VARGAS, ANABEL AND GOMEZ , 1355 ST FRANCIS ST REDWOOD CITY CA 94061
14	1350 PEREGRINE DR 783-55-021	TORRES, ALICIA S 1350 PEREGRINE DR GILROY CA 95020-0000
15	9246 DOVE CT 783-57-004	AYALA, DANIEL J AND ELIZABETH L 9246 DOVE CT GILROY CA 95020-0000
16	9231 N EGRET CT 783-58-044	CODIGA, RICHARD AND SCOTT- 9231 N EGRET CT GILROY CA 95020-0000
17	2363 BANYAN ST 783-64-029	ISSAKHANI, MEDIKO AND ROBERT 606 ALTINO BLVD SAN JOSE CA 95136
18	2333 BANYAN ST 783-64-032	GHARIBADEH, RAMSIN 3344 MEADOWLANDS LN SAN JOSE CA 95135-1624
19	2354 BANYAN ST 783-65-022	KARBALAEINEMATMOEINI, 2121 CRUDEN BAY WAY GILROY CA 95020-0000
20	9141 GUNNERA LN 783-65-023	HU KAI AND CEN YINGYING 9141 GUNNERA LN GILROY CA 95020
21	1820 CAROB CT 783-72-017	NGUYEN, HENRY H ET AL 6971 SPUMANTE WAY GILROY CA 95020-0000
22	1810 CAROB CT 783-72-018	OPINSKI, ROSE 2626 FALLBROOK DR MERCED CA 95340
23	9145 TEA TREE WY 783-72-020	SANDHU, SUKHWINDER 39463 GALLAUDET DR UNIT FREMONT CA 94538
24	9035 TEA TREE WY 783-72-025	ATLLURI, SASI K AND SURAPANENI , 1923 Saint Andrews Circle Gilroy CA 95020-3008



**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs	APN	CITY/STATE
25 9025 MIMOSA CT 783-72-027	KOLLAREDDY USHARANI ET AL	7948 MCCLELLAN RD APT 1 CUPERTINO CA 95014
26 8955 MIMOSA CT 783-72-036	INNEH, EMMANUEL AND JENNIFER	8955 MIMOSA CT GILROY CA 95020-7797
27 2203 BANYAN CT 783-72-040	ROBLES RONALD E AND MARIA R	1225 VIENNA DR #251 SUNNYVALE CA 94089
28 9210 MAHOGANY CT 783-72-045	NGUYEN PHU AND DOAN LILY	3339 VANGORN WAY SAN JOSE CA 95121-2555
29 2273 BANYAN CT 783-72-051	PREMNATH, FLEMING J AND	1690 CIVIC CENTER DR UNIT SANTA CLARA CA 95050-4174
30 2283 BANYAN CT 783-72-052	LAM, HWAI TAI C	211 ELMWOOD STREET MOUNTAIN VIEW CA 94043
31 95 FARRELL AVE 790-07-085	KUANG, WEIWEI	1952 EISENHOWER DR SANTA CLARA CA 95054-1621
32 103 FARRELL AVE 790-07-086	KUANG, WEIWEI	1952 EISENHOWER DR SANTA CLARA CA 95054-1621
33 111 FARRELL AVE 790-07-087	KUANG, WEIWEI	1952 EISENHOWER DR SANTA CLARA CA 95054-1621
34 119 FARRELL AVE 790-07-088	KUANG, WEIWEI	1952 EISENHOWER DR SANTA CLARA CA 95054-1621
35 171 RONAN AVE 790-15-009	NGUYEN, THUAN TRONG AND LE ,	3295 KLOETZE LN SAN JOSE CA 95148-0000
36 1375 1ST ST 790-39-019	S A PROPERTIES GROUP LLC	5820 STONERIDGE MALL RD PLEASANTON CA 94588
37 7733 MONTEREY RD 799-03-054	7711 MONTEREY RD LLC	5655 SILVER CREEK VALLEY SAN JOSE CA 95138
38 7711 MONTEREY RD 799-03-055	7711 MONTEREY RD LLC	5655 SILVER CREEK VALLEY SAN JOSE CA 95138
39 EIGLEBERRY ST 799-10-042	BAINS, JAGJIT SINGH	3435 HARBOR CT SAN JOSE CA 95127-4311
40 CHURCH ST 799-11-069	GOLDEN BRIDGE PROPERTIES LLC	1669 2 HOLLENBECK AVE SUNNYVALE CA 94087
41 7421 HANNA ST 799-18-031	JEUNG, MICHAEL A ET AL	7421 HANNA ST GILROY CA 95020-5723
42 6700 CHURCH ST 799-33-001	MONSEF, CYRUS	6700 CHURCH ST GILROY CA 95020-6508
43 FILBRO DR 799-44-093	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE SAN RAMON CA 95843
44 ROYAL WA 799-44-094	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE SAN RAMON CA 95843
45 ROYAL WA 799-44-095	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE SAN RAMON CA 95843
46 ROYAL WA 799-44-096	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE SAN RAMON CA 95843
47 ROYAL WA 799-44-097	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE SAN RAMON CA 95843
48 ROYAL WA 799-44-098	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE SAN RAMON CA 95843

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs			APN		CITY/STATE				
49		THOMAS	RD	799-44-109	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE	SAN RAMON	CA	95843
50	321	W LUCHESSA	AVE	799-44-110	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE	SAN RAMON	CA	95843
51	1410	1ST	ST	808-01-021	EAGLE LLC	41368 DANZON CT	FREMONT	CA	94539
52	7890	SANTA TERESA	BL	808-01-022	EAGLE LLC	41368 DANZON CT	FREMONT	CA	94539
53	1490	1ST	ST	808-01-023	EAGLE LLC	41368 DANZON CT	FREMONT	CA	94539
54		PONDEROSA	DR	808-01-024	PIROZZOLI, MONICA TRUSTEE & ET	366 5TH ST	GILROY	CA	95020
55		LUCHESSA	AV	808-19-030	CHRISTOPHER, DONALD C ET AL	305 BLOOMFIELD AVE	GILROY	CA	95020
56	6482	GREENFIELD	DR	808-20-008	SUNER CORPORATION	9761 ZUNI LN	GILROY	CA	95020-0000
57	10	W LUCHESSA	AVE	808-21-009	YAHYA, NAAIM A TRUSTEE & ET AL	1835 SULLIVAN CT	MORGAN HILL	CA	95037
58	6301	BERRYBUSH	CT	808-40-024	WARVI JOHN E	6301 BERRYBUSH CT	GILROY	CA	95020-9504
59		MONTEREY	Rd	808-49-078	YAHYA NAAIM A TRUSTEE & ET AL	1835 SULLIVAN CT	MORGAN HILL	CA	95037
60		VINTNER	ST	808-58-005	CHRISTOPHER, DONALD C ET AL	305 BLOOMFIELD AVE	GILROY	CA	95020
61	2740	HECKER PASS	RD	810-20-033	OWENS FINANCIAL GROUP INC	PO BOX 2400	WALNUT CREEK	CA	94595-0400
62	2480	HECKER PASS	HW	810-20-037	HOEY, JAMES W TRUSTEE & ET AL	2480 HECKER PASS HWY	GILROY	CA	95020-0000
63	2300	HECKER PASS	HW	810-20-039	SYNGENTA FLOWERS LLC	PO BOX 500	SLATER	IA	50244
64	6675	EAGLE RIDGE	CT	810-60-018	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
65	6685	EAGLE RIDGE	CT	810-60-019	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
66	6695	EAGLE RIDGE	CT	810-60-020	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
67	6694	EAGLE RIDGE	CT	810-60-021	SHAPELL INDUSTRIES INC	6800 KOLL CENTER PKWY	PLEASANTON	CA	94566
68	6535	EAGLE RIDGE	CT	810-72-021	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
69	6615	EAGLE RIDGE	CT	810-72-029	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
70	6625	EAGLE RIDGE	CT	810-72-030	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
71	6635	EAGLE RIDGE	CT	810-72-031	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
72	6645	EAGLE RIDGE	CT	810-72-032	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs		APN			CITY/STATE				
73	6651	EAGLE RIDGE	CT	810-72-033	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
74	6655	EAGLE RIDGE	CT	810-72-034	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
75	6671	EAGLE RIDGE	CT	810-72-035	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
76		MONTEREY	RD	835-01-034	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
77		MONTEREY	RD	835-01-035	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
78		FOREST	ST	835-01-050	LEAVESLEY & FOREST LLC	611 S WESTLAKE AVE	LOS ANGELES	CA	90057
79		MURRAY	AVE	835-01-059	HIGHLY VISUAL LLC	8840 FOREST ST	GILROY	CA	95020
80		LEAVESLEY	RD	835-01-064	LEAVESLEY & FOREST LLC	611 S WESTLAKE AVE	LOS ANGELES	CA	90057
81		MONTEREY	RD	835-02-014	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
82		SAN YSIDRO	AVE	835-04-064	J FILICE & SONS LTD	751 B FIRST ST	GILROY	CA	95020
83		LAS ANIMAS	AV	835-04-067	MONTANO, LYDIA R AND ALFRED JR	15191 KARL AVE	MONTE SERENO	CA	95030-2229
84		MURRAY	AVE	835-04-068	MONTANO, LYDIA R AND ALFRED JR	15191 KARL AVE	MONTE SERENO	CA	95030-2229
85	9096	SAN YSIDRO	AVE	835-04-087	QUALITY CONSTRUCTION	453 RAVENSDALE DR	MOUNTAIN VIEW	CA	94043
86	9090	SAN YSIDRO	AVE	835-04-088	QUALITY CONSTRUCTION	453 RAVENSDALE DR	MOUNTAIN VIEW	CA	94043
87	9120	MURRAY	AVE	835-05-004	SENCION CRYSTAL	9120 MURRAY AVE	GILROY	CA	95020
88	315	LAS ANIMAS	AVE	835-05-006	315 LAS ANIMAS LP	445 CENTRAL AVE STE 200	HIGHLAND PARK	IL	60035
89		FORREST	ST	835-31-032	8805 FORREST QOZB LLC	PO BOX 787	DIABLO	CA	94528
90		MONTEREY	HW	841-02-046	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
91	395	LEWIS	ST	841-03-062	NGUYEN HUNG Q AND LE HONG T ET	11485 NEW AVE	GILROY	CA	95020
92		SOUTH	FW	841-10-039	Pacific Gas and Electric Co. ATTN:	300 LAKESIDE DRIVE	OAKLAND	CA	94612-3534
93	430	OLD GILROY	ST	841-11-075	LETTERFORMS INC	3843 CONCORD BLVD	CONCORD	CA	94519
94		SOUTH	FW	841-14-058	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
95		SOUTH	FW	841-14-059	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
96		SOUTH	FW	841-14-060	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs		APN			CITY/STATE				
97		MONTEREY	RD	841-14-072	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
98	5870	MONTEREY	RD	841-14-080	GARLIC FARM TRUCK CENTER LLC	5000 E 2ND ST UNIT G	BENECIA	CA	94510
99	6900	CAMERON	BLV	841-17-100	MCCARTHY GILROY LLC	210 ALMENDRA AVE	LOS GATOS	CA	95030-7211
100		VENTURE	WA	841-17-121	UNITED NATURAL FOODS WEST INC	P.O. BOX 990	MINNEAPOLIS	MN	55406
101		PACHECO PASS	HW	841-18-082	AMAZON DATA SERVICES INC	PO BOX 80416	SEATTLE	WA	98108-0416
102	951	RENZ	LN	841-18-095	GILROY LOGISTICS LLC	19700 S VERMONT AVE UNIT	TORRANCE	CA	90502
103	981	RENZ	LN	841-18-096	GILROY LOGISTICS LLC	19700 S VERMONT AVE UNIT	TORRANCE	CA	90502
104	402	HADLEY	CT	841-53-032	MARQUEZ, PRISCILLA A	402 HADLEY CT	GILROY	CA	95020-5839
105		HOOVER	CT	841-53-066	NGUYEN, THU TAM	2673 MCLAUGHLIN AVE	SAN JOSE	CA	95121-2752
106		HOLLOWAY	RD	841-70-005	PARKS JOHN TRUSTEE	17036 AVALON BLVD	CARSON	CA	90746
107		SILACCI	WY	841-70-012	NAZEMI MOHAMMED H AND	PO BOX 3249	SANTA CLARA	CA	95055
108	850	HOLLOWAY	RD	841-70-026	GILROY PARTNERS LLC	67 MOUNTAIN BLVD UNIT 201	WARREN	NJ	07059
109	6970	CAMINO		841-70-049	TEMPLE GILROY LLC	527 SIMAS DR	MILPITAS	CA	95035-4723
110	5885	ROSSI	LN	841-72-001	SIEMPRE SOBRE EL DINERO LLC	190 N MONTGOMERY ST	SAN JOSE	CA	95110
111	5885	ROSSI	LN	841-72-001					
112	560	ROSSI	CT	841-72-008	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
113	5855	ROSSI	LN	841-72-009	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
114	5835	ROSSI	LN	841-72-010	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
115	5815	ROSSI	LN	841-72-011	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
116	E	LUCHESSA	AVE	841-73-005	BERRY JAMIESON LLC	PO BOX 1802	GILROY	CA	95021
117	5980	TRAVEL PARK	CR	841-75-011	HOANG, VINCE AN TRI	5240 MONTEVERDE LN	LINCOLN	CA	95648
118	300	OBATA	CT	841-79-006	SEALAKE CORPORATION	20310 ARGONAUT DR	SARATOGA	CA	95070-4304



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Amend Chapter 15, Section 15.11 of the Gilroy City Code by Adding Reference to California Vehicle Code Section 22358 et seq. Allowing the City Council to Reduce Prima Facie Speed Limits in School Zones from 25 mph to 15 mph or 20 mph per Assembly Bill 382

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: John Doughty, Public Works Director

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

1. Conduct a Public Hearing;
2. Introduce and waive the first reading of the Ordinance amending Chapter 15, Section 15.11 of the Gilroy City Code adding reference to California Vehicle Code Section 22358 et seq. allowing the City Council to reduce prima facie speed limits in school zones from 25 mph to 15 mph or 20 mph per Assembly Bill 382;
3. Direct staff to place the Ordinance for adoption at the May 18, 2026 meeting; and
4. Adopt a resolution approving a budget amendment adding \$150,000 from Fund 220 (Vehicle Registration Fee) to Capital Project Number 801120 (Citywide Safety Improvements).

### EXECUTIVE SUMMARY

Assembly Bill 382 was adopted by the California Legislature and signed into law by Governor Newsom in late 2025 and became effective on January 1, 2026. AB 382 provides the City Council the opportunity to reduce speed limits in school zones from 25

miles per hour to 15 or 20 miles per hour in advance of a January 1, 2031 mandate. In light of the recent tragedy near Las Animas Elementary School and consistent with the City Council's commitment to the community, staff is seeking approval of a minor City Code amendment to facilitate the potential lowering of school zone speed limits.

## **BACKGROUND**

Until recently, California law established a prima facie speed limit of 25 miles per hour (mph) when approaching or passing a school building or school grounds that are contiguous to or not separated from a highway. The City was permitted to reduce this limit only when supported by an engineering and traffic survey.

Assembly Bill (AB) 382, signed into law on October 10, 2025, and effective as of January 1, 2026 significantly revises these rules. The bill authorizes local agencies, by ordinance or resolution, to establish reduced school zone speed limits without requiring an engineering and traffic survey. AB 382 standardizes and lowers the default statewide school-zone speed limit (to 20 mph), expands flexibility for localities (15 mph or 25 mph buffer zones), and clarifies “school zone” boundaries and “children present” rules – simplifying and strengthening pedestrian safety protections around schools.

A "school zone," was formerly defined as “an area of roadway within 500 feet of school grounds in any direction, unless otherwise posted, marked with appropriate signs giving notice of the area” has been simplified by AB382. A “school zone” is now defined as any area within 500 feet of school grounds in any direction, unless otherwise posted.

Assembly Bill 382 amended section 22358.4 of the California Vehicle Code as of January 1, 2026, to allow local governments to establish a 15 miles per hour (mph) prima facie speed limit by local resolution in: qualifying school zones in a residence district; on a two-lane roadway; and with a posted speed limit of 30 mph or slower.

Assembly Bill 382 also amended section 22352.5 of the California Vehicle Code as of January 1, 2026, to allow local governments to reduce speed limits in school zones to 20 miles per hour (mph). AB 382 defines “school zone” as any segment of highway within 500 feet of a school’s grounds (unless otherwise posted), giving clearer and uniform spatial boundaries.

Effective January 1, 2031, or when approved by resolution or ordinance by a local government before that date, the standard prima facie speed limit of 25 mph when school children are present, should now be posted at 20 mph when accompanied by one of the following signs: (1) when school children are present, (2) when beacons are flashing, or (3) during designated hours around school times.

## **ANALYSIS**

Section 15.11 of the Gilroy Municipal Code describes City Council procedures for establishing speed limits on City streets. Notably, except as provided specifically by the California Vehicle Code, speed limits can only be changed by Council resolution based upon an engineering and traffic survey. Assembly Bill 382 created a new vehicle code section 22358.4 which is not specifically referenced in Section 15.11. The purpose of this Municipal Code Amendment is to add specific reference to Vehicle Code Section 22358 et seq., which in turn provides the City Council authority to set lower prima facie speed limits in school zones.

## **ALTERNATIVES**

The City Council could choose not to amend the City Code. This alternative is not recommended as it would delay consideration of reducing speed limits. This action, combined with new signage and parent, driver, and student education, could reduce the potential for future accidents near schools.

## **FISCAL IMPACT/FUNDING SOURCE**

Staff is seeking \$150,000 from Fund 220 (Vehicle Registration Fee) to fund consultant assistance, signage, and associated yet-to-be-determined school safety improvements.

## **PUBLIC OUTREACH**

N/A

## **NEXT STEPS**

The Public Works Department is planning to return to the City Council on June 15, 2026, with a resolution that, if approved, would begin the process of reducing speed limits in public school zones from 25 mph to 20 mph and/or 15 mph. Public Works is in the process of soliciting consultants to evaluate all Gilroy public school sites to determine appropriate prima facie speed limits for those schools per Assembly Bill 382. Staff will also be assessing signage needs to implement. Speed limit changes only become effective upon the placement of new signs reflecting revised speed limits. Staff is committed to completing sign replacements prior to the first day of school (August 19).

Following the public school assessment and implementation, staff will initiate evaluation of private school sites.

## **Attachments:**

1. Ordinance For School Speed Limit Reductions

2. Resolution Budget Amendment--School Safety Traffic



**ORDINANCE 2026-XX**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GILROY AMENDING CHAPTER 15, SECTION 15.11 OF THE GILROY CITY CODE BY ADDING REFERENCE TO NEW VEHICLE CODE SECTION 22358.4 WHICH PERMITS THE LOWERING OF SPEED LIMITS UNDER CERTAIN CIRCUMSTANCES IN SCHOOL ZONES**

**WHEREAS**, when approaching or passing a school building or school grounds that are contiguous to or not separated from a highway. Local authorities were permitted to reduce this limit only when supported by an engineering and traffic survey; and

**WHEREAS**, Assembly Bill (AB) 382, signed into law on October 10, 2025, and effective as of January 1, 2026 significantly revises these rules. The bill authorizes local agencies, by ordinance or resolution, to establish reduced school zone speed limits without requiring an engineering and traffic survey, and

**WHEREAS**, Assembly Bill 382 standardizes and lowers the default statewide school-zone speed limit (to 20 mph), expands flexibility for localities (15 mph or 25 mph buffer zones), and clarifies “school zone” boundaries and “children present” rules – simplifying and strengthening pedestrian safety protections around schools; and

**WHEREAS**, Assembly Bill 382 amended section 22358.4 of the California Vehicle Code as of January 1, 2026, to allow local governments to establish a 15 miles per hour (mph) prima facie speed limit by local resolution in: qualifying school zones in a residence district; on a two-lane roadway; and with a posted speed limit of 30 mph or slower; and

**WHEREAS**, Section 15.11 of the Gilroy City Code describes City Council procedures for establishing speed limits on City streets. Notably, except as provided specifically by the California Vehicle Code, speed limits can only be changed by Council resolution based upon an engineering and traffic analysis.

**WHEREAS**, Section 15.11 of the Gilroy City Code does not include specific reference to vehicle code section 22358 et. seq.; and

**WHEREAS**, absent the specific reference, the City Council cannot apply new vehicle code section 22358.4 and set lower prima facie speed limit of 15 mph under Assembly Bill 382.

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL HEREBY AMENDS THE GILROY CITY CODE AS FOLLOWS:**

**“15.11 Speed limits—on designated streets.**

Upon recommendation of the city engineer or chief of police, and when based on an engineering and traffic survey, the city council may by resolution determine and declare speed limits for designated streets different from those otherwise applicable under Vehicle Code sections 22349,

**22352 and 22358 et seq.** Each special speed limit shall be effective, and no person shall operate a vehicle in excess thereof, when appropriate signs designating the applicable speed are erected and maintained upon each street or portion thereof where each special speed limit is applicable.

**PASSED AND ADOPTED** by the City Council of the City of Gilroy at a regular meeting duly held on the 20<sup>th</sup> day of April 2026 by the following roll call vote:

**AYES:                    COUNCIL MEMBERS:**  
**NOES:                    COUNCIL MEMBERS:**  
**ABSTAIN:                COUNCIL MEMBERS:**  
**ABSENT:                 COUNCIL MEMBERS:**

APPROVED:

\_\_\_\_\_  
Greg Bozzo, Mayor

ATTEST:

\_\_\_\_\_  
Kim Mancera, City Clerk

## CERTIFICATE OF THE CLERK

I, **KIM MANCERA**, City Clerk of the City of Gilroy, do hereby certify that the attached **Ordinance No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said Council held on **Monday, Date**, with a quorum present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this **Tuesday, XXXXX**

---

Kim Mancera  
City Clerk of the City of Gilroy

**RESOLUTION 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY AMENDING THE FY 26 CAPITAL BUDGET TO FUND TRAFFIC SAFETY IMPROVEMENTS AT ALL GILROY PUBLIC SCHOOLS**

**WHEREAS**, City Staff prepared and submitted to the City Council the FY 2024-2028 Capital Improvement Program (CIP); and

**WHEREAS**, the CIP was subsequently amended to include Project No. 801120 which provides for installation of traffic safety improvements citywide; and

**WHEREAS**, the City Administrator prepared and submitted to the City Council a capital budget for the City of Gilroy for FY2025-26 and FY2026-27, and the City Council carefully examined, considered, and adopted the same on June 2, 2025; and

**WHEREAS**, City Staff has prepared and submitted to the City Council a proposed ordinance to implement Assembly Bill (AB) 382 permitting prima facie reductions in speed limits in school zones; and

**WHEREAS**, staff is seeking a budget amendment to cover costs associated with implementing speed limit reductions under AB 382.

**NOW, THEREFORE, BE IT RESOLVED THAT** the expenditure appropriations for Fiscal Year 2025-2026 in Fund 220 (Vehicle Registration Fee) shall be increased by \$150,000 for school traffic safety improvements.

**PASSED AND ADOPTED** This 20<sup>th</sup> day of April 2026, by the following roll call vote:

**AYES:                    COUNCIL MEMBERS:**  
**NOES:                    COUNCIL MEMBERS:**  
**ABSTAIN:                COUNCIL MEMBERS:**  
**ABSENT:                 COUNCIL MEMBERS:**

APPROVED:

\_\_\_\_\_  
Greg Bozzo, Mayor

ATTEST:

\_\_\_\_\_  
Kim Mancera, City Clerk



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Receive an Update on Emergency Medical Dispatch (EMD) Services Cost Escalation and Service Delivery Evaluation, and Approval of a Two-year Agreement with the Santa Clara County Communications Department for EMD services, in the Amount of \$170,256 for Fiscal Year 2026-27 (FY27) and \$329,803 in FY28**

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Fire  
 Submitted by: Rob Fleeup, Fire Chief  
 Prepared by: Rob Fleeup, Fire Chief

---

**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure

---

### RECOMMENDATION

1. Receive an update; and
2. Approve a two-year agreement with Santa Clara County Communications Department for Emergency Medical Dispatch services, in the amount of \$170,256 in FY 27 and \$329,803 in FY 28, and authorize the City Administrator to execute the contract and associated documents.

### EXECUTIVE SUMMARY

This report is to update the City Council on recent developments related to Emergency Medical Dispatch (EMD) services for the City of Gilroy. EMD is currently provided through a contractual agreement with the Santa Clara County Communications Department (County Comm). Recent changes to the County's cost allocation methodology have resulted in a significant increase in cost for these services.

In March 2025, staff informed the City Council that the County planned to significantly

increase the cost of EMD services. Through discussions, the County agreed to a phased implementation approach to transition toward full cost recovery based on the new cost allocation model. Through this revision to the cost analysis, the estimated full cost of providing EMD services to Gilroy is approximately \$329,802 annually, subject to adjustments based on call volume and operational costs.

Under this approach, the City's EMD costs increased from \$100,878 in FY 2026 to \$170,256 in FY 2027. Beginning in FY 2028, the County anticipates implementing a full cost increase based on their estimated operational cost of providing EMD services to the City.

Staff continues to evaluate potential alternatives, including the feasibility of providing EMD services through the City's Emergency Communications Center (ECC). This evaluation is ongoing and requires coordination between the Fire Department, Police Department, and ECC staff.

## **BACKGROUND**

Emergency Medical Dispatch (EMD) is a structured system used by trained dispatchers to process medical emergency calls. Dispatchers use protocols to determine the nature and priority of medical emergencies, dispatch the appropriate emergency resources, and provide life-saving pre-arrival medical instructions to callers until responders arrive on scene.

Examples of these instructions include CPR guidance, bleeding control, and childbirth assistance.

EMD is widely recognized as an industry standard and is a key component of modern emergency medical service systems.

Since 2003, the City of Gilroy has contracted with County Comm to provide EMD services. Under this model, Gilroy's ECC receives 911 calls and transfers medical calls to County Comm for medical triage and dispatch protocol processing.

Historically, this arrangement has provided a reliable and cost-effective solution for the City.

## **ANALYSIS**

The projected increase in EMD service costs represents a significant change in the City's long-standing dispatch service model. As a result, the Fire and Police Departments have begun evaluating whether to continue contracting with County Comm or transition EMD services to the City's ECC, and which would be the most sustainable long-term solution.

Providing EMD services internally would require several operational changes, including:

- Dispatcher certification and training for EMD accreditation
- Ongoing certification maintenance and quality assurance programs
- Implementation of approved dispatch protocols and software systems
- Potential staffing adjustments to maintain operational coverage
- Integration with existing dispatch technology and CAD systems

Fire Department staff have been coordinating with the City's ECC to determine what infrastructure, staffing levels, and training timelines would be necessary to implement EMD operations internally.

Staff believe it is important to complete this analysis carefully to ensure that any potential operational changes maintain the high level of service expected by the community. Therefore, staff recommends contracting with County Comm for two (2) additional fiscal years to allow more time to fully evaluate EMD operations.

## **ALTERNATIVES**

The Council can choose not to approve the agreement with the County and bring the EMD services in-house. This is not recommended due to the significant investment required to be ready by July 1, 2026.

## **FISCAL IMPACT/FUNDING SOURCE**

The FY 2027 EMD cost is estimated to be \$170,256, and the FY 2028 EMD cost is projected to increase to approximately \$329,802. These increases represent a phased increase towards the County's full cost recovery model. These estimated costs are subject to adjustments based on dispatch activity and operational costs. County Comm reviews total calls at the end of each fiscal year and sends the City a true-up invoice if actuals exceed the initial budget.

The FY 2027 Fire Department 1003500 general fund budget includes \$88,410 for EMD services, which leaves the Fire Department short \$82,000 for EMD services in FY 2027. The Finance Department will bring forward a comprehensive budget amendment related to the County services impact as part of the upcoming quarterly budget update. This amendment will include the increase to the EMD services agreement.

Fire Department staff will include the FY 2028 EMD service cost in the upcoming biannual budget process.

## **PUBLIC OUTREACH**

This agenda item was included on the publicly posted agenda for this meeting.

Coordination and discussions have occurred between the Gilroy Fire Department, Gilroy Police Department, the City's Emergency Communications Center, and the Santa Clara County Communications Department regarding service delivery options and cost impacts.

### **NEXT STEPS**

Staff will continue to evaluate service delivery alternatives in coordination with the Police Department and the ECC.

Upon completion of the operational feasibility review, staff will return to City Council with additional analysis and recommendations.

### **Attachments:**

1. SCC County and City of Gilroy EMD and Tech Services Agreement DRAFT  
03.25.26



**AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA AND  
THE CITY OF GILROY FOR EMERGENCY MEDICAL DISPATCH  
AND COMMUNICATIONS TECHNICAL SERVICES**

This AGREEMENT (“Agreement”) is entered into by and between the County of Santa Clara (“COUNTY”) and the City of Gilroy (“CITY”), collectively referred to herein as the “Parties” and individually as a “Party.”

**RECITALS**

The following recitals constitute a substantive portion of the Agreement.

**WHEREAS**, the CITY wishes to contract with a provider of public safety communications services for the provision of emergency medical dispatch (EMD) and communications technical services on its behalf that are critical to the protection of the lives and property of the residents and employees of the CITY; and,

**WHEREAS**, the COUNTY is qualified and prepared to provide effective, timely, and efficient EMD and communications technical services for the CITY.

NOW, THEREFORE, the Parties hereto agree as follows:

**Article 1. Nature of Services**

**1.1 Scope of Services**

The service obligations of the Parties are described in **Exhibit A** “Emergency Medical Dispatch Process & Procedural Requirements” and **Exhibit B** “Communications Technical Services Scope of Work”, which are attached and incorporated herein by this reference.

**Article 2. Compensation**

**2.1 Amount of Payment**

The CITY shall compensate the COUNTY for the services provided under this Agreement in accordance with the cost methodology set forth in **Exhibit C** “EMD Compensation for Services, and **Exhibit D** “Communications Technical Services Compensation,” which are attached and incorporated into this Agreement.

**2.2 Payment Terms**

The CITY shall pay the COUNTY within thirty (30) calendar days of receipt of billing for services.

**Article 3. Term and Termination**

### **3.1 Term of Agreement**

- (a) This Agreement is effective from July 1, 2026, through June 30, 2028, unless terminated earlier in accordance with Section 3.2.

### **3.2 Termination**

- (a) Termination for Cause

Either Party may terminate this Agreement for cause upon written notice to the other in accordance with Section 6.1 of this Agreement. For purposes of this Agreement, cause includes, but is not limited to, an uncured material breach of this Agreement or a violation of any applicable laws. Such notice will specify the reason for termination and will indicate the effective date of the termination.

- (b) Opportunity to Cure

- (1) The non-breaching Party will give written notice of a material breach to the breaching Party, specifying the breach.
- (2) The breaching Party will not be deemed in default of this Agreement and the nonbreaching Party will not institute proceedings or exercise any remedies against the breaching Party unless the breach has not been cured, corrected, or remedied within:
  - (A) 15 business days after notice of the breach is provided; or
  - (B) Upon mutual agreement of the Parties, within a longer period as may be reasonably required to cure, correct, or remedy the breach, provided the breaching Party has commenced to cure, correct, or remedy the breach within 15 business days after notice is provided and diligently and continuously pursues such cure, correction, or remedy.

- (c) Termination for Convenience

Either Party may terminate this Agreement without cause by giving the other Party ninety (90) calendar days written notice.

- (d) Compensation in the Event of Termination

In the event of termination, the COUNTY shall be entitled to compensation due for services performed prior to the effective date of the termination as provided herein.

## **Article 4. Liabilities and Indemnification**

### **4.1 Mutual Indemnification**

In lieu of and notwithstanding the pro-rata risk allocation that might otherwise be imposed

between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro-rata, but instead the COUNTY and the CITY agree that pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify, defend with counsel acceptable to the non-indemnifying Party, whose approval shall not be unreasonably withheld, and hold each of the other Parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such Party under this Agreement. No Party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring wholly by reason of the negligent acts or omissions or willful misconduct of the other Party hereto, its officers, board members, employees, or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other Party under this Agreement.

## **Article 5. Dispute Resolution**

In the event of any dispute between the Parties arising from or relating to this Agreement, the Parties will attempt to resolve the dispute initially by informal means. Upon the request of either Party, the contract administrators of each Party will meet to discuss the dispute, will exchange any information that they mutually agree is relevant to the issues in dispute and will use all reasonable efforts to resolve the dispute without the need for further proceedings.

## **Article 6. Miscellaneous**

### **6.1 Notice**

All notices required by this Agreement will be deemed given when in writing and delivered personally, electronically via email, or deposited in the United States mail, postage prepaid, return receipt requested, addressed to the other Party at the address set forth below or at such other address as the Party may designate in writing:

To the CITY:

Attn: Fire Chief  
City of Gilroy  
7070 Chestnut Street  
Gilroy, CA 95020

To the COUNTY:

Attn: Communications Director  
County of Santa Clara  
Communications Department  
2700 Carol Drive  
San Jose, CA 95125

## **6.2 Compliance and Nondiscrimination**

The Parties will comply with all applicable Federal, State, and local laws and regulations. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973 (Sections 503 and 504), the California Fair Employment and Housing Act (Government Code sections 12900 et seq.), and California Labor Code sections 1101 and 1102. The Parties will not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor will the Parties discriminate in the provision of services provided under this Agreement because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

## **6.3 Relationship of Parties; Independent Contractor**

COUNTY will perform all work and services described in this Agreement as an independent contractor and not as an officer, agent, servant, or employee of the CITY. None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create any relationship between the Parties other than that of independent Parties contracting with each other for purpose of effecting the provisions of this Agreement. The Parties are not and will not be construed to be in a relationship of a joint venture, partnership, or employer-employee. Neither Party has the authority to make any statements, representations, or commitments of any kind on behalf of the other Party or to use the name of the other Party in any publications or advertisements, except with the written consent of the other Party or as is explicitly provided in this Agreement.

## **6.4 Governing Law, Jurisdiction and Venue**

This Agreement shall be construed and interpreted according to the laws of the State of California, excluding its conflict of law principles. Proper venue for legal actions shall be exclusively vested in state court in Santa Clara County. The Parties agree that subject matter and personal jurisdiction are proper in state court in Santa Clara County and waive all venue objections.

## **6.5 Assignment**

No assignment of this Agreement or of the rights and obligations hereunder shall be valid without the prior written consent of the other Party.

## **6.6 Entire Agreement**

This Agreement and its Appendices (if any) constitute the final, complete and exclusive statement of the terms of the agreement between the parties. It incorporates and supersedes all

the agreements, covenants and understandings between the parties concerning the subject matter hereof, and all such agreements, covenants and understandings have been merged into this Agreement. No prior or contemporaneous agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

#### **6.7 Amendments**

This Agreement may only be amended by a written instrument signed by the Parties.

#### **6.8 Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

#### **6.9 Severability**

If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same will either be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

#### **6.10 Waiver**

No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party shall be in writing and shall apply to the specific instance expressly stated.

#### **6.11 Survival**

All provisions of this Agreement allocating liability between the CITY and the COUNTY, payment obligations, and the duty to defend, indemnify and hold harmless shall survive the termination of this Agreement.

#### **6.12 Integration and Order of Precedence**

This Agreement, including all Exhibits, represents the entire and integrated contract between the CITY and the COUNTY and supersedes all prior negotiations, representations, or agreements, either written or oral. In the event of a conflict between the provisions of the main body of the Agreement and its Exhibits, the provisions of the main body shall control. In the event of a conflict between Exhibits A through D, the provisions of Exhibits A and C shall control.

#### **6.13 Time of the Essence**

The Parties acknowledge that time is of the essence for this Agreement. Either Party's failure to complete any of the obligations outlined herein during the term of the Agreement shall be

deemed a breach of the Agreement.

**6.14 Contract Execution**

Unless otherwise prohibited by law or COUNTY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term “electronic copy of a signed contract” refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term “electronically signed contract” means a contract that is executed by applying an electronic signature using technology approved by the COUNTY.

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

IN WITNESS WHEREOF, the COUNTY and the CITY have caused this Agreement to be executed by their duly authorized representatives effective July 1, 2026.

**SIGNATURES:**

**COUNTY OF SANTA CLARA**

**CITY OF GILROY**

\_\_\_\_\_  
OTTO LEE, PRESIDENT                      Date  
Board of Supervisors

\_\_\_\_\_  
MATT MORLEY                              Date  
City Administrator

Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors.

ATTEST:

ATTEST:

\_\_\_\_\_  
CURTIS BOONE  
Clerk of the Board of Supervisors

\_\_\_\_\_  
KIM MANCERA  
City Clerk

APPROVED AS TO FORM AND LEGALITY:

APPROVED AS TO FORM:

\_\_\_\_\_  
STEPHANIE M. JACKSON  
Deputy County Counsel

\_\_\_\_\_  
ANDY FABER  
City Attorney

Exhibits to this Agreement:

Exhibit A - Emergency Medical Dispatch Process & Procedural Requirements

Exhibit B - Communications Technical Services Scope of Work

Exhibit C - EMD Compensation for Services

Exhibit D - Communications Technical Services Compensation

## EXHIBIT A

### EMERGENCY MEDICAL DISPATCH PROCESS & PROCEDURAL REQUIREMENTS

To ensure the safe and efficient transfer of callers requiring Emergency Medical Dispatch (EMD) services from Gilroy Communications to County Communications, Gilroy Communications and County Communications agree to process 9-1-1 and seven-digit calls using the following process and procedural requirements:

1. Gilroy Communications will use a “3-way” telephone call transfer process to route callers to County Communications for EMD services. This process will:
  - Use a “one-button” method to minimize transfer time.
  - Result in Gilroy Communications Dispatchers:
    - Using a scripted transfer statement prior to caller transfer; and
    - Remaining on the line silently until the provision of a Medical Priority Dispatch System (MPDS) “Determinant” or until call demand requires them to disconnect the call.
2. County Communications will provide Gilroy Communications with continuous (24 hours per day, 7 days per week) EMD services using International Academy of Emergency Dispatch (IAED) certified Emergency Medical Dispatchers. All dispatchers providing EMD services will use the most current version of the MPDS as determined by the IAED.
3. County Communications will use IAED certified Emergency Medical Dispatch Quality (EMD-Q) reviewers to score and calculate protocol compliance reports. The number and method of cases for review will be in accordance with IAED Accreditation requirements.
4. County Communications agrees to participate in periodic “special case” reviews, in the event they are requested by Gilroy Communications.
5. County Communications and Gilroy Communications agree that the determination “EMD Is Unavailable” will occur following a “three-ring” wait time for EMD call transfers to County Communications for 9-1-1 or designated seven-digit numbers.
6. County Communications and Gilroy Communications agree to work together to develop or revise policies and procedures for the receipt and management of callers requiring EMD services following written request by either agency.
7. County Communications will include Gilroy Communications and Gilroy Fire Department personnel in quality improvement feedback processes and the Medical Dispatch Review Committee used to maintain and improve EMD compliance to protocol.

County Communications will also provide quarterly protocol compliance reports reporting:

- Percentage of cases that are High Compliance
- Percentage of cases that are Compliant



- Percentage of cases that are Partial Compliance
  - Percentage of cases that are Low Compliance
  - Percentage of cases that are Non-Compliant
8. County Communication will maintain IAED Accredited Center of Excellence (ACE) compliance levels, which are currently:
- Partial Compliance – 10% or less of cases
  - Low Compliance – 10% or less of cases
  - Non-Compliant – 7% or less of cases
9. County Communications will provide eight updated Field Responder Guides (FRG) license access codes for the “MobileFRG” to Gilroy Fire Department when software revisions occur.

## EXHIBIT B

### COMMUNICATIONS TECHNICAL SERVICES SCOPE OF WORK

The City of Gilroy (CITY) two-way radio communications system (hereinafter “Radio System”) is currently comprised of: A single multiple site simulcast transmitter that is combined with a voted receiver system and commonly referred to and identifiable as the South County TAC channel (hereinafter “Simulcast System”), two single radio transmitter site radio systems, that are also using utilize multiple site voted receiver technology, supporting mobile and portable communications for public safety radio channels PD-1 and FD-1, a single site repeated radio channel PD-2, communications support for simplex radio channels PD-3 and FD-2, and three fire station ringdown alerting systems all in operation within the CITY.

The CITY has requested the County of Santa Clara Communications Department (COUNTY) to provide professional engineering and technical support services as required to assist in the design, licensing, procurement, implementation, maintenance, repair, and future upgrades to the Radio System, based on the Communications Department’s proven performance, experience, specially trained and competent workforce that will perform the special services as required by this Agreement.

Under this Agreement, the COUNTY shall provide the CITY the following services upon the CITY’S request:

1. Design and Procurement:

COUNTY will assist CITY with future Radio System design, upgrades and procurement of equipment and services compatible with other similar radio systems currently maintained and operated by the COUNTY.

Quotations for design, engineering, initial implementation, and future upgrade services will be presented to the CITY in writing for approval prior to initiation of work. Cost estimates for COUNTY services, including any sub-contractor work if required, will be included in each quotation for the CITY’s approval prior to initiation of work.

The CITY is responsible for the cost of and contracting for system procurement.

Examples of major components of the Radio System to be purchased under this agreement include but are not limited to:

- a. Digital-capable Simulcast VHF Radio Transmitters and Receivers
- b. Antennas, Cables, Racks, Combining Equipment, and Grounding systems.
- c. DC Power Supply System

**NOTE:** Due to the age of the CITY’s communications infrastructure, the COUNTY will repair and maintain the equipment until parts are no longer available or supported by the manufacturer. Services for all legacy equipment will be performed upon request only.

2. FCC Licensing:  
The COUNTY will assist the CITY with FCC licensing requirements.
3. Installation, Programming and System Optimization:  
COUNTY will provide the CITY installation, programming, and system optimization services necessary to implement upgrades and/or enhancements to CITY's Radio System. County will provide annually required preventative maintenance, firmware upgrades, and programming to ensure the radios are operating within FCC requirement and manufacturer specifications. The estimated annual hours for this work are 236 hours.
4. Maintenance, Repair, Enhancements and Modifications to Radio System:  
COUNTY will provide maintenance, repairs, modifications, and enhancements to CITY owned Radio System infrastructure equipment charged on a time and material (T&M) cost recovery basis as defined in Exhibit D. Radio System modifications and enhancements will be provided by the COUNTY upon written request and quotation approval from CITY.
5. Annual System-wide Maintenance:  
COUNTY will perform system-wide performance maintenance (PM) of the CITY's pre-existing (legacy) and Radio Systems infrastructure equipment on an annual (approximate 12-month interval) basis. PM work will include, but not be limited to, alignment of the two-way radio, microwave, and power plant infrastructure equipment. Fees for PM Service will be charged on a time and material cost recovery basis as defined in Exhibit D and shall include a maximum not-to-exceed cost recovery cap of 80 hours annually. Any identified repair work will be additional and billed separately.
6. Technical Support Services:  
COUNTY will provide CITY full-time (24 hours a day, 7 days a week) technical support services for emergency repairs charged on a time and material cost recovery basis as defined in Exhibit D.

CITY may also request repairs or service during the COUNTY'S normal business hours from 7:00 am to 3:30 pm by calling the COUNTY Technical Services Division at (408) 977-3222. Repair or service requests made after normal business hours, on weekends and on holidays shall be submitted to the COUNTY Watch Commander in Dispatch Operations by calling (408) 294-4424. Depending on the nature and location of the requested repair or service, COUNTY technical support staff shall acknowledge receipt of the service request within 30 minutes, and initial field response will occur within 60 minutes of notification. Actual arrival times on scene will vary based on the location and required travel time.

Current COUNTY performance standards require that public safety radio systems operate 99% of the time without major system problems and 95% of the time without minor systems problems. This standard shall be applied to CITY's Radio System.

7. Subscribers:  
COUNTY will provide programming, optimization, and repair of CITY's 218 Portable, 110 Mobile, and 1 control station radios. These services will be performed during normal

operating hours to ensure the radios are operating within FCC and manufacturer specifications.

8. Inspection of Work:

COUNTY shall provide opportunities for CITY, or CITY's designee to inspect work performed to ensure quality assurance, and quality control are maintained to CITY's standards and to the COUNTY performance standards set out in this Agreement.

## EXHIBIT C

### EMD COMPENSATION FOR SERVICES

#### Emergency Medical Dispatch (EMD) Cost and Billing Methodology

1. The total COUNTY costs for providing dispatching services are allocated to four service areas (law enforcement, medical, fire, and local government), based on the most recent three-year average number of events. In the month of March, the annual cost for the upcoming fiscal year (FY) will be estimated using the process described in this cost methodology.
2. The following is the computation for estimated costs for dispatching services to be provided by the COUNTY to the CITY in FY 2026-2027:
  - a. COUNTY will classify costs as follows:
    - i. Direct Costs: salaries, benefits, and supplies related to Dispatch line staff.
    - ii. Operations Indirect Costs: costs associated with Dispatch management staff.
    - iii. Department Indirect Costs: costs associated with executive management and administrative support staff.
    - iv. County Indirect Costs: costs associated with County Administration.
  - b. COUNTY allocates salaries and benefits, other operating expenses, and indirect County overhead as follows:
    - i. Salaries & Benefits

Direct	\$ 23,487,392
Operations Indirect	\$ 2,898,110
Department Indirect	\$ 2,601,709
    - ii. Other Operating Expenses (Supplies, county radio infrastructure maintenance, etc.)

Direct	\$ 7,142,864
Operations Indirect	\$ 611,040
Department Indirect	\$ 948,082
Indirect County Overhead	\$ 5,491,713
    - iii. Total Dispatch Cost \$ 43,180,910
  - c. COUNTY allocates all costs to four service areas based on the number of events, averaged over the most recent three fiscal years, for services provided in each service area.

Service Area	# of Events	% of Total Support	Total Cost
Law Enforcement	150,351	41.2%	\$ 17,809,158
Medical	181,451	49.8%	\$ 21,471,212
Fire	24,951	6.9%	\$ 2,984,450
Local Government	7,618	2.1%	\$ 916,090
<b>Total Dispatch</b>	<b>364,371</b>	<b>100.0%</b>	<b>\$ 43,180,910</b>

- d. COUNTY allocates EMD medical costs to agencies/departments based on the number of events, averaged over the most recent three fiscal years (FY2023-FY2025) for services provided. Remove County Overhead and General Admin for cities covered by Government Code 51350.

Medical Agency	# of Events	% of Medical Support	Operating Cost	County Overhead	Total Area Cost
Gilroy EMD	3,520	1.94%	\$364,096	\$52,427	\$416,523
Cost Adjustment/ Reduction			(34,293)	(\$52,427)	(\$86,720)
Gilroy Cost			\$329,803		\$329,803
<b>Contract reduction</b>					<b>(159,547)</b>
<b>Gilroy Adjusted Cost</b>					<b>\$170,256</b>
All Other Agencies	177,931	98.06%	\$18,438,839	\$2,650,143	\$21,054,689
Total Medical	181,451	100.0%	\$18,768,642	\$2,702,570	\$21,471,212

- e. FY 2026-2027 the CITY's adjusted estimate of \$170,256 is based on medical cost 7.5% of total using the CITY's 3 years average EMD events. A contract cost reduction is added to this cost compensation. The COUNTY will phase in cost increases until year 2 of the agreement as follows:

<u>Fiscal Year</u>	<u>Cost Estimate</u>	<u>Percent</u>
2026-27	\$ 170,256	7.5%
2027-28	\$ 329,803	Estimate will be based on actual cost

- During the fiscal year, COUNTY shall bill the CITY for EMD dispatching services quarterly based on the estimated cost. The COUNTY shall notify the CITY of any adjustment prior to billing the CITY's final fourth quarterly installment. Billing questions may be directed by email to Accounts Payable at [Accounts.Payable@911.sccgov.org](mailto:Accounts.Payable@911.sccgov.org).
- In the first quarter of the following fiscal year, actual costs will be computed using the methodology used for cost estimates and update using the previous year's event count. Any difference in an increase or decrease cost adjustment will not exceed 5% above or below the previously billed amount.

## EXHIBIT D

### COMMUNICATIONS TECHNICAL SERVICES COMPENSATION

The City of Gilroy (CITY) shall compensate the County of Santa Clara Communications Department (COUNTY) for goods and services provided in accordance with the payment terms, conditions and rates set forth in this Exhibit D.

County Communications' Technical services are billed on a T&M basis as follows:

1. Quotations and Approval:

The COUNTY shall prepare quotations and shall only perform major system installation work and any future system enhancements following the CITY's written approval. Quotations will be based on a not-to-exceed estimated amount, with final charges being billed at actual costs. Any increase to the original not-to-exceed estimated amount caused by unforeseen issues must be agreed to in writing by both Parties.

2. System-wide Maintenance:

COUNTY will perform system-wide performance maintenance (PM) of the CITY's existing (legacy) radio communication infrastructure system equipment and Microwave Network on an annual (approximate 12-month interval) basis. PM work will include, but not be limited to, alignment of the Simulcast (two-way radio) System, Microwave Network, and 48-volt DC power plant infrastructure equipment. Fees for PM Service will be charged on a time and material cost recovery basis with a maximum not-to-exceed cost recovery cap of 80 hours annually. Any repair work identified during the PM will be additional and billed separately.

3. Engineering and Technical Support:

COUNTY shall provide CITY engineering and technician support as required to maintain and repair CITY owned equipment as identified through this Agreement based on fiscal year published rates.

All non-regular business hour work will be billed at overtime (1.5 x regular hours) rates with a 4-hour minimum charge of \$1,098.00 (\$274.50 hourly x 4) for Technician support, if not contiguous with normal business hours. If contiguous with normal business hours (i.e., work begins less than four hours prior to normal business hours or work is initiated before the close of normal business hours), then the 4-hour minimum charge does not apply, and only actual hours worked (regular/overtime) will be billed to the CITY based on when the work is performed.

4. Communications Technical Services Rates:

The rates for engineering and technical support are updated each fiscal year. Effective July 1, 2026, rates for \*Communications Technical Services for Fiscal Year 2026-27 are set as follows:

	<u>Regular Hours</u>	<u>After-hours Rate</u>
○ Technician Rate	\$183.00 / hr.	\$274.50 / hr.
○ Engineering Services	\$217.00 / hr.	\$325.50 / hr.

\*Technical rates for subsequent fiscal years will be published annually in June and effective July 1.

5. Billing for Services

The CITY will be billed by the COUNTY on a monthly basis for work performed. All invoices will be submitted to Fire, Police and Public Works Departments:

To the CITY:

Gilroy Fire Department 7070 Chestnut Street Gilroy, CA 95020	Gilroy Police Department 7301 Hanna Street Gilroy, CA 95020	Gilroy Public Works Department 7351 Rosanna Street Gilroy, CA 9502
--	--	--

Unless otherwise agreed to by both parties, all payments will be made to the COUNTY within 30 calendar days of date invoiced to:

To the COUNTY:

Attn: Accounts Payable  
County of Santa Clara  
Communications Department  
2700 Carol Drive  
San Jose, CA 95125

Monthly billing will include the total amount billed for the month and documentation will provide all invoices for work requested and performed during the billing period, including at minimum an itemized description of services provided by the COUNTY (e.g., breakdown of all services rendered, hours worked and travel time by service location, labor type, and a breakdown of all goods provided/billed by the County). Billing questions may be directed to Accounts Payable at [accounts.payable@911.sccgov.org](mailto:accounts.payable@911.sccgov.org).

6. Documentation:

The COUNTY shall maintain documentation of all services requested by the CITY and work performed by the COUNTY under this Agreement as detailed in Exhibit B. Documentation will include, but not be limited to, Radio System related engineering designs, quotations, FCC licensing, installation, preventative maintenance, and repair services.

The CITY has the right to inspect COUNTY documentation upon request.





## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approve the Establishment of a City Council Homelessness Ad Hoc Subcommittee and Appoint up to Three City Councilmembers to Serve on the Subcommittee, and Provide Direction on the Homebase Proposal and Option

Meeting Date: April 20, 2026  
 From: Matt Morley, City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Sharon Goei, Community Development Director

---

**STRATEGIC PLAN GOALS:** Promote Safe and Affordable Housing for All

---

### RECOMMENDATION

1. Approve the establishment of a City Council Homelessness Ad Hoc Subcommittee and appoint up to three City Councilmembers to serve on the Subcommittee.
2. Proceed with the Homebase proposal and option of facilitation of six (6) monthly meetings with four (4) virtual and two (2) in-person meetings.

### EXECUTIVE SUMMARY

The City received a proposal from Homebase, funded by Destination: Home, to support facilitation of a City Council Ad Hoc Subcommittee to set priorities to address homelessness. Homebase proposes several options for their scope of work and meeting format. Staff recommends that Council create a Homelessness Ad Hoc Subcommittee. Staff also seeks Council direction on the desired Homebase proposal and option.

### BACKGROUND

In March 2026, the City received a proposal from Homebase, a national nonprofit focused on responding to homelessness. Homebase has over 35 years of experience

supporting communities in the design and implementation of programs and best practices toward a comprehensive, coordinated response to address homelessness and reduce poverty.

## ANALYSIS

Homebase proposes to support facilitation of a City Council Ad Hoc Subcommittee to set priorities to address homelessness. Homebase proposes assisting in the facilitation of six (6) monthly meetings, with tasks to include development of agenda and meeting materials, facilitation of meetings, note-taking during meetings, and meeting follow-up. After six meetings conclude, Homebase will document the priorities and any implementation steps outlined by the Ad Hoc Subcommittee. Homebase proposes the above scope of work as Option 1 at \$40,469.

As an additional option, indicated as Option 2 in the proposal, Homebase proposes to assist in the facilitation of six (6) meetings over a three-month period, along with three months of implementation support. In comparison to Option 1, in essence, Option 2 includes the same facilitation of meetings except in half of the time, with some additional research and implementation support. Homebase proposes Option 2 at \$42,678.

Homebase proposes all meetings in either option to be virtual. Homebase indicated that they can commit to a maximum of two (2) in-person meetings at an additional cost of \$7,044 per meeting.

The following summarizes the options, scope of work, meeting format alternatives, and proposed cost by Homebase.

Scope of Work	Option	Meeting Format	Proposed Cost
Facilitation of six (6) monthly meetings	1	Six (6) virtual	\$40,469
	1A	Five (5) virtual and one (1) in-person	\$47,513
	1B	Four (4) virtual and two (2) in-person	\$54,557
Facilitation of six (6) meetings over three months with three months of implementation support	2	Six (6) virtual	\$42,678
	2A	Five (5) virtual and one (1) in-person	\$49,722
	2B	Four (4) virtual and two (2) in-person	\$56,766

Through the facilitation of Subcommittee meetings, the goal is to identify strategies and programs that reduce and prevent homelessness in our community.

Staff recommends that Council create a Homelessness Ad Hoc Subcommittee and appoint up to three City Councilmembers to serve on the Subcommittee.

Staff also seeks Council direction on the desired Homebase proposal and option. Staff recommends the monthly meeting option with two (2) in-person meetings, noted as Option 1B above. Based on past experience, a monthly meeting pattern allows adequate time to perform research and collaborate on the development of meeting materials for more productive meetings. For the meeting format, in-person meetings foster deeper engagement and collaboration, while virtual meetings offer accessibility and time efficiency. As homelessness is a multi-faceted issue, staff believes robust discussions would prioritize over meeting accessibility and recommends the maximum of two (2) in-person meetings based on Homebase's commitment.

## **ALTERNATIVES**

Council may decide not to form an Ad Hoc Subcommittee. Council may also modify or reject the Homebase proposal.

## **FISCAL IMPACT/FUNDING SOURCE**

The proposal by Homebase will be funded by Destination: Home. A nonprofit organization established in 2008, Destination: Home partners with stakeholders across the community to advance strategies that address the root causes of homelessness and advance solutions to end homelessness in Silicon Valley.

Staffing resources for the Ad Hoc Subcommittee, if created, will be necessary to collaborate with and work alongside Homebase.

## **PUBLIC OUTREACH**

This item is included on the publicly posted agenda for this meeting.

## **NEXT STEPS**

If approved, staff will coordinate with Homebase and Destination: Home, then commence the Ad Hoc Subcommittee and begin to schedule meetings.

## **Attachments:**

Homebase Proposal

# Homebase Proposal for City of Gilroy

---

## About Homebase

Homebase is a mission-driven nonprofit organization dedicated to building community capacity to end homelessness, reduce poverty, and foster thriving communities. For over thirty years, we have worked at the national, state, and local levels supporting the design and implementation of programs and systems needed to help people experiencing or at risk of homelessness achieve housing stability, improve health and wellness, and maximize economic self-sufficiency. We provide customized assistance grounded in the needs of each community and develop responsive solutions for lasting impact.

## Scope of Work

Homebase proposes to undertake the following work to support facilitation of a City of Gilroy City Council ad hoc committee to set priorities to address homelessness.

### **Ad Hoc Committee Facilitation**

To support the City of Gilroy's goal in setting priorities to address homelessness, Homebase proposes assisting in the facilitation of 6 meetings over an eight-month contract period. Homebase has developed the following options:

#### Option 1: Facilitation of 6 Monthly Meetings

Homebase will assist in the facilitation of 6 monthly two-hour meetings. Tasks for each meeting to include the following:

- Development of agenda and materials for each meeting in consultation with Mayor Bozzo.
- Communication with ad hoc committee members
- Facilitation of ad hoc committee based on consultation with Mayor Bozzo
- Note-taking during ad hoc committee meetings.
- Meeting follow up and next steps.

## Homebase Proposal for City of Gilroy

After the 6<sup>th</sup> meeting, Homebase will document the priorities and any implementation steps outlined by the ad hoc committee for the City of Gilroy.

All meetings will be conducted virtually, with the option to hold up to two meetings in person (see budget section).

### Option 2: Facilitation of 6 Meetings over 3 months with 3 months of implementation support

Homebase will assist in the facilitation of 6 two-hour meetings. Meetings will take place within a three-month span, allowing for some time for planning before meetings begin. Tasks for each meeting to include the following:

- Development of agenda and materials for each meeting in consultation with Mayor Bozzo.
- Communication with ad hoc committee members
- Facilitation of ad hoc committee based on consultation with Mayor Bozzo
- Note-taking during ad hoc committee meetings.
- Meeting follow up and next steps.

After the 6<sup>th</sup> meeting, Homebase will document the priorities and any implementation steps outlined by the ad hoc committee for the City of Gilroy.

Homebase will provide up to 4 hours per month of implementation coaching with the City of Gilroy for the remaining 3 months of the contract period. This could include regular weekly or bi-weekly check ins, research support, and discussions with community partners on implementation.

All meetings will be conducted virtually, with the option to hold up to two meetings in person (see budget section).

### Proposed Budget

Homebase proposes the following budget based on the options above to fulfill this scope of work. We are happy to adjust the scope and budget to align with City of Gilroy's needs and goals.

#### Option 1: Facilitation of 6 Monthly Meetings

Homebase proposes a budget of \$40,469 to fulfill this scope of work.

#### Option 2: Facilitation of 6 Meetings over 3 months with 3 months of implementation support

Homebase proposes a budget of \$42,678 to fulfill this scope of work.

## Homebase Proposal for City of Gilroy

As mentioned above all meetings in either option would be virtual. If the City of Gilroy would like to convert a virtual option to an in-person option, Homebase recommends a 3-hour meeting at an additional cost of \$7,044 per meeting. Homebase can only commit to a maximum of 2 in-person meetings for this contract.

### Contact

Thank you for your consideration of this proposal. We look forward to continuing to work with City of Gilroy. If you have any questions, please contact Karen Kowal, Senior Directing Analyst - Contract Lead at [karen@homebaseccc.org](mailto:karen@homebaseccc.org) or 415.788.7961 ext. 372.

*The information provided in this proposal does not constitute legal advice or advertise legal services. Homebase does not enter into attorney-client relationships.*



# City of Gilroy

## STAFF REPORT

**Agenda Item Title:** Request to Consider Amending City Zoning Code Section 30.41.31 regarding Performance Standards for Commercial and Industrial Noise Impacting Residentially Zoned Properties (FAIR Memo – Hilton)

Meeting Date: April 6, 2026  
From: Matt Morley, City Administrator  
Department: Community Development  
Submitted by: Sharon Goei, Community Development Director  
Prepared by: Michael Fossati, Planning Manager

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

Council consideration of a future agenda item directing staff to amend Zoning Code Section 30.14.31 (Specific provisions – Noise).

### EXECUTIVE SUMMARY

The intent of the staff report is to provide City Council with the current performance standards associated with “Commercial and Industrial Noise Impacting Residentially Zoned Properties” within the Gilroy Zoning Code and for Council to consider whether to direct staff to amend the Zoning Code.

### BACKGROUND

Councilmember Zach Hilton provided a FAIR Memo to City Administrator Matt Morley. See Attachment 1.

### ANALYSIS

Under the current Gilroy Zoning Code within Section 30.41.31 (b)(2), *“noise emanating from properties that are zoned for uses other than residential is limited to a maximum of 70 dBA (L<sub>10</sub>) measured at the residential property line. Such noise is limited to the*

*hours of 7:00 a.m. to 10:00 p.m., and prohibited between the hours of 10:00 p.m. and 7:00 a.m. This requirement is associated with “Commercial and Industrial Noise Impacting Residentially Zoned Properties” zoning regulation.*

Per Gilroy Zoning Code Section 30.41.31(a), “ $L_{10}$ ” means the maximum noise level to be exceeded no more than ten percent (10%) of the time.

In summary, the code section means that if a business (also known as a use) is located within a Commercial or Industrial Zoning District next to a Residential Zoning District, noise from the commercial or industrial property cannot exceed 70 dBA between 7:00 a.m. and 10:00 p.m. Uses within those commercial and industrial areas are also prohibited from creating noise above 70 dBA between 10:00 p.m. and 7:00 a.m., unless the noise occurs less than ten percent (10%) of the time.

According to the current zoning code, noise exceeding 70 dBA between 10:00 p.m. and 7:00 a.m. is not permitted to be continuous. For example, an air conditioner operating above 70 dBA during these hours complies with city regulations if it runs for no more than 10% of the time.

The FAIR Memo (Attachment 1) proposes changes to the current zoning regulation.

If directed by the City Council as a future agenda item, staff will move forward with an analysis for potential code adjustments for Council consideration. Staff would aim to combine any future discussion of this item with other potential code modifications to ensure efficient use of staff time.

## **ALTERNATIVES**

City Council may approve, modify, or disapprove the request for a future agenda item.

## **FISCAL IMPACT/FUNDING SOURCE**

None at this time. If the City Council approves the topic for a future agenda, the fiscal impact will include staff time for drafting the proposed amendment.

## **PUBLIC OUTREACH**

This item was included on the publicly posted agenda for this meeting.

## **NEXT STEPS**

If the City Council approves proceeding with the item, staff will place it on a future agenda.

### **Attachments:**

1. FAIR Memo
2. Gilroy Zoning Code Section 30.41.31 (Specific Provisions - Noise) within Article 30.41 (Performance Standards)





Contact: Zach Hilton  
[Zachary.Hilton@cityofgilroy.org](mailto:Zachary.Hilton@cityofgilroy.org)  
669-270-6232



**ZACH HILTON**  
Gilroy City Council Member

**Livable Gilroy for All**

February 10, 2026

### **Future City Council Initiated Agenda Item**

**City Code Chapter 30 Zoning Ordinance-** I am requesting to place “City Code Chapter 30 Zoning Ordinance-Section 41 Performance Standards-Noise” on a future agenda with possible action to amend the code by ordinance with the goal of providing clear objective standards, when it comes to Commercial and Industrial Noise Impacting Residentially Zoned Properties. I am proposing two separate changes to the code.

#### **Supporting Documentation:**

We will continue to develop more residential units that are mixed use and near existing commercial and industrial developments. There are objective standards that we can put in place to make it clear what noises are allowed and what noises are limited in “Commercial and Industrial Noise Impacting Residentially Zoned Properties”.

#### **Amend the code by ordinance to add under section 30.41.31 the following changes.**

- Commercial and Industrial Noise Impacting Residentially Zoned Properties. Noise emanating from properties that are zoned for uses other than residential is limited to a maximum of ~~70~~ 60 dBA (L10) *or less* measured at the residential property line. Such noise is limited to the hours of 7:00 a.m. to 10:00 p.m., and ~~prohibited~~ between the hours of 10:00 p.m. and 7:00 a.m. *the maximum noise level to be exceeded no more than ten percent (10%) of the time.*
- Commercial and Industrial Noise Impacting Residentially Zoned Properties. *The outside use of power tools, yard, landscaping and similar equipment is prohibited (not subject to the L10) between the hours of 10pm-7am Monday through Friday and 10pm-9am Saturday and Sunday.*

The word prohibited is misleading because of the L10 exception that is allowed from 10pm-7am. This happened in 2013 and 2019 when Chapter 30 Zoning code amendments took place and changes were made to Section 41. In 2013 they did a code adoption, and the yard equipment was in it, but just related to residential. The noise for commercial near residential hasn't changed. Then in Oct 2019 the wording for yard equipment in residential areas was removed, but the commercial and industrial impacting residential zones properties stayed the same. Changes are referenced in the current 30.41.31 (Ord. No. 2013-08, § 2 (Exh. A), 8-5-13; Ord. No. 2019-08, § 23, 10-7-19)

#### **Sources Used:**

<https://www.codepublishing.com/CA/Gilroy/#!/Gilroy30/Gilroy3041.html#30.41.10>

**30.41.31 Specific provisions—Noise.**

It shall be unlawful to generate noise within the city limits that exceeds the limits established in this section.

**(a) Definitions.**

“Decibel (dBA)” means a unit measuring the amplitude of sound or noise, weighted to the range of human hearing (A-weighting scale on a sound level meter).

“L<sub>10</sub>” means the maximum noise level to be exceeded no more than ten percent (10%) of the time.

“Noise level” means measurement of sound in decibels (dBA) obtained by using a sound level meter at slow response.

“Sound level meter” means an instrument comprised of a microphone, an amplifier, an output meter and frequency weighing networks, used for measuring sound levels in decibel (dBA) units.

**(b) Maximum Outdoor Noise Levels.**

(1) Residential Noise Impacting Residential Properties. Fixed-source outdoor mechanical equipment installed after July 1, 2007 (e.g., pool, spa, air conditioning or similar equipment) is limited to a maximum of sixty (60) dBA L<sub>dn</sub> measured at the property line or seventy (70) dBA (L<sub>10</sub>) measured at the property line.

(2) Commercial and Industrial Noise Impacting Residentially Zoned Properties. Noise emanating from properties that are zoned for uses other than residential is limited to a maximum of 70 dBA (L<sub>10</sub>) measured at the residential property line. Such noise is limited to the hours of 7:00 a.m. to 10:00 p.m., and prohibited between the hours of 10:00 p.m. and 7:00 a.m.

**(c) Exceptions to the Exterior Noise Limits Listed in Subsection (b) of This Section.**

(1) Persons, equipment, vehicles, alarms or sirens utilized in essential activities necessary to preserve, protect or save lives or property from danger, loss or harm;

(2) Refuse and recycling collection vehicles when operating between the hours of 5:00 a.m. and 6:00 p.m.;

(3) Special events operating in compliance with an approved special events permit; and

(4) City-approved activities on public properties. (Ord. No. 2013-08, § 2 (Exh. A), 8-5-13; Ord. No. 2019-08, § 23, 10-7-19)