



CITY COUNCIL REGULAR MEETING AGENDA

MAYOR
Greg Bozzo

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



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

MONDAY, OCTOBER 20, 2025 | 6:00 PM

CITY COUNCIL PACKET MATERIALS ARE AVAILABLE ONLINE AT 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 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.

 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 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 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.

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.



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:

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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. Stand United Against Hate Week Proclamation

3. PRESENTATIONS TO THE COUNCIL

3.1. 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 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.

4. 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)

5. **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.

5.1. **Approve the minutes of the October 4, 2025 Coffee with the Mayor and October 6, 2025 City Council Regular Meeting**

6. **BIDS AND PROPOSALS**

6.1. **Old City Hall HVAC System's Replacement of Two Air Conditioning Units for \$70,000 and Adopt a Related Budget Amendment Resolution to Appropriate the Funds**

1. Staff Report:
LeeAnn McPhillips, Assistant City Administrator/HR Director
2. Public Comment
3. Possible Action:
 1. Provide general direction regarding high-cost repairs and maintenance for Old City Hall; and
 2. Adopt a budget amendment resolution to increase the FY26 Facilities budget by \$70,000 to cover the cost to replace two HVAC units and

complete associated installation and repairs.

6.2. Award a contract to McKim Corporation for \$1,009,759 construction costs and \$100,976 contingency, for a total project cost of \$1,110,735, for the FY26 Sidewalk Replacement Program Project

1. Staff Report:
John Doughty, Public Works Director
2. Public Comment
3. Possible Action:
It is recommended that the City Council:
 1. Award a contract to McKim Corporation in the amount of \$1,009,759, approve a project contingency of \$100,976, approve a total project expenditure of \$1,110,735 for the construction of the FY26 Sidewalk Replacement Program Project (No.26-PW-299), and
 2. Authorize the Interim City Administrator to execute the contract and associated documents.

7. INTRODUCTION OF NEW BUSINESS

7.1. Receive Preliminary Fiscal Year 2024-25 Year-end Financial Report and Adopt a Budget Amendment Resolution

1. Staff Report:
Harjot Sangha, Finance Director
2. Public Comment
3. Possible Action:
 - 1) Receive preliminary Fiscal Year 2024-25 (FY25) year-end financial report.
 - 2) Approve the Pension and Other Post-Employment Benefits (OPEB) Section 115 Trust contributions pursuant to the Council adopted policies.
 - 3) Adopt a budget amendment resolution.

7.2. Discussion and Direction Regarding Establishing a Reserve Policy to Fund Parks Infrastructure

1. Staff Report:
Harjot Sangha, Finance Director
2. Public Comment
3. Possible Action:
Receive report and provide direction.

7.3. Environmental Services Update and Statewide Trash Provisions

1. Staff Report:
John Doughty, Public Works Director

2. Public Comment
3. Possible Action:
Consider the information provided in this report and consider authorizing staff to:
 1. Prepare and advertise a Request for Proposal for the fabrication, installation, and a minimum of two years maintenance of 75 Certified Full Capture Systems; and
 2. Authorize staff to return to Council with a budget amendment adding the project into the FY 26 capital budget.

7.4. Provide Policy Direction on a Proposed Zoning Ordinance Text Amendment to Allow Electronic Billboards along State Route 101

1. Staff Report:
Sharon Goei, Community Development Director
2. Public Comment
3. Possible Action:
Staff recommends that the City Council provide policy direction on a proposed Zoning Ordinance text amendment to allow electronic billboards along State Route 101.

8. FUTURE COUNCIL INITIATED AGENDA ITEMS

9. CITY ADMINISTRATOR'S REPORTS

10. CITY ATTORNEY'S REPORTS

11. ADJOURNMENT

FUTURE MEETING DATES

November 2025

- 03 City Council Regular meeting - 6:00 p.m.
- 17 City Council Regular meeting - 6:00 p.m.

December 2025

- 08 City Council Regular meeting - 6:00 p.m.

Meetings are webstreamed on the City of Gilroy's website at gilroy.city/meetings.



City of Gilroy
Proclamation



WHEREAS, the United States is a nation of immigrants, whose strength comes from its diversity; and the Constitution enshrines equality on all individuals, regardless of race, gender, orientation, religion or political views; and

WHEREAS, the City of Gilroy wishes to affirm its commitment to the well-being and safety of all its diverse communities, including Black, Indigenous and People of Color (BIPOC); Asian American Pacific Islander (AAPL) Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, immigrants, unhoused, all religious and other diverse communities and;

WHEREAS, the City of Gilroy wishes to ensure that its BIPOC, AAPL, LGBTQ+ immigrants, unhoused, children and adults with disabilities, all religious and other diverse communities are not alone and that they can speak out to help stop the spread of bigotry; and

WHEREAS, due to the history of violence against all communities mentioned here within this proclamation, we must work together to create community centered solutions that stop the violence in all communities; and

WHEREAS, the City of Gilroy stands together with our diverse communities and calls on all constituents and leaders to join us in condemning any and all harassment and attacks against all community members, in all forms and renewing our commitment to speak out against such attacks, defend and protect those targeted and seek out and hold accountable those who commit hate crimes against any members of our community.

NOW, THEREFORE, I, GREG BOZZO, Mayor of the City of Gilroy on the 20th day of October 2025, together with my colleagues on the City Council, do hereby proclaim October 19-25, 2025 as

STAND UNITED AGAINST HATE WEEK

Greg Bozzo, Mayor

Attested to by:

Kim Mancera, City Clerk

DRAFT

**City of Gilroy
City Council
Minutes**

Saturday, October 4, 2025 | 9:30 AM

1. OPENING

1. Call to Order

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

2. Roll Call

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

2. COFFEE WITH THE MAYOR

3. ADJOURNMENT

The Coffee with the Mayor event was adjourned at 10:28 AM.

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
Minutes
Monday, October 6, 2025 | 6:00 PM**

1. OPENING

1. Call to Order

The meeting was called to order by Mayor Bozzo at 6:01 PM.

2. Roll Call

Attendance	Attendee Name
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

Mayor Bozzo led the Pledge of Allegiance.

5. Invocation

Pastor Jesse Jimenez led the Invocation.

6. Orders of the Day

None.

7. Employee Introductions

None.

2. CEREMONIAL ITEMS - Proclamations and Awards

1. Takko-machi 40th Annual Garlic Festival Proclamation

3. COUNCIL CORRESPONDENCE (Informational Only)

1. Recommendation from the Arts and Culture Commission to Dedicate a Surplus Funding Percentage for Arts and Culture Efforts

2. Recommendation from the Open Government Commission to Approve the Proclamation Request and Activities for Open Government Week November 17-21, 2025

3. **Recommendation from the Open Government Commission to Provide a Presentation: “City Council Translation Services” at the November 17, 2025 City Council Meeting**

4. PRESENTATIONS TO THE COUNCIL

1. **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 6:01 P.M.

Ron Kirkish - commented on DA Rosen refusing to prosecute drug-related crimes.

Diana Bentz - commented on translation services for the City of Gilroy.

Ann Marie McCauley - commented on the need for live spanish translation services at the City Council meetings.

Donald George Perino - commented on his wife's arrival to America on October 7th in New York and thanked Mayor Bozzo and Council Member Cline for being presidents of the Gilroy Garlic festival.

With no further speakers, Mayor Bozzo closed public comment.

5. 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 - Wished everyone a Happy Italian Heritage Month.

Council Member Fugazzi - Reported from Visit Gilroy that they successfully completed their voluntary financial audit. They attended a press event in San Francisco. Recent efforts include a new video reel from the Tamale Festival. He mentioned that Gilroy hotels reported that the Renaissance Fair and the Tamale Festival have helped to increase overnight stays.

Council Member Marques - Reported on a meeting of the Santa Clara Valley Habitat Agency (SCVHA) Implementation Board. There was a presentation on the proposed SCVHA Plan Amendment. The plan highlights include adding 7 new species to be protected, expanding the plans boundaries and the inclusion of Valley Water. The final approval will be in January 2026. She mentioned that the Richmond Ranch property is for sale under the surplus land act. Additionally, 675 acres of the Silver Creek and Kirby Slope acquisition have been transferred to SCVHA to help preserve the land.

Council Member Ramirez - Congratulated the Tamale festival for being well attended. Reminded all the women about Breast Cancer Awareness Month.

Council Member Cline - No report.

Mayor Bozzo - Reported on Valley Transportation Agency (VTA) Board of Directors meeting. One of the topics was the budget challenges over the next 3-5 years. If you have interest in transportation in the Bay Area, look out for SB 63. Gilroy Gardens is into the fall schedule and the Big Boo. It is an excellent opportunity to see Gilroy Gardens.

6. CONSENT CALENDAR

Mayor Bozzo opened public comment at 6:18 P.M.

Chris Ordaz - commented on item 6.2 regarding the Mills Act.

With no further speakers, Mayor Bozzo closed public comment.

Motion

Approve the consent calendar.

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

1. **Approve the minutes of the August 9, 2025 and September 6, 2025 Coffee with the Mayor meeting minutes and the September 15, 2025 City Council Regular Meeting minutes**
2. **Approval of a Mills Act Agreement for a Historic Property Located at 7357 Monterey Road (MA 25-01)**
3. **Annual Review and Re-adoption of the City's Investment Policy**
4. **Approve the First Amendment to the Agreement with William Duff Architects, Inc., increasing the contract amount by \$20,100, for Fire Station Renovations Design Project**
5. **Approve the 2026 City Council Meeting Schedule**

7. BIDS AND PROPOSALS

1. **Award a Contract to 4LEAF, Inc. in the amount of \$696,292 for Construction Management Services**

Utilities Director Heath McMahon provided a report and presentation.

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

With no speakers, Mayor Bozzo closed public comment.

Motion

Award a contract to 4LEAF, Inc. in the amount of \$696,292 for construction management services for Utility Improvements Project No. 25-RFP-UT-522, approve a contract contingency of \$104,448 (15%) and authorize the City Administrator to execute the contract and associated documents.

RESULT: **Passed**
MOVER: Council Member Carol Marques
SECONDER: Council Member Kelly Ramirez
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

8. INTRODUCTION OF NEW BUSINESS

1. Update and Request for Direction on the Las Animas Veterans Park Pickleball Courts Project

Public Works Director John Doughty provided a report and presentation.

Mayor Bozzo opened public comment at 7:02 P.M.

Matt Belluomini - commented on pickleball courts at Las Animas.

Luis Ramirez - commented on pickleball court designs at Las Animas.

Wendy Filice - commented on pickleball courts and thanked the City Council.

With no further speakers, Mayor Bozzo closed public comment.

Council Direction to Staff – Bidding Process:

1. Solicit base bid for the six-court concept with Asphalt Concrete (AC) and a 6-foot perimeter fence.
2. Include additive alternate bids for the following items:
 - a. Post-tensioned Concrete (PT Concrete)
 - b. Windscreens
 - c. Cabana benches
 - d. 8-foot fence.

9. CITY ADMINISTRATOR'S REPORTS

No report.

10. CITY ATTORNEY'S REPORTS

No report.

11. ADJOURNMENT

With no additional business before the Council, the meeting was adjourned at 7:22 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: Old City Hall HVAC System's Replacement of Two Air Conditioning Units for \$70,000 and Adopt a Related Budget Amendment Resolution to Appropriate the Funds

Meeting Date: October 20, 2025

From: Brad Kilger, Interim City Administrator

Department: Administrative Services

Submitted by: LeeAnn McPhillips, Assistant City Administrator/HR Director

Prepared by: LeeAnn McPhillips, Assistant City Administrator/HR Director,
Walter Dunckel, Fleet and Facilities Superintendent

STRATEGIC PLAN GOALS: Maintain and Improve City Infrastructure

RECOMMENDATION

1. Provide general direction regarding high-cost repairs and maintenance for Old City Hall; and
2. Adopt a budget amendment resolution to increase the FY26 Facilities budget by \$70,000 to cover the cost to replace two HVAC units and complete associated installation and repairs.

EXECUTIVE SUMMARY

Old City Hall Restaurant's HVAC system is over 35 years old. Two of the three upstairs HVAC units have broken down, and are not repairable. The single remaining upstairs HVAC unit is not able to keep up with the HVAC load on its own. Because of this, the upstairs dining areas are not currently air-conditioned.

Facilities has received a quote to have a contractor purchase and install the two units at a cost of \$35,623. With electrical modifications, drywall work, and permits, staff expects an additional \$15,000 in costs. Also, due to the age of the building and existing system infrastructure, there may be engineering work that needs to be completed due to the potential for changes to the structure that holds the units. If engineering work is needed,

there could be an additional cost of up to \$15,000.

For the reasons cited above, staff recommends replacing the two HVAC units at a cost of up to \$65,623 with an additional \$4,377 contingency for any additional unexpected issues. As the Council is aware, the Old City Hall building was not built for restaurant usage and there are often unexpected facility issues.

BACKGROUND

The City owns the Old City Hall Restaurant building and leases it to the current tenant, Old City Hall Restaurant, at a monthly rate of \$7,306 or an annual lease amount of \$87,672. Last fiscal year (FY 25), the City spent \$36,231 on repairs and maintenance. So far this year (FY 26), the City has spent \$18,790. The Old City Hall building was built in 1905. The current heating, ventilation and air conditioning (HVAC) equipment at Old City Hall Restaurant is over 35 years old and is well beyond its useful life. Currently, there are two inoperable HVAC units that need to be replaced in the upstairs dining rooms.

Old City Hall Restaurant is a long-standing (13 years) restaurant in Downtown Gilroy and is an anchor for other businesses within the downtown. Anchor businesses can influence the local economy by drawing people to a downtown area who then spend money at other businesses in the area. Anchors can often add significant customer traffic and act as a hub for local vendors, employment, and a sense of community that strengthens and adds value to the area. Old City Hall Restaurant has become more than a typical restaurant, but is a location for many community group meetings, community events, and private events such as weddings and other family/group gatherings. Old City Hall Restaurant survived through the COVID-19 economy and is considered a favorite restaurant by many local residents. However, there are costs associated with maintaining a historic building that is leased as a restaurant.

As the Council may recall, on December 3, 2024, a Request for Proposals (RFP) was advertised in the San Jose Mercury News requesting professional services for HVAC & Mechanical Design Services at Old City Hall Restaurant for the replacement of the entire HVAC system. A design firm was selected, and the design portion of the project was brought to Council for approval on March 17, 2025. The design work for replacing the HVAC units was not approved by the Council, because of the cost of the design work (\$144,774), and the expected cost of HVAC replacement (estimated at up to \$800,000).

Given the cost associated with the replacement of the two upstairs HVAC units that have recently failed, the additional related costs for installation and repair work for the new units, potential for additional engineering costs, and Council's decision in March 2025 not to move forward with the design and replacement of the full HVAC system, staff felt it was best to bring this item to Council for direction. Also, a budget amendment is needed if this work moves forward as funds were not included in the FY26 budget for this significant replacement/repair.

In addition, another issue that must also be addressed at Old City Hall is that the cast iron sewer pipes located in several different areas of the kitchen are failing and need replacement. About three years ago, similar sewer pipes had to be repaired in the dining room at a cost of approximately \$130,000 plus staff time to coordinate the work. Staff is estimating that pipe work in the kitchen could be significant. A walk-through with a plumbing company is planned for the week of October 6th.

ANALYSIS

The FY26 Old City Hall repairs to date coupled with the cost of the replacement of two HVAC units exceeds the amount of rent collected for the fiscal year. Adding in the likely sewer pipe replacement expenses, there is a significant cost to the facilities and or the general fund to lease this city-owned building to Old City Hall Restaurant. It is difficult to quantify the economic value of the Old City Hall Restaurant being an anchor in Gilroy downtown. If the upstairs HVAC units are not replaced, it will be very difficult for the tenant to use the upstairs portion of the building for events and other activities when air-conditioning and/or heat is needed. This could have a significant financial impact on the tenant and their business operations.

The current lease is in a month-to-month status at this time. Consideration should be given to updating the lease and shifting all or some of the facility repair costs to the tenant in exchange for a long-term lease, given the competitive monthly rent currently being paid by the tenant. Increasing the monthly rent is another option to consider.

The City is not aware of the financial status of the Old City Hall Restaurant. Not moving forward with the HVAC replacements, increasing the rent, or shifting the cost of repairs to the tenant may impact this lease moving forward. Discussions with the tenant would be necessary to obtain further information and options.

ALTERNATIVES

The alternative would be to not approve moving forward with the HVAC unit replacements and associated repairs. This is not recommended for the economic development reasons cited above.

FISCAL IMPACT/FUNDING SOURCE

The fiscal impact to replace and install the two upstairs HVAC units that have failed is up to \$70,000. This work was not anticipated in the current budget. Therefore, a budget amendment to increase the Facilities Fund (Fund 615) by \$70,000 is necessary to move forward with this work. The funds will come from the fund balance of the Facilities Fund, which has a projected FY26 ending fund balance of \$2.5 million. If the Council's

direction is to move forward, approval of the budget amendment resolution is needed. With the budget amendment, staff can move forward with the work as the cost falls within the City Administrator's purchasing authority.

PUBLIC OUTREACH

N/A

NEXT STEPS

If Council directs moving forward with this work and approves the budget amendment, staff will take the time to obtain the additional required quotes, finalize a contract for services, and plan the work with the selected contractor to take place as soon as reasonably possible. HVAC equipment will need to be ordered which may have some lead time.

Attachments:

1. Budget Amendment Resolution

RESOLUTION NO. 2025-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY AMENDING THE BUDGET FOR THE CITY OF GILROY FOR FY 26 TO APPROPRIATE FUNDS FOR THE REPLACEMENT OF TWO HVAC UNITS AT OLD CITY HALL AND RELATED INSTALLATION AND REPAIR WORK

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 proposed amendments to said budget for Fiscal Years 2025-2026 for the City of Gilroy in the staff report dated October 20, 2025, for the replacement of two HVAC units at Old City Hall and related installation and repair work.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GILROY, AS FOLLOWS:

1. The expenditure appropriations for Fiscal Year 2025-2026 shall be increased by the Finance Director for the replacement of two HVAC units at Old City Hall and related installation and repair work in the amount of \$70,000 within the Facilities Fund (615).

PASSED AND ADOPTED this 20th day of October 2025 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. 2025-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, October 20, 2025** 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 McKim Corporation for \$1,009,759 construction costs and \$100,976 contingency, for a total project cost of \$1,110,735, for the FY26 Sidewalk Replacement Program Project

Meeting Date: October 20, 2025
From: Brad Kilger, Interim City Administrator
Department: Public Works
Submitted by: John Doughty, Public Works Director
Prepared by: Ryan Osenton, Project Manager

STRATEGIC PLAN GOALS: Maintain and Improve City Infrastructure

RECOMMENDATION

It is recommended that the City Council:

1. Award a contract to McKim Corporation in the amount of \$1,009,759, approve a project contingency of \$100,976, approve a total project expenditure of \$1,110,735 for the construction of the FY26 Sidewalk Replacement Program Project (No.26-PW-299), and
2. Authorize the Interim City Administrator to execute the contract and associated documents.

EXECUTIVE SUMMARY

The FY26 Sidewalk Replacement Program Project is performing repairs/replacement at 87 locations across Gilroy, including sidewalks, curb and gutter, driveway approaches, asphalt repair, tree removal, tree installation, and associated work. The FY26 Sidewalk Replacement Program Project is included in the FY24-FY28 CIP as Project #800320. The budget allotted for the FY26 Sidewalk Replacement Program Project No. 26-PW-299 is \$1,500,000.

The lowest responsive and responsible Base Bid was received from McKim Corporation

in the amount of \$1,009,759. The addition of \$100,976 (10%) in contingency brings the total Project expenditure to the amount of \$1,110,735. The Project will be funded from the Sidewalk Repair Reserve (200).

BACKGROUND

The City has had a shared-cost sidewalk replacement program since 2006. From 2006 through 2024, this program was dependent on the property owners’ ability to fund all repairs upfront and later seek applicable reimbursements from the City, which limited the City’s ability to implement improvements in a timely manner.

To facilitate sidewalk repair/replacement, the City Council committed funding in the FY 2024-2028 Capital Improvement Program (CIP) for the City’s Annual Shared Cost Sidewalk Replacement Program. Beginning in 2025, City Staff would take over management of this program, with City Council authorizing \$500,000 per year for five years, totaling \$2.5 million, with the project being funded by the Sidewalk Repair Reserve Fund (200).

The most current iteration of the program was adopted by City Council on August 5, 2024, which moved the following responsibilities onto City Staff:

- Identification of sidewalk repair locations and additional required site repairs.
- Bid preparations for the maximum repairs possible under the available budget.
- Property owner notifications of assessed deficiencies, expected costs, and explanation of the cost-sharing program.
- Bid issuance, contractor management, and construction schedules citywide.
- Invoicing property owners for their portion once construction repairs are completed.

Additionally, clarifications to the program were approved by City Council on August 4, 2025, including the following:

- Allow the property owner to complete the required work on their own, subject to following specific requirements.
- Updates to Site Prioritization to account for several different factors, as necessary.
- Clarifications on the payment process and extension timelines.

The Cost Sharing Program is as follows:

- Sidewalk Replacement Caused by a Private Tree – 100% Property Owner Cost.
- Sidewalk Replacement Caused by a Public Tree – 50% City Cost / 50% Property Owner Cost.

- Private Tree Replacement – 100% Property Owner Cost.
- Public Tree Replacement – 100% City Cost.
- Curb and Gutter Replacement Caused by a Public or a Private Tree – 100% City Cost.
- Driveway Approach Replacement – 100% Property Owner Cost.
- The City will fund 100% of all repairs without seeking cost sharing of residences that are: 1) owner-occupied, and 2) enrolled for PG&E’s Care Program (based on income and other public assistance eligibility and usually indicated on their PG&E monthly statement).

The Department of Public Works maintains a list of identified/requested and confirmed locations for sidewalk repair/replacement. Currently, this list includes more than 350 confirmed locations. Based on the Engineer’s Estimate of Cost and the available FY26 funding, staff identified 87 locations throughout the City for immediate repair, in accordance with the City Council's adopted 2025 criteria. Locations were selected based on multiple factors, including the severity of damage, proximity to schools, the length of time on the list waiting for repairs, and the immediate proximity to other locations in need of repairs that could be bundled to benefit from reduced mobilization costs.

On August 11, 2025, a bid package was advertised for 87 locations. See below for additional details on the bid process and results.

Mailed notices have been provided to the owners of the 87 locations and staff will work with owners to respond to questions. Information regarding the program can also now be found on the Public Works website.

ANALYSIS

The FY26 Sidewalk Replacement Program Project is performing repairs/replacement at 87 locations, including sidewalks, curb and gutter, driveway approaches, asphalt repair, tree removal, tree installation, and associated work. The Engineer’s Estimate for the project was \$1,382,647.

The Project was advertised in the San Jose Mercury News and on the City’s website on August 11, 2025. Staff conducted the bid opening on September 9, 2025, and the City received five bids. During the course of the Bid Analysis, three bids were disqualified and deemed not responsive. The lowest responsive and responsible bidder was deemed to be the McKim Corporation, with a total base bid of \$1,009,759; this bid was 24% below the Engineer’s Estimate.

A summary of the bids is provided below.

RANK	COMPANY NAME	TOTAL BASE BID	10% CONTINGENCY	TOTAL
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1	McKim Corporation	\$1,009,759	\$100,976	\$1,110,735
2	Vanguard Construction	\$1,148,008	\$114,801	\$1,262,809
DQ	ASG Builders	\$814,529	\$81,453	\$895,982
DQ	JJR Construction	\$1,079,895	\$107,990	\$1,187,885
DQ	Villalobos & Associates	\$768,878	\$76,888	\$845,766

The 87 locations included in this year's project are located at the following addresses:

- | | | |
|----------------------------|--------------------------|-----------------------------|
| 1. 1st St/ Monterey Hwy | 31. 860 Dearborn Place | 61. 9510 Rancho Hills Dr |
| 2. 10th St/ Princevalle St | 32. 7531 Dowdy Street | 62. 9520 Rancho Hills Dr |
| 3. 480 9th Street | 33. 7561 Dowdy Street | 63. 9580 Rancho Hills Dr |
| 4. 510 9th Street | 34. 7630 Dowdy Street | 64. 9760 Rancho Hills Dr |
| 5. 520 9th Street | 35. 7690 Dowdy Street | 65. 9780 Rancho Hills Dr |
| 6. 540 9th Street | 36. 7311 Eigleberry St | 66. 1100 San Miguel St |
| 7. 550 9th Street | 37. 7605 El Roble Court | 67. 1110 San Miguel St |
| 8. 700 9th Street | 38. 7610 El Roble Court | 68. 7561 Santa Barbara Dr |
| 9. 706 9th Street | 39. 7620 El Roble Court | 69. 7571 Santa Barbara Dr |
| 10. 716 9th Street | 40. 7630 El Roble Court | 70. 7610 Santa Barbara Dr |
| 11. 726 9th Street | 41. 7670 El Roble Court | 71. 7589 Santa Paula Drive |
| 12. 730 9th Street | 42. 7680 El Roble Court | 72. 7610 Santa Paula Drive |
| 13. 740 9th Street | 43. 860 Greenwich Dr | 73. 7620 Santa Paula Drive |
| 14. 765 9th Street | 44. 865 Greenwich Dr | 74. 7196 Saratoga Place |
| 15. 903 Alder Street | 45. 915 Greenwich Dr | 75. 6301 Snowberry Court |
| 16. 1470 Amber Court | 46. 615 Johnson Way | 76. 1560 Sunrise Drive |
| 17. 975 Andover Place | 47. 635 Johnson Way | 77. 7155 Utica Place |
| 18. 730 Babbs Creek Dr | 48. 419 Madison Court | 78. 7075 Valley Forge Drive |
| 19. 740 Babbs Creek Dr | 49. 429 Madison Court | 79. 591 Welburn Avenue |
| 20. 415 Burke Drive | 50. 439 Madison Court | 80. 700 Welburn Avenue |
| 21. 7209 Church Street | 51. 459 Madison Court | 81. 771 Welburn Ave |
| 22. 7217 Church Street | 52. 7080 Orchard Drive | 82. 439 Willy Court |
| 23. 7233 Church Street | 53. 1383 Ousley Drive | 83. 7605 Wren Avenue |
| 24. 7440 Church Street | 54. 8532 Ousley Drive | 84. 7075 Yorktown Drive |
| 25. 7444 Church Street | 55. 8622 Ousley Drive | 85. 7085 Yorktown Drive |
| 26. 7449 Church Street | 56. 8635 Ousley Drive | 86. 7095 Yorktown Drive |
| 27. 7456 Church Street | 57. 1551 Peregrine Drive | 87. 7160 Yorktown Drive |
| 28. 7810 Church Street | 58. 6343 Poppyfield St | |
| 29. 7820 Church Street | 59. 7595 Princevalle St | |
| 30. 7830 Church Street | 60. 7610 Princevalle St | |

Attachment 1 includes a map of the locations included in the FY26 project.

Note: The City received two Formal Bid Protests from ASG Builders and Villalobos and Associates. The City, in conjunction with the City Attorney's Office, has evaluated the protests and determined that McKim Corporation is still the lowest responsible and responsive bidder.

ALTERNATIVES

The City Council could choose not to award the contract to McKim Corporation. This option is not recommended as the bidder is qualified, the funding is available and the bid is below the City's estimate of cost.

FISCAL IMPACT/FUNDING SOURCE

The Total Bid is \$1,009,759. Staff also recommends approval of a contingency in the amount of \$100,976 (10%) for a total construction allocation of \$1,110,735. The 10% contingency would be for potential unforeseen conditions or potential changes in the scope of work during construction.

The Project is funded from the Sidewalk Repair Reserve (200). There are sufficient budgetary appropriations available to accommodate this project's expenditure. Any remaining funds will be available to use towards future projects under this budget, as this is expected to be an annual project fund through FY28.

PUBLIC OUTREACH

Affected residents were notified in July 2025 by City Staff that their property had been identified as needing repairs, given an estimated repair window of Fall 2025, and were provided an initial estimate of out-of-pocket costs. The contractor is required to notify the tenants of the property at least one week prior to construction and again at least 72 hours prior to construction taking place. The notices will include the construction start date, daily work schedule, parking restrictions, times of driveway restriction, and any other necessary information as approved by the City Engineer.

NEXT STEPS

Should the City Council choose to proceed with McKim Corporation, the contract will be executed, and staff will work with the contractor to develop a final project schedule to begin construction in November 2025. If the City Council chooses to reject all bids, Public Works will work to rebid the project; rejection does not ensure lower bids on the project.

Attachments:

- 1. Attachment 1 Staff Report Locations



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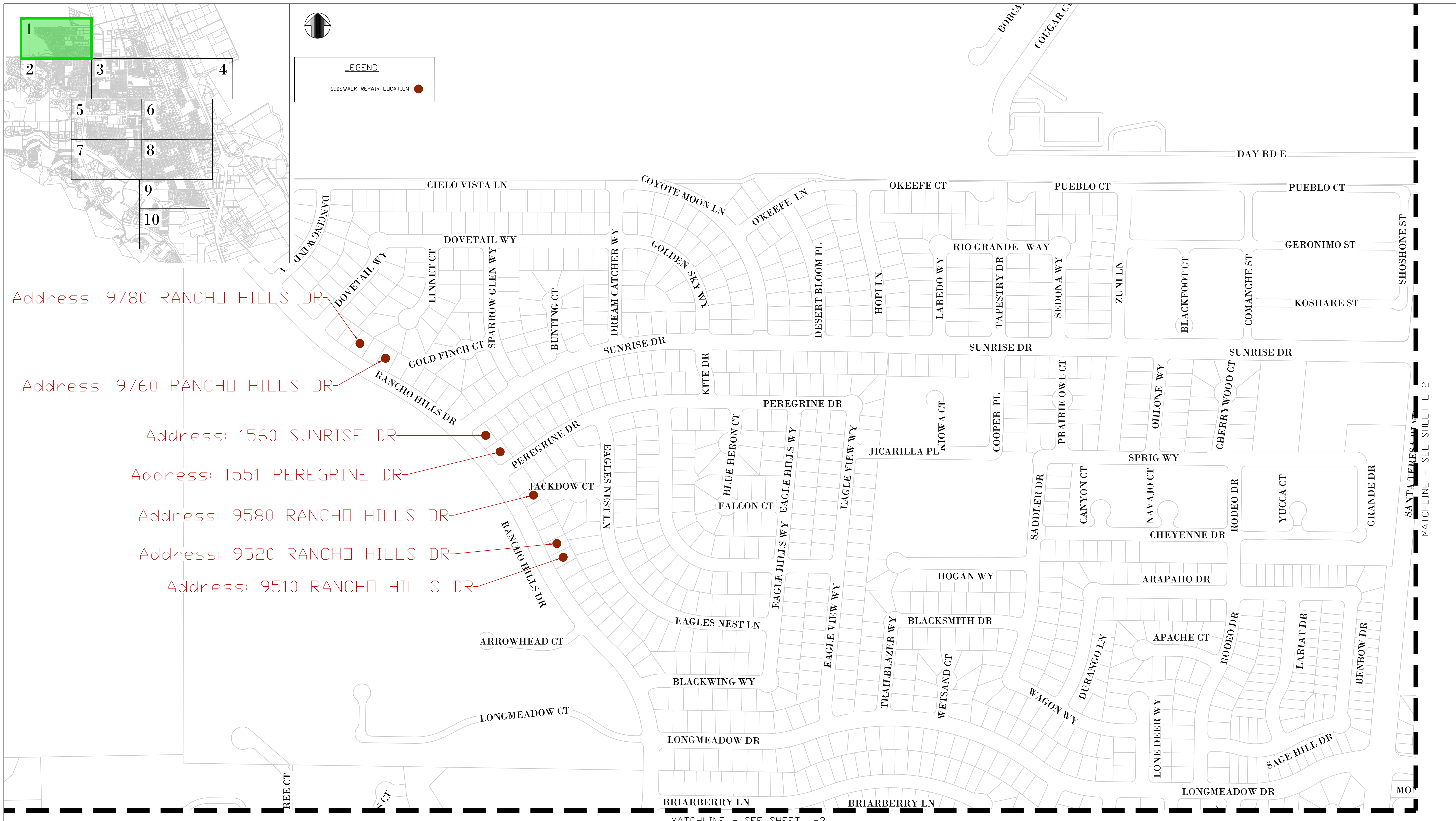
● SIDEWALK REPAIR LOCATION

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							JOHN DOUGHTY, PUBLIC WORKS DIRECTOR			08/01/2025	PROJECT No.	SHEET INDEX	SHEET 3 OF 100
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Address: 1560 SUNRISE DR

Address: 1551 PEREGRINE DR

Address: 9580 RANCHO HILLS DR

Address: 9520 RANCHO HILLS DR

Address: 9510 RANCHO HILLS DR

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							SHAUN WRIGHT, PROJECT ENGINEER
							JOHN DOUGHTY, PUBLIC WORKS DIRECTOR

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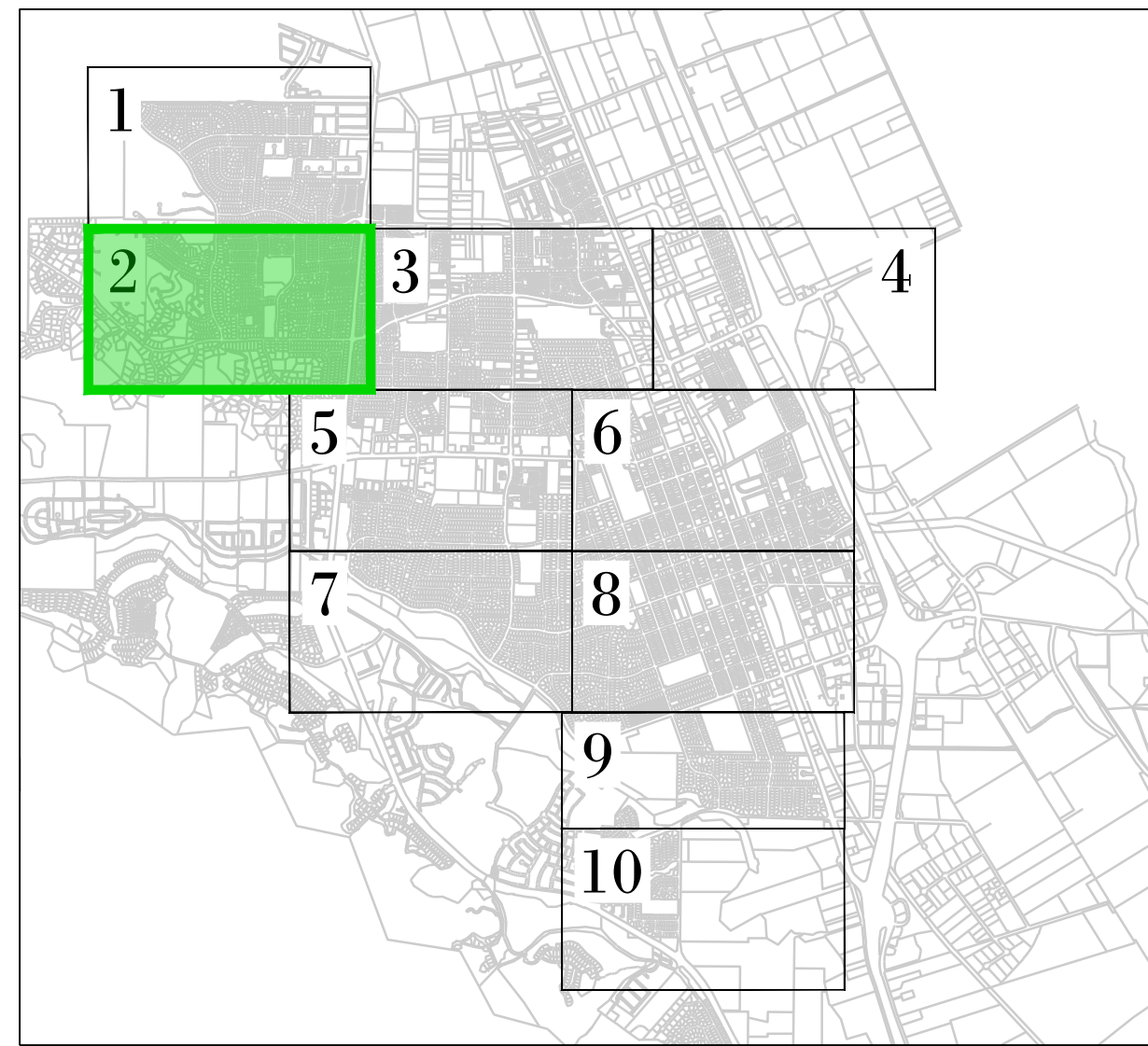
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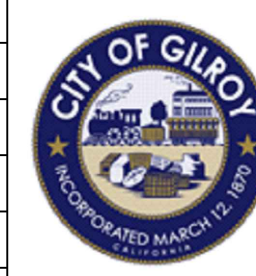


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SIDEWALK REPAIR LOCATION ●



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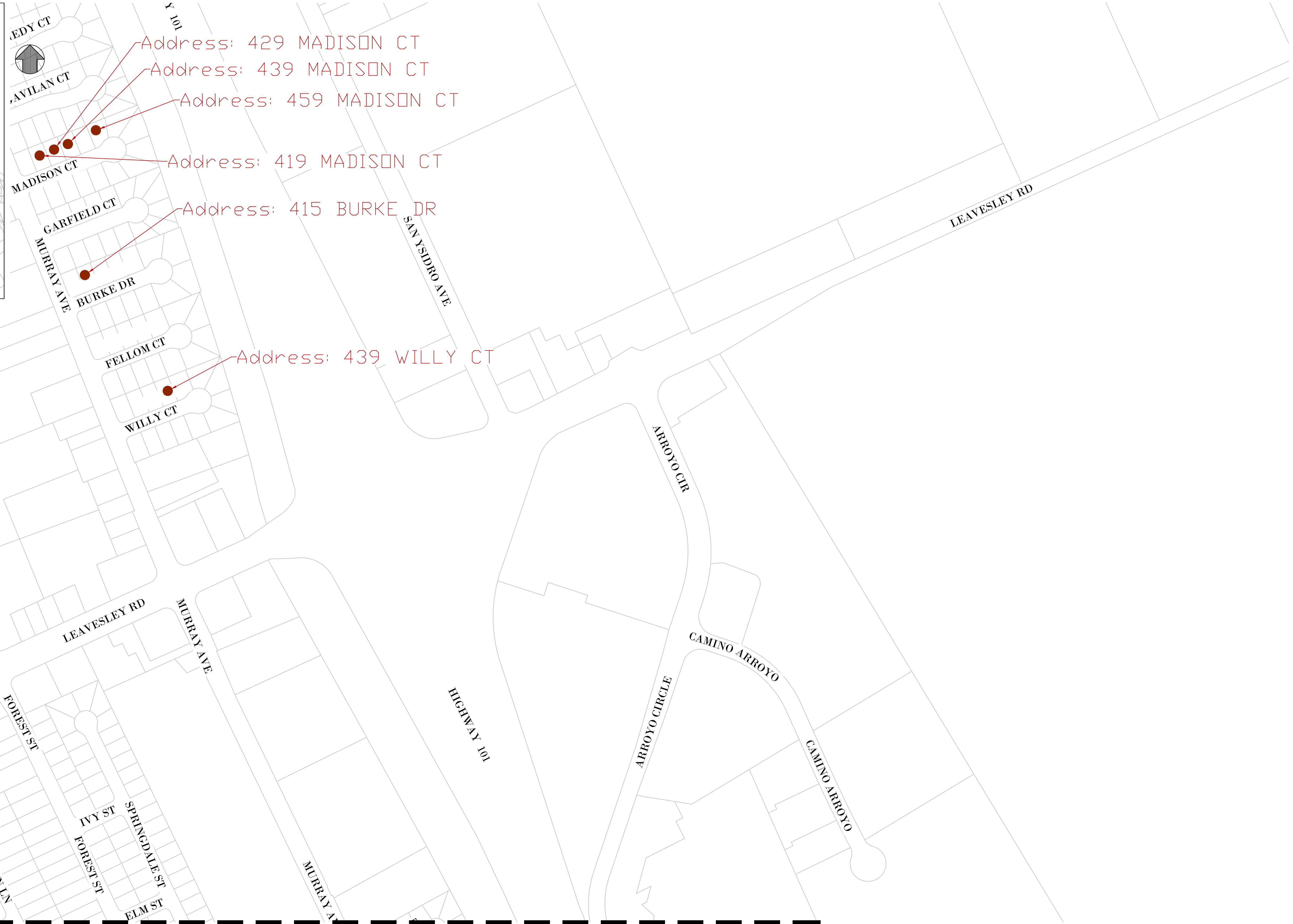
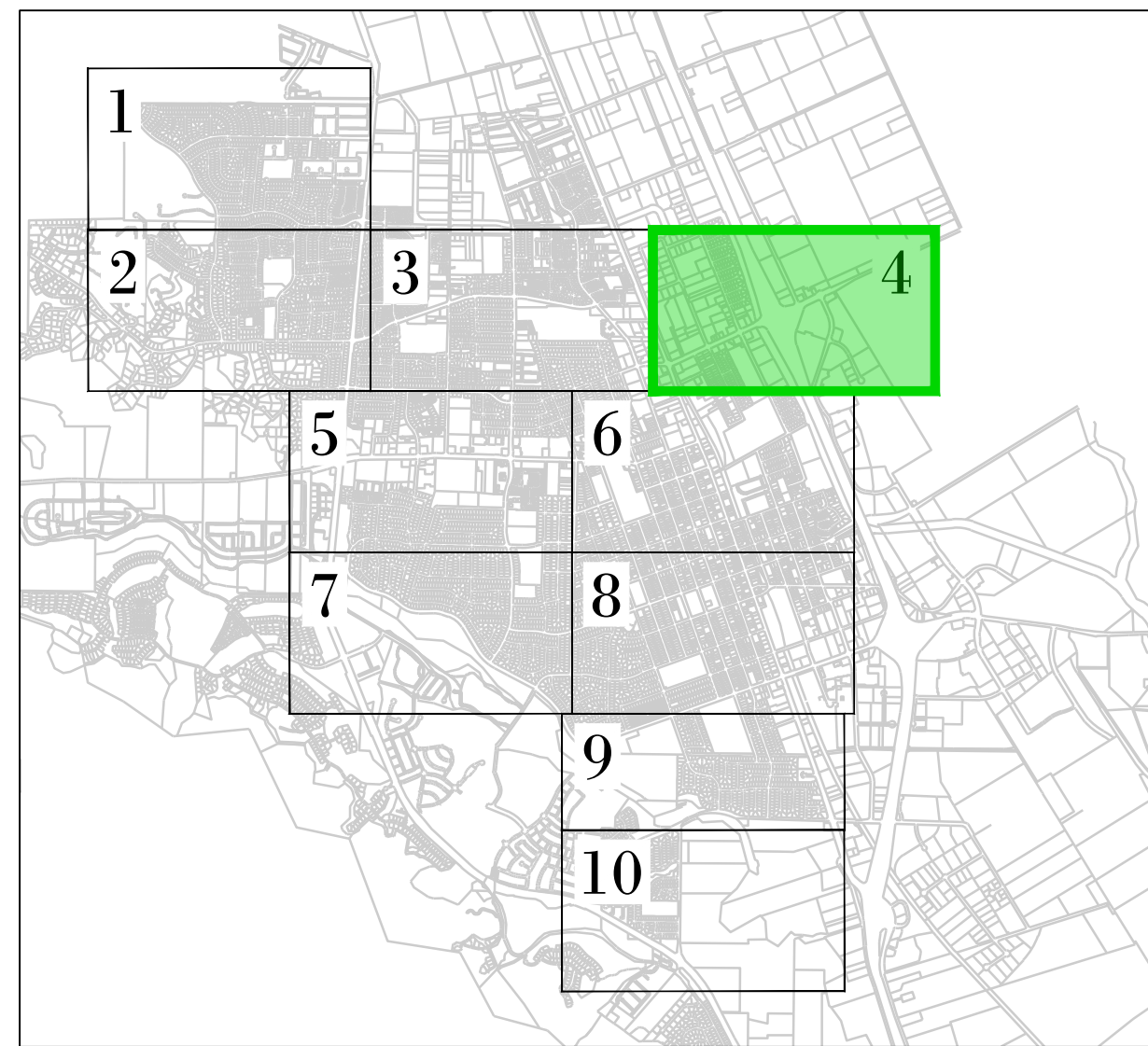
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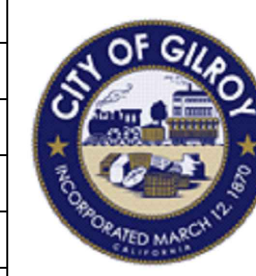


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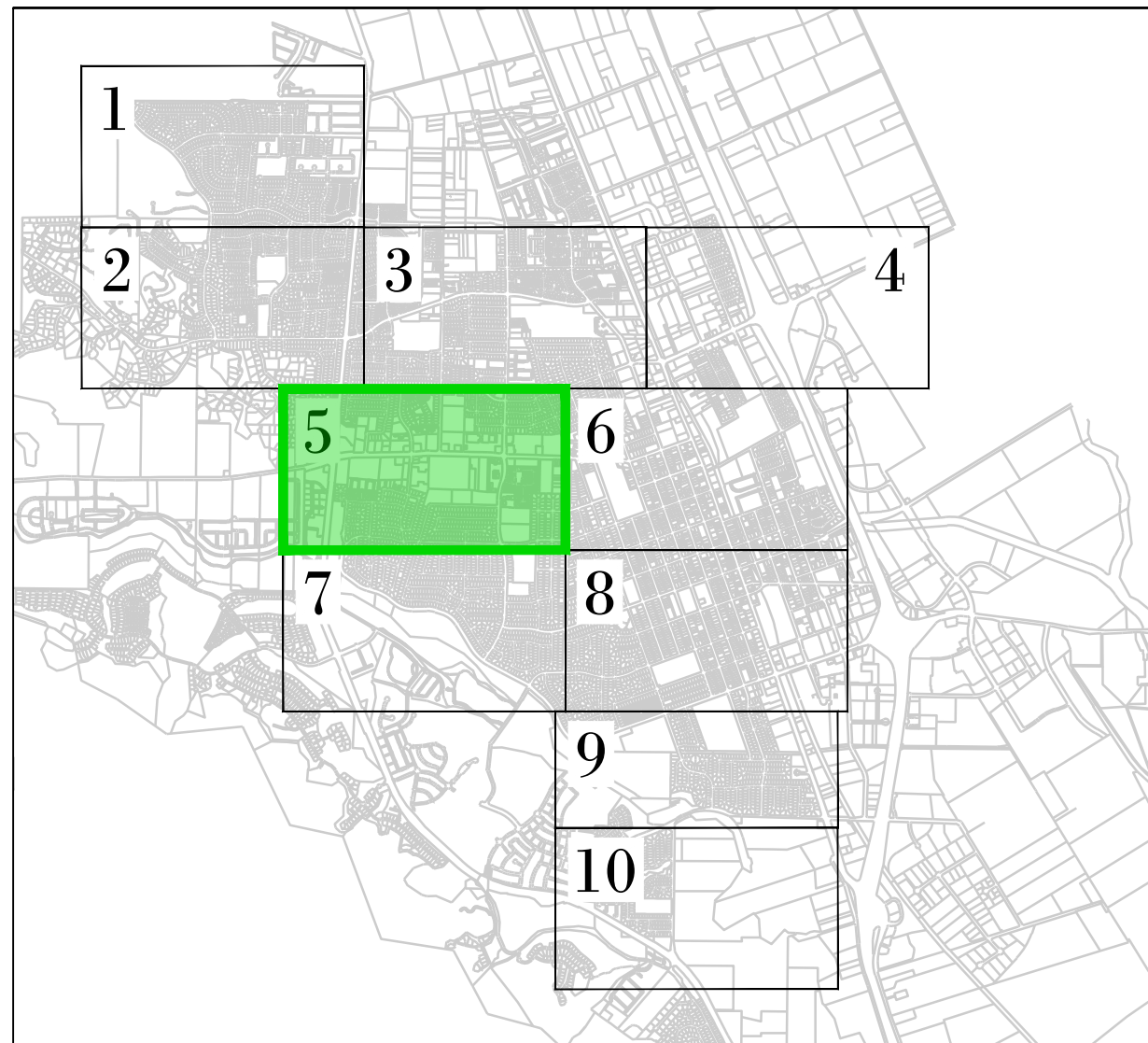
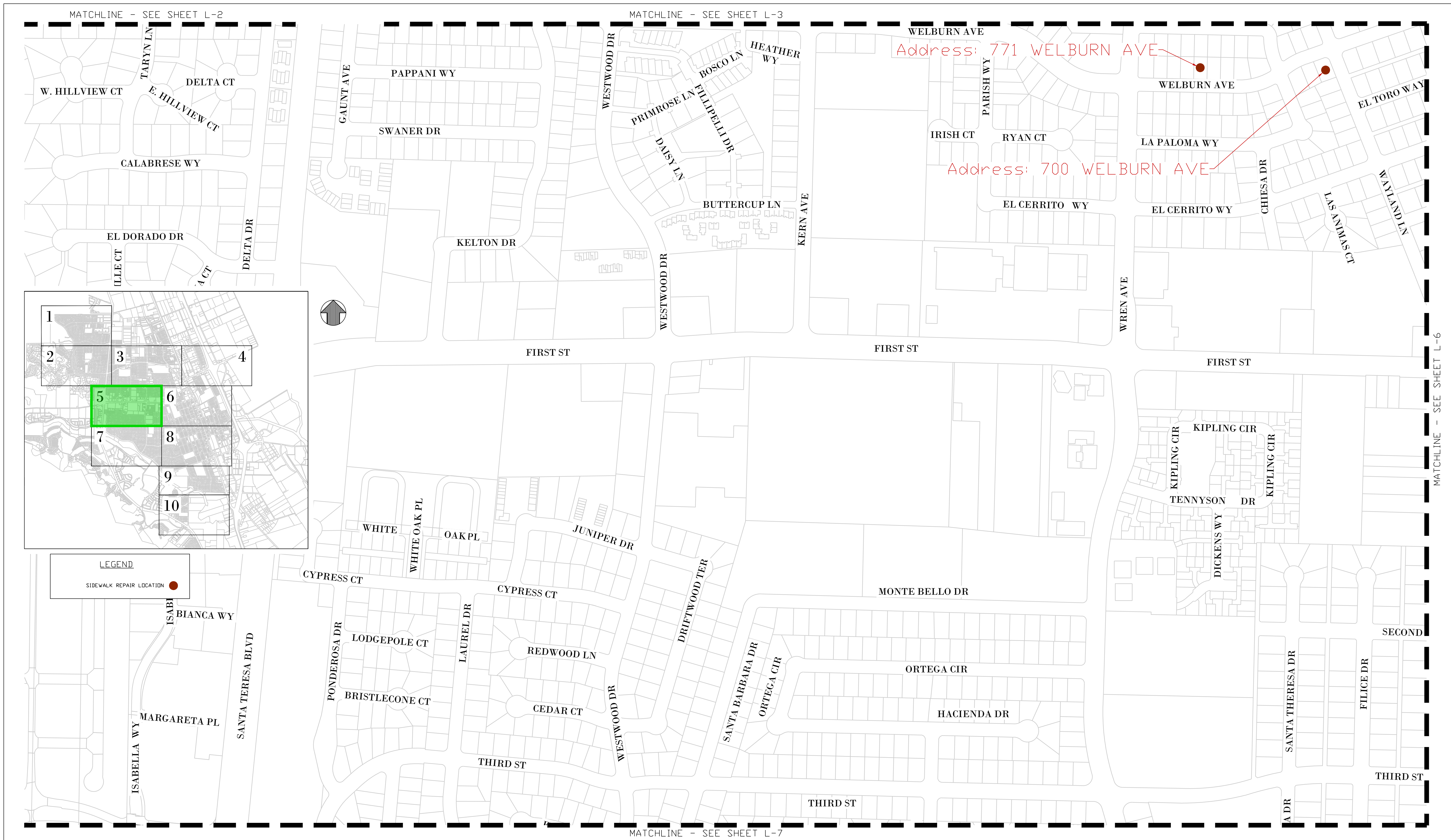
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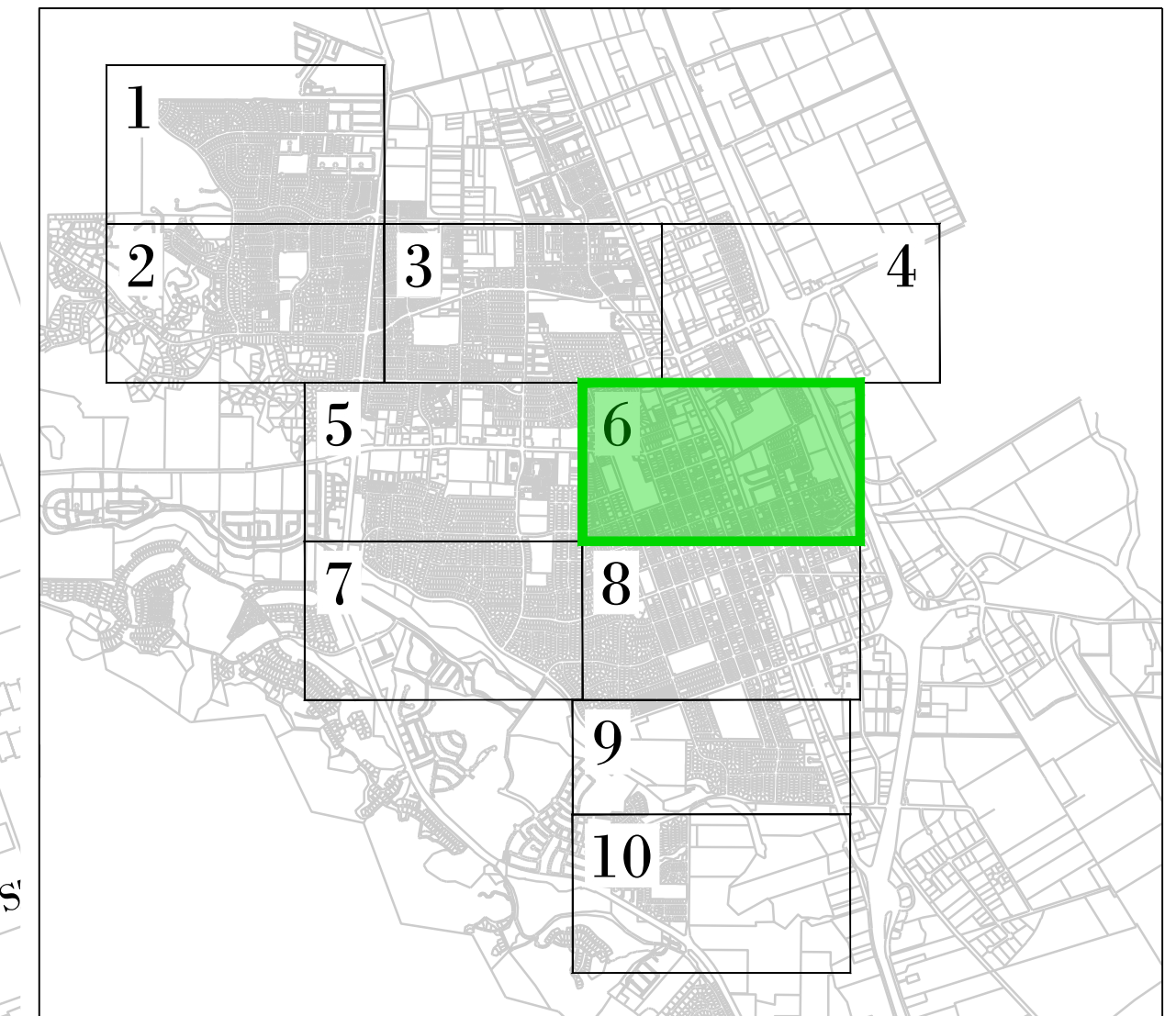
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JOHN DOUGHTY, PUBLIC WORKS DIRECTOR	

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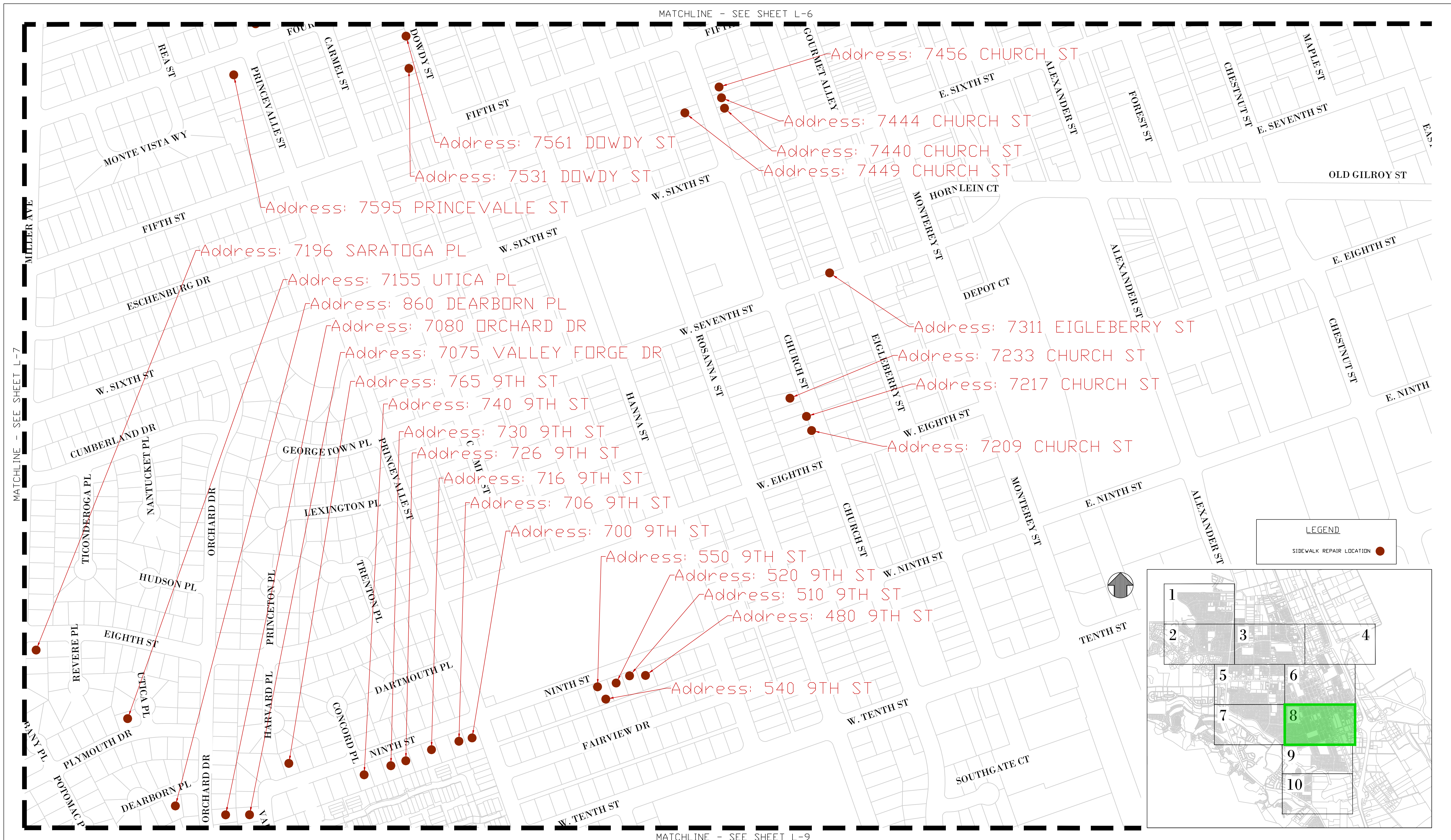
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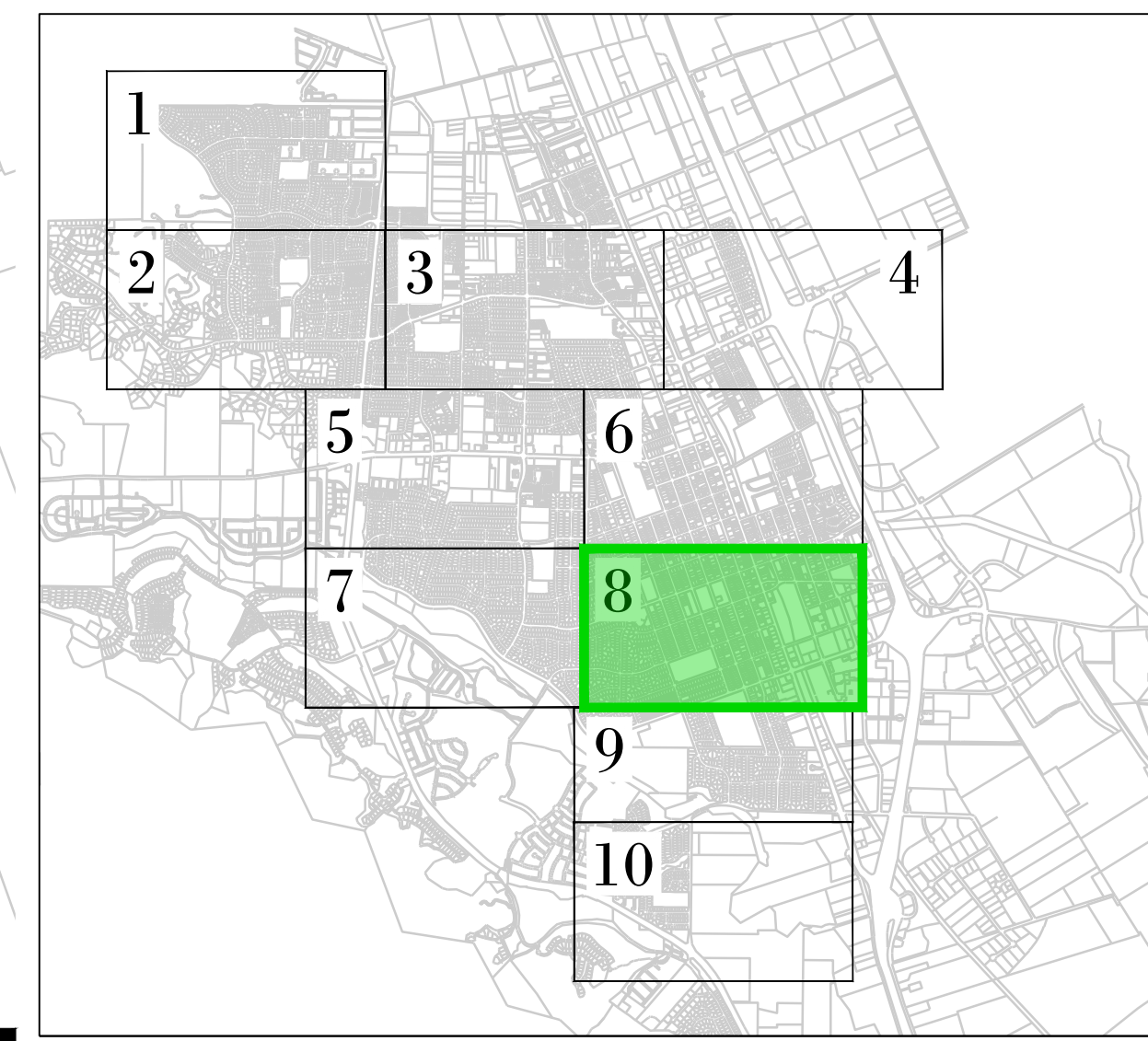
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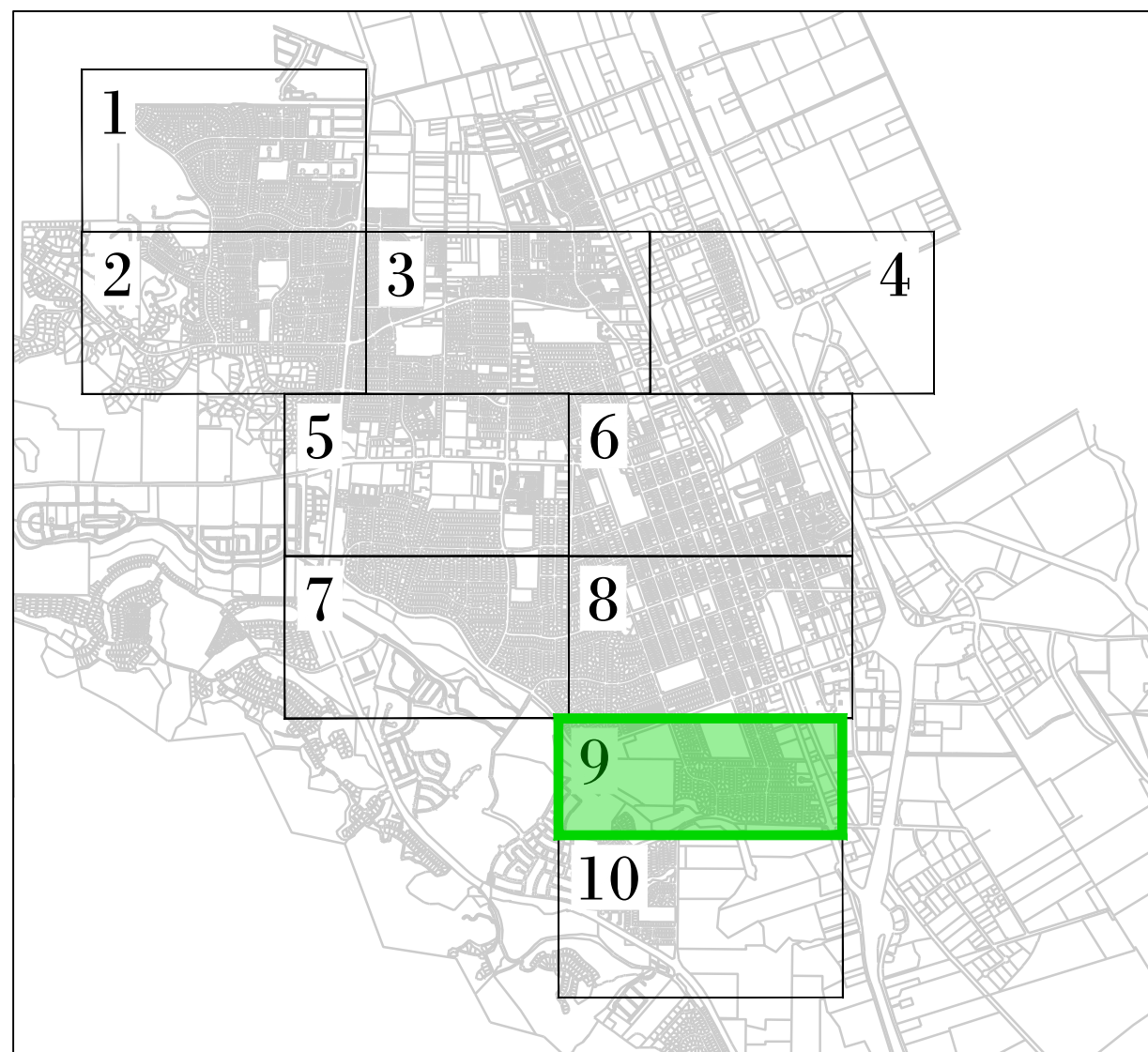
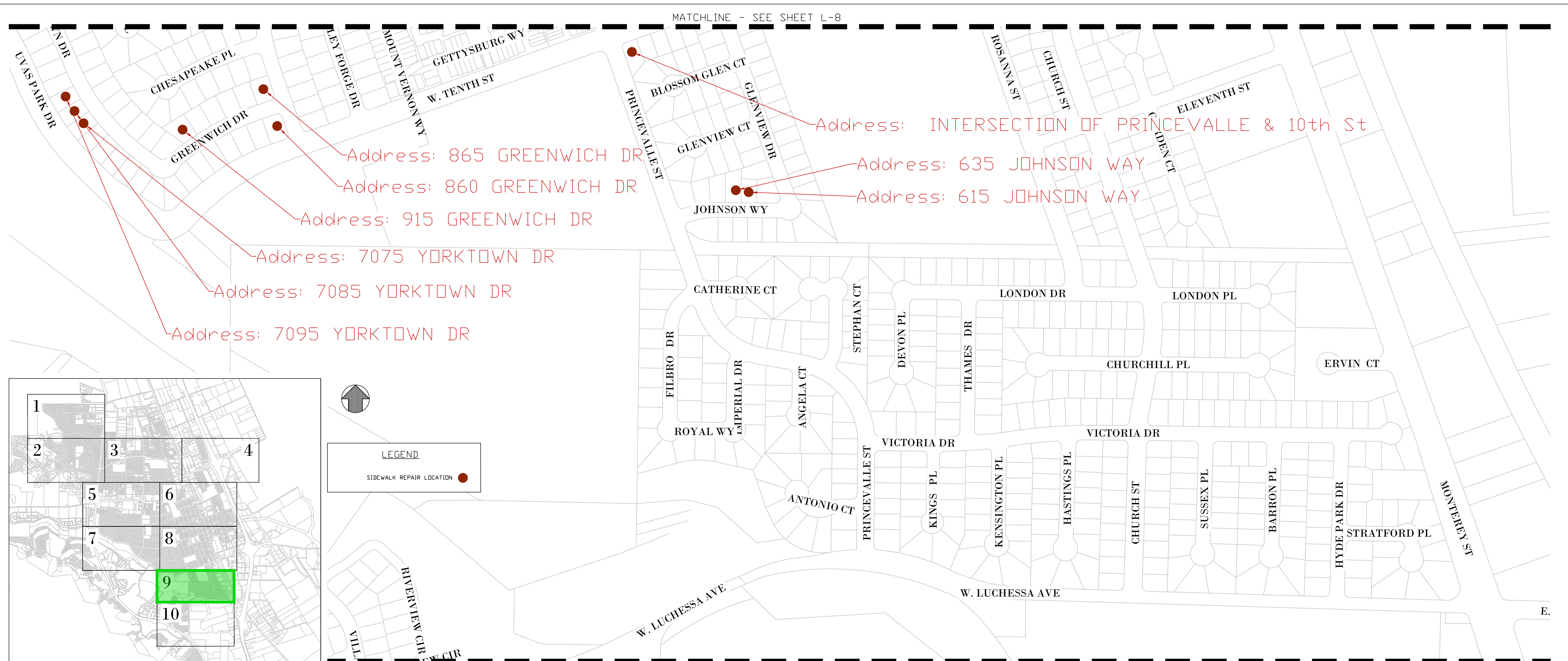
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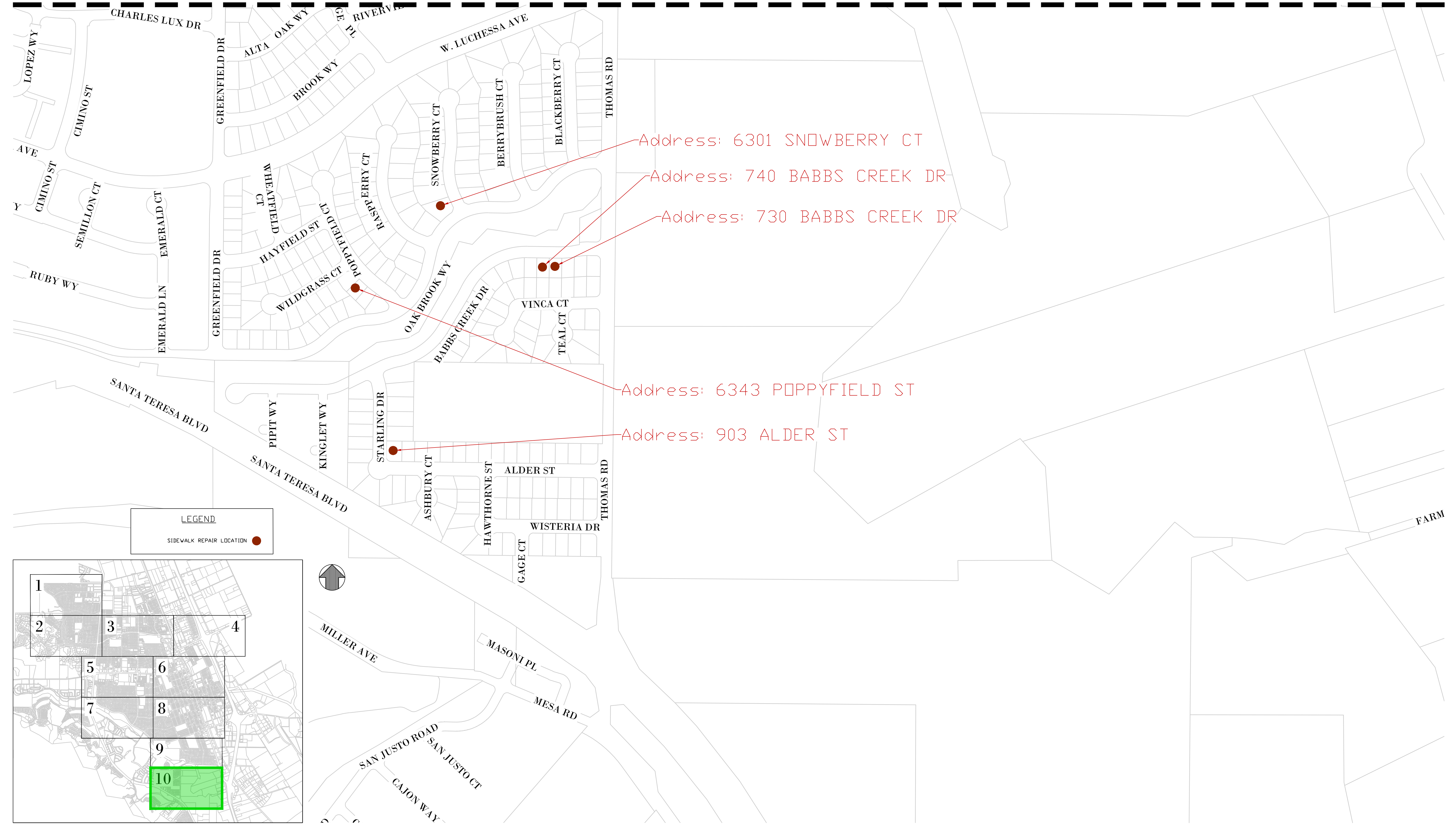
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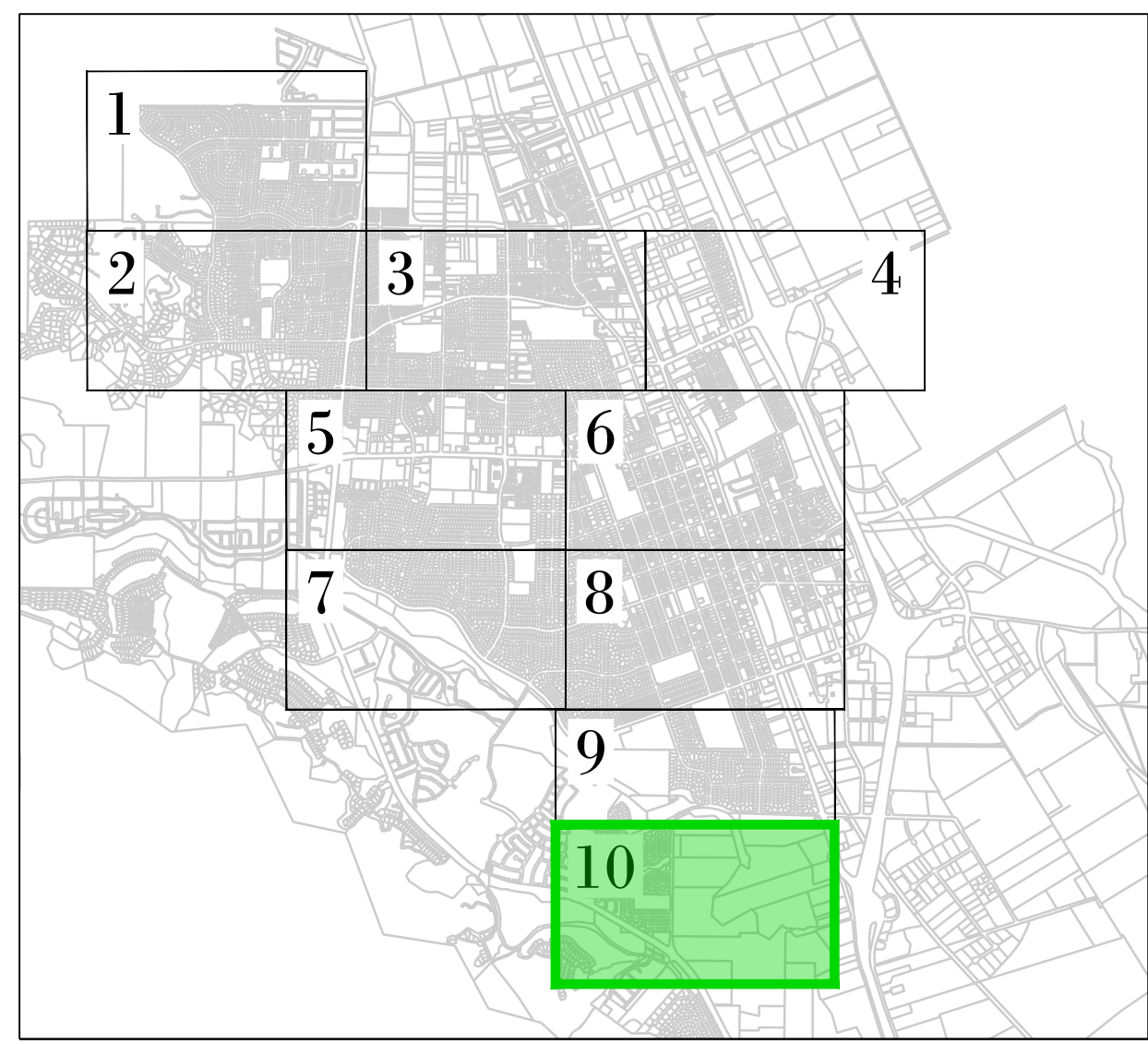
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SIDEWALK REPAIR LOCATION ●



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PROJECT No.	26- PW- 299	LOCATION PLAN	SHEET 95 OF 100

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City of Gilroy

STAFF REPORT

Agenda Item Title: Receive Preliminary Fiscal Year 2024-25 Year-end Financial Report and Adopt a Budget Amendment Resolution.

Meeting Date: October 20, 2025
From: Brad Kilger, Interim City Administrator
Department: Finance
Submitted by: Harjot Sangha, Finance Director
Prepared by: Carina Baksa, Finance Manager

STRATEGIC PLAN GOALS: Develop a Financially Resilient Organization

RECOMMENDATION

- 1) Receive preliminary Fiscal Year 2024-25 (FY25) year-end financial report.
- 2) Approve the Pension and Other Post-Employment Benefits (OPEB) Section 115 Trust contributions pursuant to the Council adopted policies.
- 3) Adopt a budget amendment resolution.

EXECUTIVE SUMMARY

This report is to inform the City Council about the City's Fiscal Year 2024-25 (FY25) preliminary, unaudited, year-end financial performance. The General Fund is the primary focus of this report, as it is the primary funding source for essential City services. All the non-general funds/ information is presented in aggregate in the latter part of the report.

BACKGROUND

The FY25 budget was adopted on June 5, 2023, as part of the City's FY24 and FY25 Biennial Budget development process. Activities for FY25 commenced on July 1, 2024, and were completed on June 30, 2025. Staff provided the Council with a quarterly financial report throughout FY25, with the third-quarter report to the Council on June 2, 2025. This report provides the preliminary FY25 year-end financial report and includes recommended budget adjustments for FY26.

ANALYSIS

General Fund

Revenues

For FY25, the General Fund revenues totaled \$69.5 million, approximately \$0.4 million below the \$69.9 million amended budget. The table below provides a breakdown of General Fund revenues by category and a comparison to the amended budget.

(In Millions)				
General Fund Revenues by Category	FY25 Amended Budget		Actuals through June 30, 2025 (Unaudited)	% of Budget
Sales Tax	\$ 21.8	\$	20.5	94%
Property Tax	21.2		21.4	101%
Utility User Tax	6.7		7.0	104%
Franchise Tax	2.5		2.4	96%
Transient Occupancy Tax	2.0		1.5	75%
Business License	0.8		0.8	100%
Other Revenues	14.8		15.9	108%
Total	\$ 69.9	\$	69.5	99%

Sales Tax - Sales Tax is one of the General Fund’s primary sources of revenue. The FY25 budget for sales tax revenue was \$21.8 million, of which \$20.5 million (94%) was received. With the third quarter budget report, staff reported that the latest sales tax data indicated the City's sales tax revenue was projected to come in at \$20.5 million, which is approximately \$1.3 million under budget. The actual revenue came in line with that projection.

Property Tax – Property tax is another primary source of revenue for the General Fund. The FY25 budget for property tax revenue was \$21.2 million, of which \$21.4 million (101%) was received, which includes \$2.1 million from the Excess Educational Revenue Augmentation Fund (ERAF). The nominal increase was primarily in the secured property tax revenue. It is important to note that, with FY25 actuals, property tax revenue outpaced sales tax revenue, which has historically been the largest tax revenue source for the City.

Utility Users Tax (UUT) - Utility taxes are assessed against the value of energy and telecommunications, such as gas, electricity, steam, cable, and phone charges. The current tax rates are 4.5% for telecommunications and 5% for gas and electricity. The FY25 budget for utility user tax was \$6.7 million, of which \$7.0 million (104%) was

received. The net increase was primarily in the electric segment, offset by a decline in the gas segment of the utility user tax base.

Franchise Tax - The City receives franchise tax revenue from three franchise types, including gas and electric, cable TV, and garbage/refuse. The FY25 budget for franchise tax was \$2.5 million, of which \$2.4 million (96%) was received. The decline was primarily in the cable TV franchise, as more subscribers are transitioning away from standard cable to streaming services.

Transient Occupancy Tax (TOT) - The City's TOT revenue comes from a 9% tax on hotel room rentals under 30 days, as well as from some of the RV parks in the City. The FY25 budget for TOT was \$2.0 million, of which \$1.5 million (75%) was received, approximately \$0.5 million under budget. This is primarily a result of lower-than-projected occupancy throughout the year.

Business License - The FY25 budget for Business License revenue was \$0.8 million, of which \$0.8 million (100%) was received. The City's outreach campaign conducted during FY25 to businesses that were out of compliance with business license requirements contributed to meeting the FY25 budget.

Other General Fund revenues - This category comprises departmental service charges, general administration charges, fines and forfeitures, and other intergovernmental revenues. The FY25 budget for this aggregate revenue category was \$14.8 million, of which \$15.9 million (108%) was received. This is \$1.1 million higher than the budget, primarily due to Strike Team reimbursements to the Fire Department, increased interest earnings, offset by declines in intergovernmental grant revenues for planning and engineering, which are now expected to occur in FY26, when the related expenditures are budgeted.

Expenditures

For FY25, the General Fund expenditures, including outstanding encumbrances, totaled \$75.1 million, approximately \$1.3 million (1.7%) under budget. The table below provides a breakdown of General Fund expenditures by Department or Function and a comparison to the amended budget.

(In Millions)				
General Fund Expenditures by Department/Function	FY25 Amended Budget	Actuals through June 30, 2025 (Unaudited)		% of Budget
Administration	\$ 4.4	\$	4.5	101%
Recreation Transfer	1.5		1.5	100%
Other Transfers	1.0		1.0	100%
Human Resources	1.8		1.7	95%
Community Development	6.6		6.3	96%
Finance	1.3		1.2	93%
Fire	14.9		15.5	104%
Other General Government	3.5		3.9	111%
Police	32.7		31.8	97%
Public Works	8.6		7.6	88%
Total	\$ 76.4	\$	75.1	98%

The majority of the departments/functions were under or in line with the budget. There were certain departments/functions, notably Administration, Fire, and Other General Government functions, that exceeded budget primarily due to changes in City Council compensation approved during the fiscal year, higher legal costs related to the districting effort, Fire's Strike Team deployment overtime costs which are reimbursable, and the writing off of a previous Council approved inter-fund loan of approximately \$241,000 to the Parking Management Fund that was established in anticipation of a downtown parking enforcement program from the completed Downtown Parking Study, which ultimately determined such a program is not necessary at this time. These were offset by savings in other departments/functions within the General Fund, contributing to the overall net year-end budgetary savings of approximately \$1.3 million.

The preliminary FY25 ending General Fund balance is \$30.4 million, or about 40% of annual expenditures. The minimum required fund balance established by the Council is 30%, or about \$22.5 million.

There are certain recommended budget adjustments for both General and Non-General Funds, which are recommended to be appropriated in FY26 and are outlined further below in the "Budget Adjustments" section of the Analysis.

Non-General Funds

Revenues

The City has approximately 60 non-general funds. The information for these funds is

presented in the table below in aggregate, by fund type, along with a description of what is included in these fund types. Non-General Fund revenues for FY25 totaled \$83.2 million, approximately 67% of the amended budget of \$124.8 million. This is \$42.0 million under budget.

(In Millions)				
Non-General Fund			Actuals through	
Revenues by Fund Type	FY25 Amended		June 30, 2025	% of
	Budget		(Unaudited)	Budget
Special Revenue	\$ 13.8	\$	8.3	60%
Recreation	2.3		2.2	95%
Capital/Development	52.6		14.4	27%
Debt Service	5.0		4.8	97%
Internal Service	18.0		16.6	92%
Sewer	18.2		19.3	106%
Water	14.8		17.5	118%
Total	\$ 124.8	\$	83.2	67%

Special Revenues – The primary source of this fund type is intergovernmental funds, such as tax sharing or grants from Federal, State, County, and other regional governments. For the City of Gilroy, these Special Revenues provide funding for transportation (Gas Taxes, Vehicle Registration, and Measure B), public safety (Proposition 172 sales tax, Gang Prevention, and regional task forces), and community development (CDBG and housing), among others. The FY25 budget for Special Revenues was \$13.8 million, of which \$8.3 million (60%) was received. The primary reasons for the revenue shortfall are \$3.6 million from VTA Measure B funding budgeted to be received for the 10th Street Bridge Widening project, which VTA ended up leading the project, and therefore the City is no longer the pass-through entity for that funding. Additionally, there was \$1.5 million budgeted for the design and construction of Lions Creek Trail, which has not begun, thus the related grant funds were not drawn down during FY25, but will be in FY26.

Recreation – The Recreation Fund receives an annual allocation of \$1.5 million from the General Fund, in addition to the revenues it generates from charges for services and grants related to recreation programs. The FY25 budget for Recreation revenue was \$2.3 million, of which \$2.2 million (95%) was received. The shortfall was primarily related to lower-than-budgeted facility rental fees and grant revenue.

Capital/Development Impact Funds – Revenues in the Capital and Development Impact Funds are primarily generated by new development approvals and the required contributions to offset infrastructure impacts. Revenue depends on the size and impact of the development and the timing of the project; therefore, revenue is not evenly distributed throughout the fiscal year. The FY25 budget for Capital/Development Funds

revenue was \$52.6 million of which \$14.4 million (27%) was received. This major shortfall in revenues compared to budget is due to large development projects such as the Gilroy Ice Center Bond Proceeds (\$12.5 million) which did not materialize during FY25, developer contribution for the Santa Teresa Fire Station (\$3.6 million) still remaining to be received, and FY25 Development Impact Fees slowdown due to declining consumer confidence driven by economic instability which has impacted Land Development sensitive to national and international events (\$17 million). Staff reevaluated projects and timelines and included revised expectations in the new FY26 and FY27 adopted budgets.

Debt Service – Debt Service funds receive their revenue from annual property tax levies and/or via interfund transfers from other funds and are typically aligned with the timing of the debt service payment. The FY25 budget for Debt Service Funds revenue was \$5.0 million, of which \$4.8 million (97%) was received.

Internal Service – Internal Service Funds (Information Technology (IT), Fleet, Facilities, Worker’s Compensation, and Liability Funds) primarily receive their revenue from charges to other departments and funds in the City. The FY25 budget for Internal Service Funds revenue was \$18.0 million of which \$16.6 million (92%) was received. The shortfall was primarily due to a reimbursement that was budgeted for a planned Energy Conservation Measures project, which was forgone because the related reimbursements were no longer available.

Sewer – The FY25 budget for Sewer revenue was \$18.2 million, of which \$19.3 million (106%) was received. The Sewer Enterprise Fund generates its revenue from utility user charges. The increase in revenues in this Fund is primarily due to higher user charges and interest revenue received, offset by a decrease in reimbursement revenue from the City of Morgan Hill for the cost-shared trunk line project design, which is now expected to be completed in FY26.

Water – The FY25 budget for Water revenue was \$14.8 million, of which \$17.5 million (118%) was received. Like the Sewer Fund, the Water Fund generates its revenues from utility user charges, which fluctuate based on consumption levels. The increase in revenues in this Fund is primarily due to higher interest revenue and increased revenue from user charges.

Expenditures

For FY25, the Non-General Fund expenditures, including outstanding encumbrances, totaled \$88.4 million, approximately \$72.0 million (45%) under budget. The table below provides a breakdown of Non-General Fund expenditures by Fund and a comparison to the amended budget.

(In Millions)					
Non-General Fund	FY25 Amended		Actuals through		
Expenditures by Fund Type	Budget		June 30, 2025		
			(Unaudited)	% of Budget	
Special Revenue	\$	20.5	\$	13.2	64%
Recreation		2.2		1.9	86%
Capital/Development		43.3		12.4	29%
Debt Service		4.9		4.9	100%
Internal Service		23.4		17.3	74%
Sewer		28.1		20.6	73%
Water		38.1		18.1	48%
Total	\$	160.6	\$	88.4	55%

Special Revenues – The FY25 expenditures for Special Revenue funds totaled \$13.2 million (64%) of \$20.5 million budget. The underspending was primarily related to the 10th Street Bridge Widening project which VTA is leading (\$3.6 million) and therefore the City will not incur expenses for this project. Additionally, there was \$1.5 million budgeted for the design and construction of Lions Creek Trail, which has not begun, and approximately \$0.75 million for the Sidewalk Replacement program, which is still undergoing the Bid process and will be awarded and reappropriated in FY26.

Recreation – The FY25 expenditures for Recreation totaled \$1.9 million (86%) of \$2.2 million budget. The underspending was primarily related to salary savings and materials and services.

Capital/Development – The FY25 expenditures for Capital/Development funds totaled \$12.4 million (29%) of \$43.3 million budget. The below target spending is primarily in the capital outlay area, which includes large development projects such as the Gilroy Ice Center, among others, and Impact Fee Funded City projects, which did not commence during the FY. New revisions to the Capital Projects and timelines were included in the new FY26 and FY27 adopted budgets.

Debt Service – The FY25 expenditures for Debt Service funds totaled \$4.9 million (100%) of \$4.9 million budget. The debt service payments typically include semiannual interest payments, and one annual principal payment. These expenses are typically fully spent since they are budgeted and driven by debt service payment schedules.

Internal Service - The FY25 expenditures for Internal Service funds totaled \$17.3 million (74%) of \$23.4 million budget. The City's internal services funds are Information Technology (IT), Fleet, Facilities, Equipment Outlay, Worker's Compensation, and Liability Funds. The underspending was primarily in the Equipment Outlay Fund (625) which had \$2.5 million appropriated for the Chestnut and Las Animas Fire Station upgrades, projects which have been rebudgeted in FY26. Additionally, Facilities Fund

(615) had savings of approximately \$1.5 million due to projects that were canceled (Old City Hall HVAC) or rebudgeted in FY26 along with savings in Utilities and Contractual services.

Sewer – The FY25 expenditures for the Sewer Fund totaled \$20.6 million (73%) of \$28.1 million budget. The underspending was primarily in the capital outlay expenditures related to various large projects such as the Joint Morgan Hill Trunk Line Repair, various sewer pipe repair and rehabilitation projects. The Utilities Department reevaluated such capital projects and budgeted in FY26 and FY27 during the budget development process accordingly.

Water - The FY25 expenditures for the Water Fund totaled \$18.1 million (48%) of \$38.1 million budget. The underspending was primarily in the capital outlay expenditures related to various large projects that came approximately \$17.2 million under budget, most notably being the upgrade of four Water Wells. Capital projects were reevaluated by the Utilities Department and budgeted in FY26 and FY27 during the budget development process accordingly.

Budget Adjustments

FY25 Close-out Adjustments

- The Gilroy Police Department experienced an increase in costs for Sexual Assault Response Team (SART) exams conducted by the County for victims of Sexual Assault. In FY25, costs in Fund 240, Proposition 172 Sales Tax, which funds the SART exams, came in higher by \$31,600. Therefore, an adjustment of \$31,600 is recommended for Fund 240 to close out the fiscal year.
- The Worker's Compensation Fund (605) ended the year with \$150,000 in higher actual costs, as such an adjustment of \$150,000 is recommended in Fund 605 to close out the fiscal year.

FY26 Adjustments

The Gilroy Police Department received several grants during FY25, which were not fully expended during the year and are allowed to be expended through FY26. Therefore, the Department is recommending the following grant-related revenue and expenditure adjustments:

- The Department received a Wellness grant (\$43,529.13) from the California Board of State and Community Corrections, of which \$5,271 remains unspent and eligible for use until December 31, 2025. This adjustment would increase appropriations in Fund 225 – Police Grants Fund.
- The Department received a grant from the Office of Traffic Safety (\$125,000), of

which \$55,096 remains unspent and eligible for use through September 30, 2025. This adjustment would increase appropriations in Fund 223 – Office of Traffic Safety Grant Fund.

- The Department received a grant from the Department of Justice for the purchase of respirator masks. The grant was applied for in FY24, and DOJ notified PD in March 2025 of the award. The grant revenue was included in the expected amount in the adopted FY26 budget; however, the appropriations for expenditures were not included. This adjustment is to request that \$17,519 be appropriated in FY26. This adjustment would increase appropriations in Fund 225 – Police Grants Fund.
- The Department received a revised allocation from two partners in the South County Youth Task Force. The District Attorney's Office is increasing its allocation to the task force by \$10,000, and Morgan Hill Unified School District is decreasing its allocation to the task force by \$30,000, thereby necessitating an adjustment to the FY26 budget by decreasing a net of \$20,000 from Fund 227 – South County Youth Task Force.

The Emergency Operations Division (1001560) received a \$25,000 grant in FY25 from the California Office of Emergency Services (Cal OES), the LISTOS California CERT Support Grant, intended to strengthen the Community Emergency Response Team (CERT) program readiness. The City of Gilroy did not spend the full grant in FY25, and it is allowed to carry it forward to utilize in FY26. This adjustment recommends that \$17,810 be re-appropriated in FY26 in the General Fund (100), Emergency Operations Division (Org. 1001560).

The Department of Public Works, Parks Division (Org 1005510) is recommending an appropriation of \$340,000 for FY26. There was \$271,000 budget for playground improvements for various City parks budgeted in FY25; however, the Division was unable to get to those projects. Staff plan to accommodate those projects in FY26 and, therefore, would like to recommend the budget be re-appropriated. Additionally, the division is recommending \$69,000 in appropriations for tree trimming work not already included in the adopted FY26 budget. This additional work is proposed for the clean-up of the City's gateways, specifically, Hecker Pass Highway from Santa Teresa to Burchell Road.

Pension and OPEB Section 115 Trust Contributions

The General Fund ended the year with \$1.3 million in budgetary savings. The City Council has an existing Pension and OPEB Funding policy, which directs up to 25% of the year-end budgetary savings to each of the Section 115 Trusts established to pre-

fund Pension and OPEB liabilities. As such, \$650,000 is recommended to be directed to both of those trusts, at \$325,000 each.

The table below details the Budget Adjustments requested for FY26. A budget amendment resolution is included with the staff report, and it is recommended that Council adopt the resolution.

Department	Fund	Org	Object Code(s)	Revenue Adjustment	Expenditure Adjustment
Finance (Pension/OPEB Trust Policy)	100-General Fund	1001000	50415		650,000
Police	223-OTS PD Grant	2233010	43120/52610	55,096	55,096
Police	225-Police Grants Fund	2253000	43120/52610	5,271	5,271
Police	225-Police Grants Fund	2253000	52150		17,519
Police	227-South County Youth Task Force	2273000	43125/52610	(20,000)	(20,000)
Admin - EOC	100-General Fund	1001560	43120/51520	17,810	17,810
Public Works - Parks/Landscape	100-General Fund	1005510	51630		69,000
Public Works - Parks/Landscape	100-General Fund	1005510	52210		147,000
Public Works - Parks/Landscape	100-General Fund	1005510	53142		124,000
Total				\$ 58,177	\$ 1,065,696

Other Financial Update

Pension Liabilities

The City has an unfunded accrued liability (UAL) associated with its CalPERS pension plans. As of June 30, 2024, based on the latest Actuarial Valuation reports, the City’s UAL is \$115 million. In July 2025, CalPERS announced a preliminary investment return of 11.6% for FY25, exceeding its assumed target investment return of 6.8%. This is expected to have a positive impact and decrease the City’s UAL to about \$101 million. The impact of the lower UAL and the related reduction in UAL payments is expected to take effect in FY28 onwards. The City has taken prudent efforts to mitigate the impacts of rising pension costs by establishing the Section 115 Pension Trust and making annual contributions. As of September 30, 2024, the Trust has a balance of \$5.1 million – earning a strong annualized investment return of 9.4%. The adopted FY26 and FY27 General Fund forecast assumes that by FY29, the City will be able to leverage the Pension Trust (withdraw) strategically, to help pay for a portion of the annual UAL payments and lessen the burden to the City’s General Fund. With the next quarterly budget update report, staff will update the General Fund forecast, which incorporates this pension-related impact to the UAL, and expects the City may be in a position to begin leveraging the Trust sooner than FY29.

Property Tax – Excess Educational Revenue Augmentation Fund (ERAF)

Staff have previously provided updates to the City Council regarding Excess ERAF, which has faced a challenge by the State Controller’s Office (SCO) pertaining to the County’s calculation of excess ERAF. The County has filed a lawsuit against SCO regarding the matter, and the case is pending a court trial date. Based on the recent update provided by the County, the matter will likely extend into calendar year 2026. The annual negative impact on local jurisdictions, Excess ERAF for FY26, is approximately 18%. The City of Gilroy’s Excess ERAF allocation is estimated to be \$2.6 million, so the potential impact is about \$468,000 reduction in the Excess ERAF

amount. The SCO's claim includes a retroactive provision for the adjustments going back to FY21; however, staff continue to forecast the best-case scenario that any adjustments will be made on a going-forward basis.

ALTERNATIVES

There are no recommended alternatives to receiving the preliminary FY25 year-end report.

The City Council could elect to not approve any single, multiple, or all the budget adjustment requests, however staff does not recommend this option as a majority are grant related or existing Council policy, and others are necessary for maintaining and improving the City's parks and landscapes.

FISCAL IMPACT/FUNDING SOURCE

There is no direct fiscal impact from receiving the preliminary FY25 year-end report. The fiscal impact to the General and other Non-General Fund types is discussed above in the analysis section.

Budget amendments are recommended for the General Fund, amounting to about \$1.0 million, and PD Grant Funds, netting about \$58,000. A related budget amendment resolution is included and recommended for adoption.

Attachments:

1. Budget Amendment Resolution

RESOLUTION NO. 2026-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY
AMENDING THE BUDGET FOR THE CITY OF GILROY**

WHEREAS, the City Administrator prepared and submitted to the City Council a budget for the City of Gilroy for Fiscal Years 2024 and 2025, and the City Council carefully examined, considered and adopted the same on June 5, 2023; and

WHEREAS, the City Administrator prepared and submitted to the City Council a budget for the City of Gilroy for Fiscal Years 2026 and 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 and 2026 for the City of Gilroy in the staff report dated October 20, 2025, for Preliminary FY2024-25 Year-end Financial Report; 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 appropriations to the expenditure accounts for Fiscal Year 2025 close out are hereby increased by \$31,600 in Fund 240 (Prop 172 Sales Tax) and by \$150,000 in Fund 605 (Worker’s Compensation) and that appropriations to the expenditure and revenue accounts for Fiscal Year 2026 are hereby increased or decreased for the various Funds outlined in Exhibit A, attached to this resolution.

PASSED AND ADOPTED this 20th day of October 2025 by the following roll call vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED:

Greg Bozzo, Mayor

ATTEST:

Kim Mancera, City Clerk

EXHIBIT A

FY26 Appropriations Adjustments

Department	Fund	Org	Object Code(s)	Revenue Adjustment	Expenditure Adjustment
Finance (Pension/OPEB Trust Policy)	100-General Fund	1001000	50415		650,000
Police	223-OTSPD Grant	2233010	43120/52610	55,096	55,096
Police	225-Police Grants Fund	2253000	43120/52610	5,271	5,271
Police	225-Police Grants Fund	2253000	52150		17,519
Police	227-South County Youth Task Force	2273000	43125/52610	(20,000)	(20,000)
Admin - EOC	100-General Fund	1001560	43120/51520	17,810	17,810
Public Works - Parks/Landscape	100-General Fund	1005510	51630		69,000
Public Works - Parks/Landscape	100-General Fund	1005510	52210		147,000
Public Works - Parks/Landscape	100-General Fund	1005510	53142		124,000
Total				\$ 58,177	\$ 1,065,696



City of Gilroy

STAFF REPORT

Agenda Item Title: Discussion and Direction Regarding Establishing a Reserve Policy to Fund Parks Infrastructure

Meeting Date: October 20, 2025

From: Brad Kilger, Interim City Administrator

Department: Finance

Submitted by: Harjot Sangha, Finance Director

Prepared by: Harjot Sangha, Finance Director

STRATEGIC PLAN GOALS: Maintain and Improve City Infrastructure

RECOMMENDATION

Receive report and provide direction.

BACKGROUND

As part of the Fiscal Year 2025-26 (FY26) and 2026-27 (FY27) biennial budget development and Council strategic planning sessions, Council expressed a desire to establish a reserve to fund Parks Infrastructure from the annual year-end budgetary savings from the General Fund expenditures. This report is being brought back for Council discussion and direction regarding that workplan item.

Generally, park infrastructure improvements are funded via private development agreements, grants, one-time General Fund appropriations, or public facilities impact fees. However, as grant opportunities become more limited and impact fee funds are prioritized for other projects, one-time General Fund appropriations have become the primary source for park infrastructure in recent years. For example, the City Council budgeted an average of \$400,000 in Fiscal Year (FY) 2024 and FY 2025, and the recently adopted budget for FY26 and FY27 includes \$500,000 each year for Parks Infrastructure improvements from the General Fund.

ANALYSIS

Historically, the City's General Fund has achieved year-end budgetary savings through reduced expenditures, primarily due to salary savings resulting from vacancies or other shifting priorities. The City has existing policies that currently direct up to 25% of year-end budgetary savings from the General Fund expenditures to each of the Section 115 Trusts established to pre-fund Pension and Other Post Employment Benefits (OPEB). The remaining 50% of the budgetary savings are generally deposited back into the General Fund balance and are available for appropriations in subsequent fiscal years.

During the FY26 and FY27 budget development process, the Council expressed a desire to set aside a portion of the General Fund's year-end budgetary savings to establish a reserve to fund park infrastructure. Under this concept, the City could transfer a defined portion into a designated Parks Infrastructure Reserve at year-end. The mechanism could be based on a fixed percentage similar to the Pension and OPEB contributions, or a fixed dollar amount. These set-asides would accumulate over time and serve as a funding source for future park improvements. Using FY25 General Fund year-end budgetary savings as an example, the General Fund ended the year with \$1.3 million in savings. Based on existing Council policies, 50% of the savings, or \$650,000, is first utilized for contributions to the Section 115 Trusts for Pension and OPEB (25%, or \$325,000 each). The remaining 50%, or \$650,000, goes back into the General Fund balance and is appropriated in subsequent fiscal year(s). For example, the separate FY25 preliminary year-end financial report recommends appropriating \$340,000 for park improvements and tree management in the current FY26. Considering those to be funded from the remaining 50%, there currently exists \$310,000, or about 24%, in year-end savings balance, which could be utilized to establish the park's infrastructure reserves.

There are some pros and cons to establishing such a reserve, which are discussed below for the City Council's consideration.

Pros:

- Establishing such a reserve provides a structured and ongoing approach to financing park improvements.
- Reinforces the City's commitment to reinvesting savings into visible community amenities.
- Provides a consistent mechanism rather than the current ad-hoc appropriations via the annual budget development process.
- Dedicated local funds may improve the City's ability to match State and Federal grant opportunities.
- Enhances public confidence in maintaining high-quality parks and recreation facilities.

Cons:

- Dedicating year-end savings limits the City's ability to redirect funds to other competing priorities, such as capital equipment needs, facilities capital maintenance and improvements, and unfunded liabilities, such as workers' compensation.
- Year-end savings can fluctuate based on vacancies, operational efficiencies, or unanticipated expenses.
- A policy framework would be needed to define eligible projects, allocation thresholds, and spending authorization.
- Funds may be allocated before a comprehensive needs assessment is conducted through an updated master planning process.

The City Council's work plan currently also includes an update to the Parks and Trails master plan, which is approximately 20 years old. The master plan update will provide a data-driven and community-informed framework for identifying current and future park infrastructure needs, equitable distribution of resources, and potential funding strategies. While staff agree with and fully understand the Council's desire to establish a dedicated source of funding for park infrastructure, such funds must be deployed strategically and in alignment with an adopted plan. Without clear prioritization, reserves may be spent reactively rather than supporting the most critical or community-beneficial improvements. Given the pending master plan update, it may be prudent for the City Council to first fund and complete this process before formally establishing the reserve. Doing so would ensure that reserve funds are used to address the most urgent and impactful needs identified in the updated plan. In the interim, the City has already allocated \$500,000 each in FY26 and FY27 for park improvements.

Council Consideration/Next Steps:

1. Direct staff to develop a parks Infrastructure reserve policy for consideration, outlining parameters for funding, accumulation, and expenditure.
2. Direct staff to defer the establishment of the reserve until completion of the planned Parks and Trails master plan update, then return to Council with a policy aligned with the plan's recommendations.
3. Provide an alternative direction regarding the structure, timing, or purpose of establishing such a reserve.

ALTERNATIVES

The alternative options are outlined above in the analysis section.

FISCAL IMPACT/FUNDING SOURCE

There is no immediate fiscal impact of receiving this report and providing direction. Pending Council direction, the fiscal impacts would be determined and brought back to the City Council at a future meeting when the Policy would be considered for review and adoption.



City of Gilroy

STAFF REPORT

Agenda Item Title: Environmental Services Update and Statewide Trash Provisions

Meeting Date: October 20, 2025
From: Brad Kilger, Interim City Administrator
Department: Public Works
Submitted by: John Doughty, Public Works Director
Prepared by: Mark Johnson, Environmental Programs Manager

STRATEGIC PLAN GOALS: Maintain and Improve City Infrastructure

RECOMMENDATION

Consider the information provided in this report and consider authorizing staff to:

1. Prepare and advertise a Request for Proposal for the fabrication, installation, and a minimum of two years maintenance of 75 Certified Full Capture Systems; and
2. Authorize staff to return to Council with a budget amendment adding the project into the FY 26 capital budget.

EXECUTIVE SUMMARY

The Department Work Program for Fiscal Years (FY) 26 and 27 identifies the need to create a program addressing Statewide Trash Provisions (Provisions) which require local agencies to eliminate the discharge of litter and trash to local streams, wetlands, and sloughs. The first compliance milestone under the Provisions requires the City to eliminate trash discharged from 30% of Priority Land Use areas by December 2, 2026. In 2017, the City committed to installing Trash Capture Systems under Track 1 of the Provisions. Installation of 75 small trash capture devices will allow the City to meet its first compliance milestone.

BACKGROUND

For more than a decade, the City's Environmental Services operated under an interagency agreement with the City of Morgan Hill. While this arrangement ensured basic compliance coverage, rotating staff resulted in limited institutional knowledge of Gilroy's specific needs, leading to inefficiencies and missed opportunities.

To address this, Gilroy began transitioning to an in-house Environmental Services Division beginning in September 2024, with the interagency agreement officially ending June 30, 2025. The new division consists of one full-time Environmental Programs Manager and one part-time Environmental Programs Coordinator funded through a joint grant agreement with Morgan Hill, both dedicated exclusively to serving Gilroy. This shift has given the City a consistent and knowledgeable local presence, increased responsiveness to community needs, and ensured that environmental programs are now fully aligned with Gilroy's priorities.

Since the transition, Environmental Services has demonstrated clear progress through collaborative efforts with local businesses and residents. These efforts have included direct outreach to businesses subject to the Short-Lived Climate Pollutants requirements (SB 1383), resulting in widespread participation in organics recycling and edible food recovery programs as required by the State. These in-person visits not only increased participation but also strengthened working relationships with the business community. The division has expanded community engagement, hosting a compost workshop on August 23 in partnership with UC Cooperative Extension, where residents received both education and free compost. Staff also now maintain a visible presence at local events, giving residents a direct point of contact within City Hall and building trust in local services.

The division has secured outside grant funding including a \$595,000 Metropolitan Transportation Commission Climate Implementation Grant which will fully fund the design and installation of electric vehicle charging stations at the Gilroy Public Library.

Environmental Services also manages programs under various state mandates. All reports, including the Municipal Separate Storm Sewer System (MS4) Annual Report to the State Water Board and the Solid Waste and Recycling Report to CalRecycle, have been submitted on time. This ensures Gilroy maintains good standing with regulatory agencies. The division works closely with other Public Works Divisions, the Community Development Department, and the Utilities Department to ensure environmental requirements are anticipated and addressed in daily operations. By providing program management and coordination across departments, Environmental Services reduces risks, prevents last-minute compliance issues, and streamlines project delivery.

In addition to its internal role, the division provides Gilroy with consistent representation in regional committees, subcommittees, and working groups. Staff actively monitor proposed State and federal regulations, submit timely comments, and help protect Gilroy's interests while preparing the City for upcoming requirements. Following completion of development projects, Environmental Services also tracks post-construction stormwater treatment measures, ensures new property owners are

informed of maintenance obligations, and maintains records to verify long-term performance. These efforts protect water quality, reduce localized flooding risks, and preserve the appearance and functionality of neighborhoods.

By building strong partnerships inside and outside City Hall, Environmental Services has become a program that is both responsive and visible. The division delivers tangible benefits through timely compliance, community engagement, and successful pursuit of external funding. Its work strengthens Gilroy's position regionally, supports local businesses and residents, and directly contributes to the City's long-term priorities.

On August 1, 2017, in response to the State Water Resources Control Board's Water Code Section 13383 Order, the City formally selected Track 1 compliance (installation of Certified Full Capture Systems) as its pathway under the Provisions. Switching to Track 2 at this time would require Water Board approval of a Full Capture Equivalency demonstration, which introduces additional cost, delay, and regulatory uncertainty.

As noted previously, the department's work program includes managing the State's Phase II MS4 Permit, implementing a multi-year plan to implement the Statewide Trash Provisions.

In January, Public Works staff requested authorization from the City Council to enter into a contract with a vendor to fabricate and install approximately 80 trash capture devices in existing storm water inlets. The City Council took no official action, citing the need for additional information.

ANALYSIS

The Statewide Trash Provisions allow municipalities to comply through either Track 1 (installation of certified full trash capture devices) or Track 2 (a combination of devices, enhanced programs, and institutional controls designed to demonstrate "Full Capture Equivalency").

Staff and the City's consultant reviewed the requirements for both pathways. At this time staff is recommending proceeding with implementation under Track 1 (Trash Capture Systems). Staff is recommending this action because of the following:

- Critical initial compliance deadline of December 2, 2026, to meet the first 30% Priority Land Use obligation.
 - Changing to other compliance methods will require consultant assistance and will require amendment of the agreement with the Water Board.
 - Staff does not believe there is sufficient time to conduct the background analysis to develop an approval and implementation prior to December 2,

2026.

Consultant costs for Track 2 are estimated to cost approximately \$200,000 to \$250,000 with no guarantee of Water Board approval or resulting in equivalent trash removal.

CONCLUSION

Track 1 compliance (installation of trash capture devices) is direct, achievable, and consistent with the City's existing commitment. Installation of a trash capture system is automatically recognized by the State as compliance under the Provisions. Based on bids received in December 2024, staff estimates the cost of installing 75 devices at approximately \$200,000, which includes fabrication, installation, and two years of maintenance. The 75 device locations were selected to maximize drainage area coverage and minimize the number of units needed to meet the first compliance deadline. If authorized by the Council, staff will re-advertise the project to confirm current pricing. Installing 75 devices will allow the City to meet the December 2, 2026, milestone and demonstrate measurable progress towards the 2028 and 2030 compliance deadlines. Staff will continue to evaluate the best possible options for the next two phases under the State Trash provisions. This evaluation will include an assessment of the effectiveness of the trash capture devices included in Phase 1 as well as permitting and utilization of outfall-based capture.

ALTERNATIVES

Council may direct staff to pursue a Trash Capture System equivalency program under Track 2 of the Provisions. Staff does not recommend this option as there is insufficient time to develop the program, seek Water Board approval, and implement the program prior to the December 2, 2026, deadline.

FISCAL IMPACT/FUNDING SOURCE

Costs can be supported through the Stormwater Management Fund (422), which has approximately \$0.8 million in fund balance. The estimated cost of 75 trash capture devices is approximately \$200,000, based on the average bid price received in December 2024. There will be ongoing operation and maintenance costs for the City following the two-year initial contractor maintenance period, which will need to be incorporated into the next biennial budget.

PUBLIC OUTREACH

Staff will continue presenting trash management practices at community events and outreach campaigns.

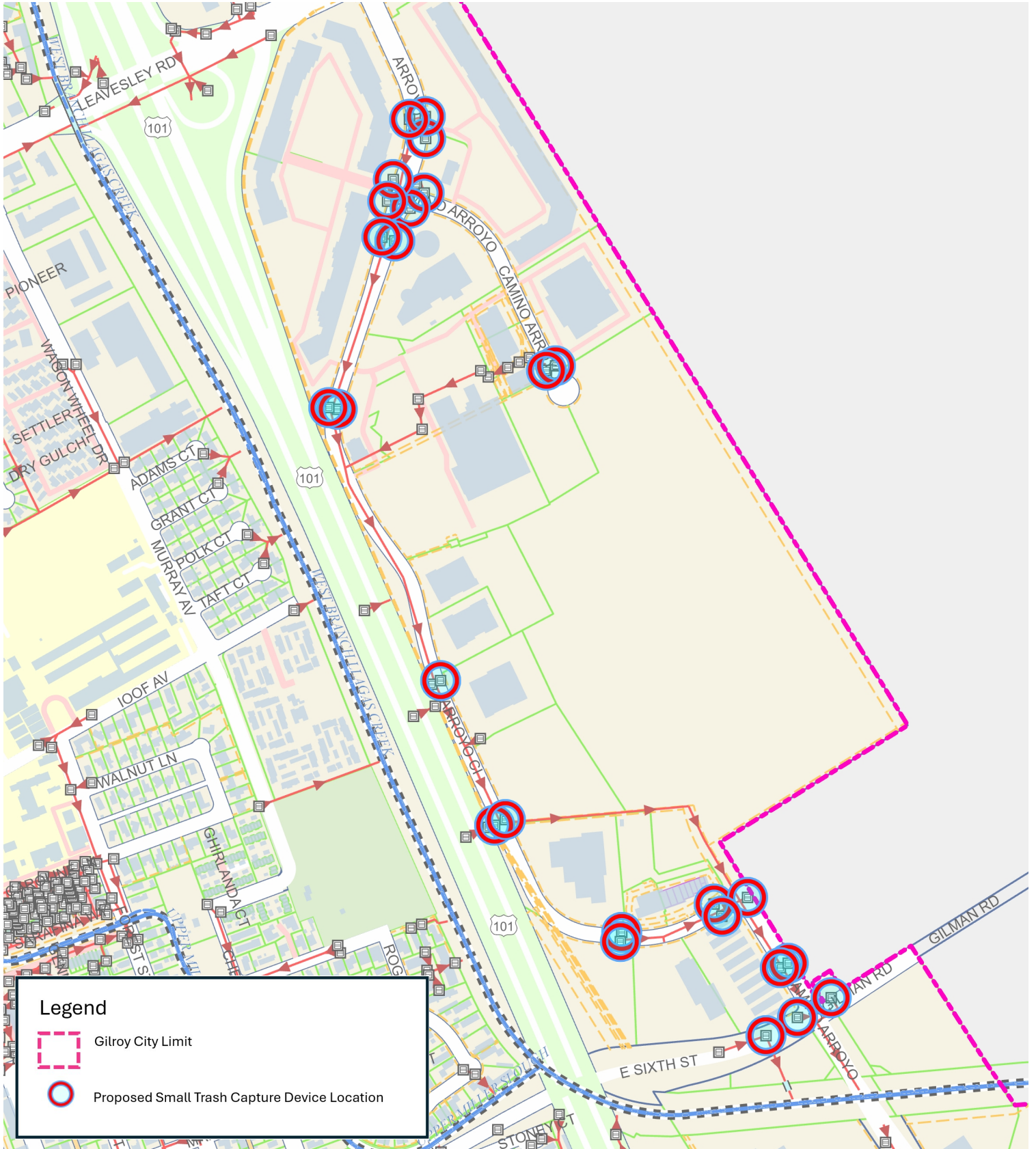
NEXT STEPS

Based on Council direction:



- Staff will initiate the RFP process for the installation of the devices.
- Staff will develop an integrated program to provide equivalent full trash capture equivalency. This may require the use of consultants due to the complex nature of the program and staff availability.

Attachments:

1. Small Trash Screens - Phase I
2. StormTek™ Drawings Final



Legend

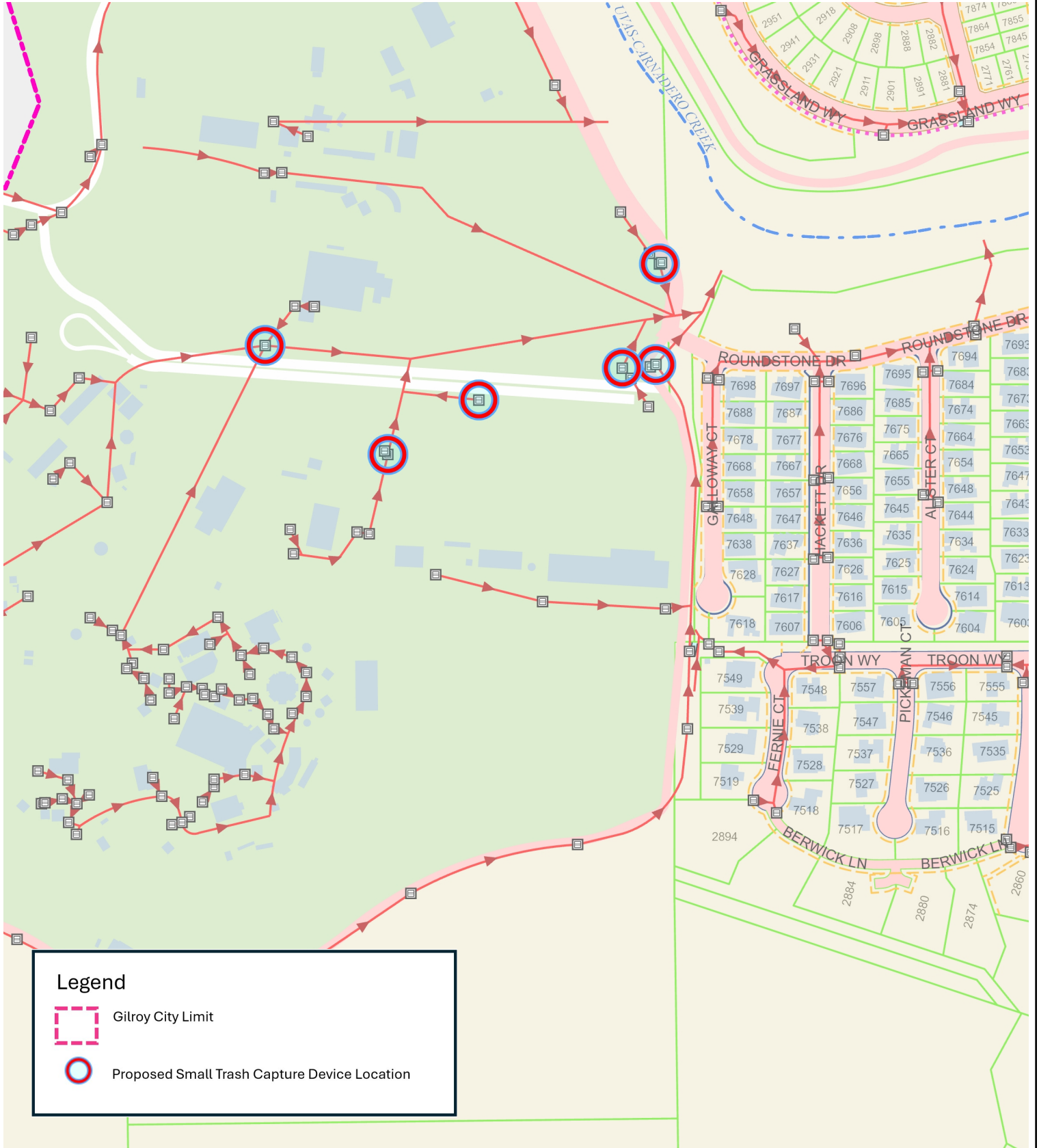
-  Gilroy City Limit
-  Proposed Small Trash Capture Device Location

0.3 0 0.14 0.3 Miles

WGS_1984_Web_Mercator_Auxiliary_Sphere
City of Gilroy, GIS Services

1: 9,028

Note: Map is for reference purposes only.



Legend

- Gilroy City Limit
- Proposed Small Trash Capture Device Location



WGS_1984_Web_Mercator_Auxiliary_Sphere
City of Gilroy, GIS Services

1: 4,514

Note: Map is for reference purposes only.

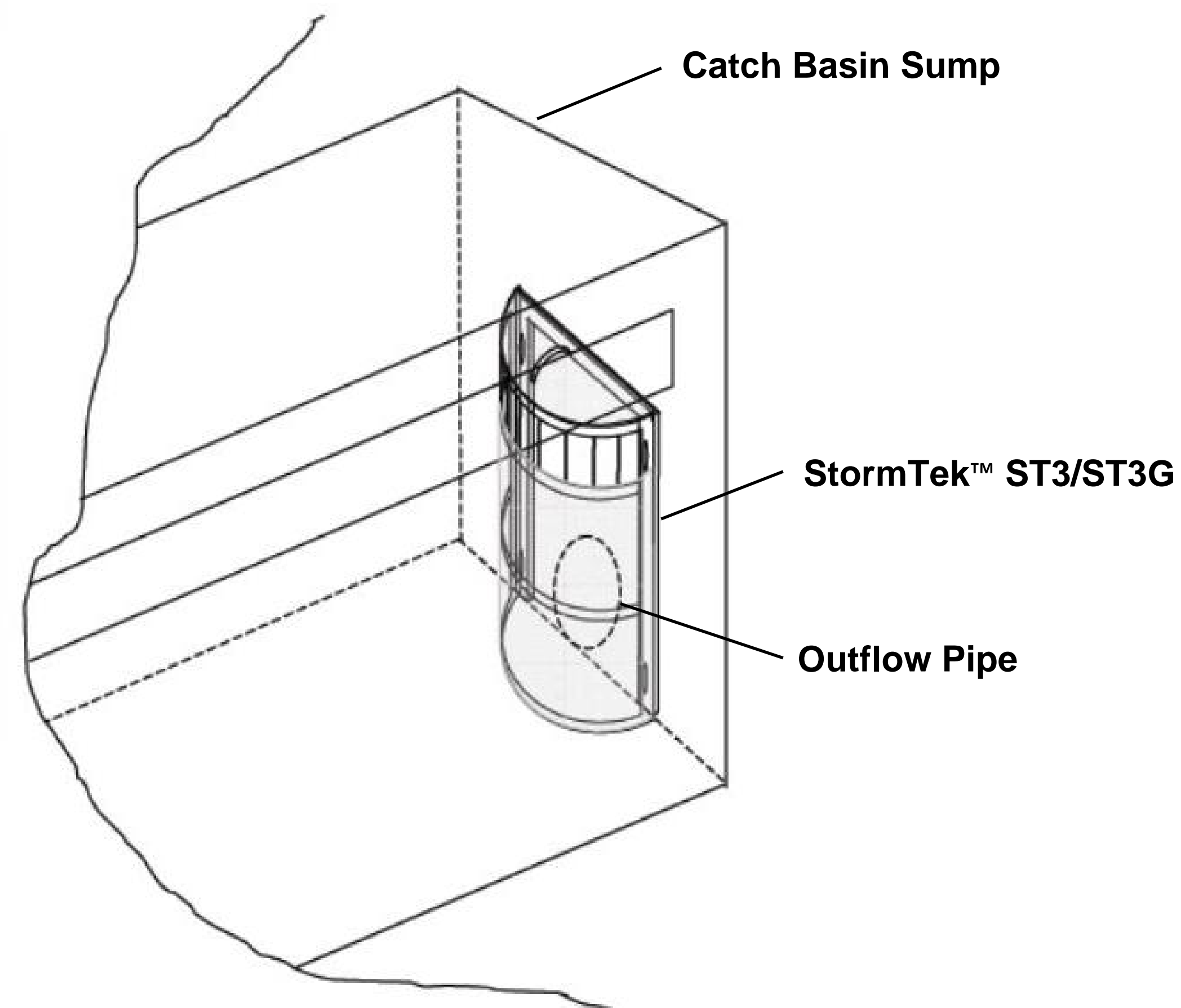
Southern Premium Outlets			
Inlet ID	Lat	Long	Street
5201575	37.01881	-121.56011	Camino Arroyo
5201574	37.0877	-121.56023	Camino Arroyo
5203417	37.02099	-121.56215	Camino Arroyo
5201568	37.0208	-121.56237	Arroyo Circle
5201781	37.02115	-121.56265	Arroyo Circle
5201782	37.02088	-121.56273	Arroyo Circle
5201783	37.02167	-121.56213	Arroyo Circle
5201784	37.02195	-121.56213	Arroyo Circle
5201785	37.02191	-121.56239	Arroyo Circle
5201566	37.02039	-121.56262	Arroyo Circle
5201567	37.02043	-121.56282	Arroyo Circle
5202655	37.01828	-121.56353	Arroyo Circle
5202656	37.0183	-121.56366	Arroyo Circle
5202659	37.01482	-121.56203	Arroyo Circle
5202660	37.01487	-121.5619	Arroyo Circle
5201840	37.01305	-121.56104	Arroyo Circle
5201841	37.01313	-121.5609	Arroyo Circle
5201842	37.01172	-121.55905	Arroyo Circle
5201843	37.0116	-121.55907	Arroyo Circle
5201844	37.01207	-121.5576	Arroyo Circle
5202708	37.01193	-121.55749	Arroyo Circle
5203156	37.01132	-121.55645	Camino Arroyo
5203155	37.01127	-121.55656	Camino Arroyo
5202709	37.1215	-121.55708	Camino Arroyo
5202137	37.01089	-121.55577	Gilman Road
5202138	37.01065	-121.5563	Gilman Road
5202136	37.01042	-121.55679	Gilman Road

Gilroy Crossing			
Inlet ID	Lat	Long	Street
5202171	37.00344	-121.55069	Camino Arroyo
5202172	37.00349	-121.55106	Camino Arroyo
5202806	37.00306	-121.55075	Camino Arroyo
5202173	37.00304	-121.55108	Camino Arroyo
5202807	37.00265	-121.55072	Camino Arroyo
5202808	37.00264	-121.55104	Camino Arroyo
5202805	37.00229	-121.55065	Camino Arroyo
5202174	37.00222	-121.55093	Camino Arroyo
5202187	37.00069	-121.54951	Camino Arroyo
5202188	37.00057	-121.54976	Camino Arroyo
5203369	37.00024	-121.54918	Camino Arroyo
5202184	37.00012	-121.54941	Camino Arroyo

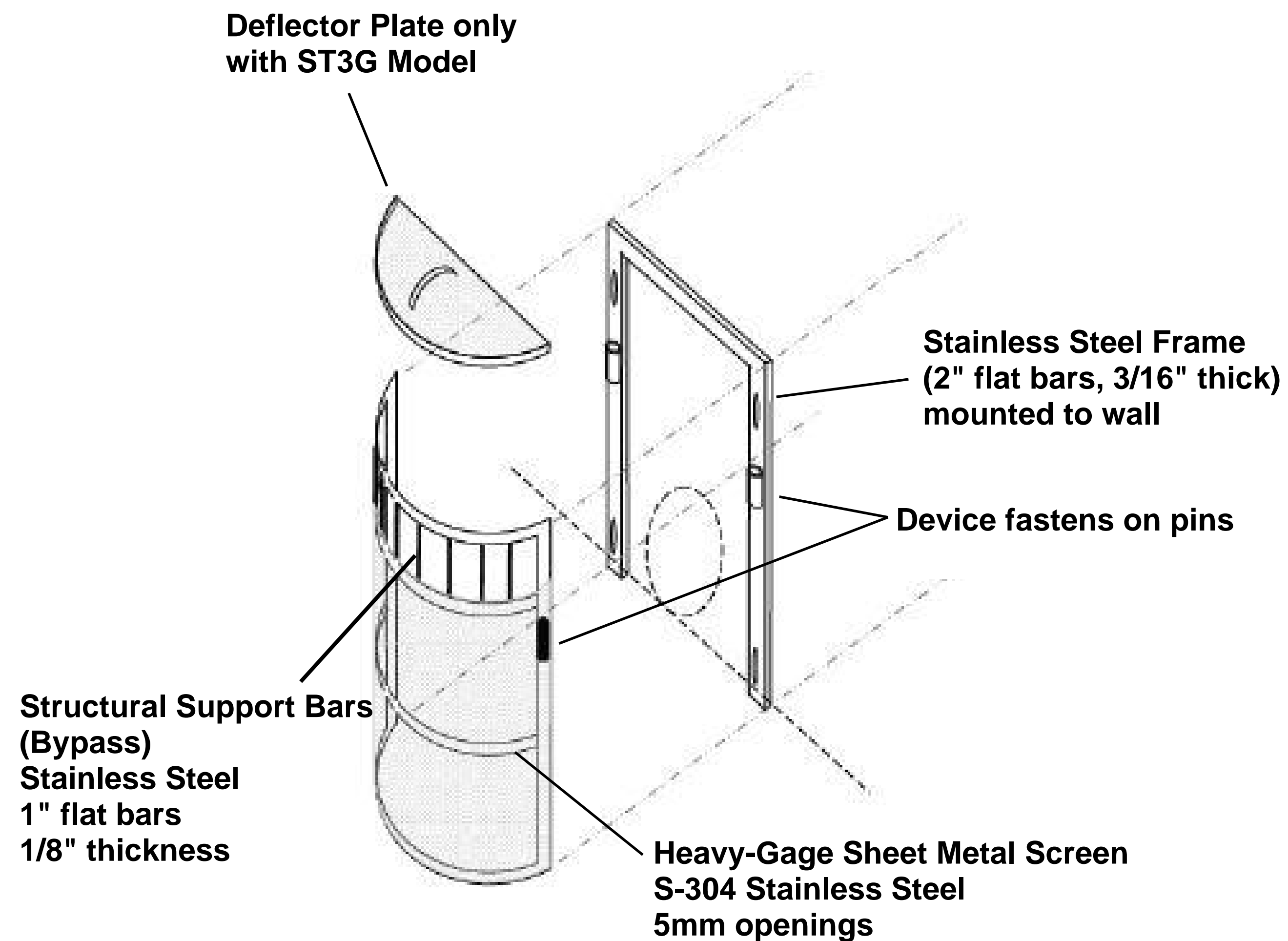
5203258	36.099893	-121.54813	Camino Arroyo
5203259	36.99881	-121.54839	Camino Arroyo
5203260	36.99854	-121.54781	Camino Arroyo
5203261	36.99842	-121.54805	Camino Arroyo
5203262	36.99812	-121.54751	Camino Arroyo
5203263	36.99798	-121.54773	Camino Arroyo
5203264	36.99729	-121.54688	Camino Arroyo
5203265	36.99717	-121.54707	Camino Arroyo
5203370	36.9974	-121.54607	Venture Way
5203372	36.99799	-121.54513	Venture Way
5203371	36.99809	-121.54522	Venture Way
5203374	36.99821	-121.5446	Venture Way
5203373	36.99833	-121.54466	Venture Way
5203375	36.99839	-121.54389	Venture Way
5203376	36.99851	-121.54395	Venture Way
5203378	36.99905	-121.54332	Cameron Blvd
5203377	36.99893	-121.54355	Cameron Blvd
5202191	36.99961	-121.54376	Cameron Blvd
5202190	36.9995	-121.54399	Cameron Blvd
5202193	37.00045	-121.54441	Cameron Blvd
5202192	37.00035	-121.54468	Cameron Blvd
5202813	37.00005	-121.548	Holloway Road
5202812	37.00015	-121.54807	Holloway Road
5202186	36.99948	-121.54911	Holloway Road
5202185	36.99958	-121.5492	Holloway Road
5203254	36.99905	-121.55067	Holloway Road
5202189	36.99917	-121.55067	Holloway Road
5203256	36.99905	-121.55278	Holloway Road
5203255	36.99918	-121.55277	Holloway Road
5203257	36.99919	-121.5535	Holloway Road

3050 Hecker Pass Road			
Inlet ID	Lat	Long	Street
5204110	37.00679	-121.62424	3050 Hecker Pass Road
5204107	37.00742	-121.62421	3050 Hecker Pass Road
5204112	37.00677	-121.62451	3050 Hecker Pass Road
5204088	37.00691	-121.62731	3050 Hecker Pass Road
5204114	37.00657	-121.62562	3050 Hecker Pass Road
5204115	37.00623	-121.62634	3050 Hecker Pass Road

StormTek™ ST3/ST3G Installation: Connector Pipe Screen Filter



Plan View



Section A


- a) StormTek™ ST3/ST3G
- b) StormTek™ is installed in front of the outflow pipe is supported by the frame mounted on the existing catch basin wall
- c) This device is designed to capture trash, sediment and debris from entering the storm water system.

General Notes:

- Bypass has equivalent or greater flow rate as outflow pipe
- Device is retro-fitted to catch basin specifications
- Deflector plate is the only difference between ST3 & ST3G

1	10/25/2018	
No.	Revision/Issue	

Company Name and Address:



P.O. Box 1627
Discovery Bay, CA 94505

Product Name and Address:

StormTek™ Pipe Screen
Model ST3/ST3G

Project:
StormTek™

Scale:
No Scale



P.O. Box 1627
Discovery Bay, CA 94505
NorCal: 925.516.8966
SoCal: 949.542.7234
www.swimsclean.com



City of Gilroy

STAFF REPORT

Agenda Item Title: Provide Policy Direction on a Proposed Zoning Ordinance Text Amendment to Allow Electronic Billboards along State Route 101

Meeting Date: October 20, 2025

From: Brad Kilger, Interim City Administrator

Department: Community Development

Submitted by: Sharon Goei, Community Development Director

Prepared by: Melissa Durkin, Extra Help Planner

STRATEGIC PLAN GOALS: Develop a Financially Resilient Organization

RECOMMENDATION

Staff recommends that the City Council provide policy direction on a proposed Zoning Ordinance text amendment to allow electronic billboards along State Route 101.

EXECUTIVE SUMMARY

Emsee Properties, Inc., care of Mike Conrotto (applicant), has submitted a Zoning Ordinance text amendment that proposes allowing off-site electronic billboard signs in Gilroy (see Attachment 1). The City currently prohibits off-site advertising signs, including electronic billboards. Staff requests that the City Council review this report and provide guidance on the proposed policy change.

BACKGROUND

Existing City Code: The Gilroy sign ordinance does not currently allow electronic billboard signs, as it prohibits off-site advertising signs (other than real-estate signs) and has restrictions on freeway-oriented signs and automobile dealership signs (e.g., location, height and size limits). The sign ordinance also prohibits signs that utilize scrolling or moving text or images. The City would need to amend the following Gilroy City Code sections to allow billboard signs: sections 30.37.30 (Prohibited Signs), 30.37.50 (Commercial and Industrial districts), and 30.37.51 (Freeway Oriented Signs),

and would need to add a new section regulating billboard signs.

Prior Text Amendment Request: The City received an application for a prior Zoning Ordinance text amendment (Z 18-04) to allow electronic billboard signage on May 4, 2018. The prior text amendment contained the same language changes as the text amendment proposed via Z 25-01.

On February 2, 2023, the Planning Commission considered Zoning Ordinance text amendment application Z 18-04. The proposed text amendment had both strong support and strong opposition. Those who supported the amendment believed electronic billboard signs could provide a significant source of revenue to the City and city businesses. Those who opposed the text amendment were opposed to it mostly due to the potential aesthetic impacts of an electronic billboard sign. The strong opinions on each side resulted in the Planning Commission denying the proposed text amendment by a vote of 4-3.

Upon appeal, the City Council considered and denied this text amendment on March 20, 2023 by a vote of 4-3. The issues raised at the City Council hearing were substantially the same as the issues raised at the Planning Commission hearings.

CEQA: Environmental review, in the form of an Initial Study/Mitigated Negative Declaration (IS/MND), was included with the Zoning Ordinance text amendment application. Although the text amendment was denied by City Council, the IS/MND was adopted. If the City Council chooses to support the proposed text amendment, no additional CEQA analysis will be necessary.

General Plan: The Gilroy 2040 General Plan was adopted in November 2020 and has the following policies related to billboards, freeway signage, and light pollution.

POLICY #	TITLE AND SUMMARY
LU 4.11	Freeway Signage: Work with Caltrans to explore ways to increase directional signage to freeway commercial uses at U.S. 101 interchanges.
LU 8.7	Signs and Billboards: Require the location of signs and billboards to respect the surrounding context in order to minimize any negative impact on the visual environment. Enforce sign regulations and design standards to reduce sign clutter and illegal signage along corridors.
LU 8.13	Limit Light Pollution: Encourage measures to limit light pollution from outdoor sources, and direct outdoor lighting downward and away from sensitive receptors.

While the General Plan sign policies do not directly address digital media, they do encourage signage for freeway commercial uses (including the outlet mall and auto dealerships), so long as such signage has minimal negative impact on the visual environment. The light pollution policy encourages measures that limit light pollution from outdoor sources. The Zoning Ordinance amendment would need to create design standards that minimize impacts from sign clutter and light pollution.

ANALYSIS

If the City Council decides to allow electronic billboard signage, several sections of the Zoning Ordinance would need to be modified. The proposed ordinance, Attachment 1 of this staff report, contains the proposed language modifications. The proposed language was developed through staff analysis, direction from the City Council, and public input gathered as part of processing Zone Change application Z 18-04. By reviewing best practices from other cities that permit billboard signage, the proposed language also takes into account the following factors:

- Number of Signs Allowed
- Sign Height
- Sign Area
- Sign Location(s)
- Sign Benefits for the City and Gilroy businesses
- Advertising of non-Gilroy businesses

Summary of Issues Considered in Developing Ordinance Language

Staff considered the following policy issues in developing the draft ordinance language.

Off-Site Signage/Advertising Non-City Businesses: The Zoning Ordinance currently prohibits off-site signage, including billboard signs. By nature, billboard signs consist of off-site signage, since they advertise businesses, products, services and events that are produced, sold or occur off premises. In addition, billboard signs are designed to be visible at a distance, rather than to attract customers to the sites on which they are located. Allowing off-site signage would be a significant policy change, as it could potentially allow businesses, products, services and events outside of Gilroy to be advertised in Gilroy.

Typical electronic billboard advertisements may include businesses and events located outside of Gilroy. This includes national brands and regional events. Sign content would not be regulated by the City, since the sign would be owned and operated by a third party. This could provide competition for Gilroy businesses. Conversely, billboard advertisements could also attract new customers to Gilroy businesses that offer complementary services and benefit Gilroy businesses that advertise on the sign by reaching a larger potential customer base. In addition, national brand advertisements could benefit Gilroy franchises selling those products or services.

Substantial Light: One of the main concerns is that electronic billboards would create a new source of substantial light that could harm wildlife and would potentially interfere with the work of Lick Observatory on Mt. Hamilton. This issue was raised in comments to the Planning Commission and City Council during the hearings on Zone Change

application Z 18-04, as well as in comments made on the initial study/mitigated negative declaration.

This substantial light issue was analyzed in the project initial study/mitigated negative declaration environmental document. That document determined there would not be a significant impact related to light or glare, as the billboard sign is in an urbanized area and lighted signs emitting similar light levels for commercial uses already exist in Gilroy along State Route 101. The baseline light sources in the project area include local street lighting; parking lot lighting; interior lights; other illuminated signs at nearby auto dealerships and commercial businesses; headlights from automobile traffic; and highway lighting structures. The document also determined there would not be a substantial impact on wildlife, with incorporated mitigation measures.

Per the IS/MND, electronic billboards permitted in accordance with the proposed Zoning Ordinance text amendment would not have an impact on the work of Lick Observatory on Mt. Hamilton, as the sign would be limited to a maximum light output level of 0.3 foot-candles at 250 feet from the billboard above ambient conditions. At this lighting level, light cast beyond 250 feet would not register on a light meter. The Lick Observatory is 25 miles from Gilroy, so its operations will not be impacted by electronic billboards in Gilroy.

The applicant has submitted a sign brightness survey and a photometric review of the signs that would be permitted in accordance with the proposed Zoning Ordinance text amendment. These documents are contained in Attachment 3, "Correspondence from the Applicant," for City Council consideration. The photometric review finds that existing monument signs emit as much, if not more, light to the surrounding areas than the proposed electronic billboard signs.

Public Property versus Private Property. The City Council should consider whether to limit electronic billboard sign locations to public property only, private property only, or allow signs on both public and private property.

The primary benefit of allowing off-site signs on private property is the potential for locating signs where they have the most visibility and where a driver can safely exit the freeway to access advertised businesses. The primary benefit of limiting off-site signage to public property is that the City would have more control of sign content, and the City could obtain competitive proposals (via the RFP process) from interested sign companies. Note that this would be the case only if the City owned the property. If another public agency owned the property, the City would not be able to exercise that control.

There are only a few potential sites located on City-owned property since the City has limited land adjacent to State Route 101. Additionally, it is unclear if any City-owned properties would comply with the proposed location restrictions, which are as follows:

- Designated on the General Plan Land Use Diagram as General Services

- Commercial or City Gateway District;
- Within 660 feet of State Route 101; and
- At least 500 feet from residential and hotel uses

The current draft ordinance proposes allowing signs on both public and private property. The City Council may want to consider whether locating a billboard sign on City property is viable.

City Agreement: The proposed ordinance would require that the owner/operator of an electronic billboard sign enter into an agreement with the City (e.g. Development Agreement or Operating Agreement) in form acceptable to the City Attorney, setting forth any required fees, revenues, terms, off-site advertisement criteria, content control standards, community service message provisions, community outreach requirements, maintenance standards, conditions that trigger billboard removal, and other covenants or restrictions needed to offset or mitigate the impacts of a proposed electronic billboard(s).

The type of Agreement will vary based on whether the sign is on private or public property and whether there is a requirement for relocation. If the City Council decides to proceed with an ordinance allowing electronic billboards, City staff will research best practices for these agreements.

Compliance Hearings: The proposed ordinance requires compliance hearings before the City to review the owner/operator's compliance with the City Agreement, including content standards and message frequency. The Ordinance and City Agreement would also be structured to allow the City to request subsequent compliance hearings, as needed, if the City receives a verifiable complaint of non-compliance with the City Agreement and/or City standards.

Maximum Number of Electronic Billboards: The proposed ordinance would allow a maximum of two (2) electronic billboard signs in the City. The City Council could consider an alternate number of signs.

Sign Location: The proposed ordinance would allow electronic billboard signs to be located within 660 feet of State Route 101. This location will require an Outdoor Advertising Permit from Caltrans. Furthermore, the proposed ordinance limits signs to properties designated as General Services Commercial or City Gateway District. These two designations are primarily comprised of regional-serving commercial uses and are adjacent to the freeway, generally located between Luchessa Avenue and Cohansey Avenue.

Distance between Signs: The proposed ordinance would require a minimum distance of 1.5 miles between signs, as this is the approximate distance between the Leavesley Road exit and the 10th Street exit off State Route 101. This is also a reasonable distance between signs, if only two (2) signs are permitted in the City. However, if three

(3) electronic billboards were permitted in the City, a shorter distance is recommended. For example, if a third sign were desired in the vicinity of State Route 152 and State Route 101, the minimum distance would need to be reduced to something closer to 1,000 feet. Caltrans requires a minimum of 1,000 feet between electronic billboard signs.

Sign Height and Sign Area: The proposed ordinance allows a maximum height of 75-feet above freeway grade based on the current allowance for the Gilroy Crossings sign. Staff is also recommending a maximum digital sign area of 672 square feet, based on the industry billboard standard of 48-feet wide by 14-feet tall. This 672 square foot allowance is consistent with other city codes, including Concord, Rocklin, and South San Francisco.

Advertising Spots: The proposed Zoning Ordinance text amendment would allow electronic billboard signs with two sides. The electronic billboard would run on a loop with eight (8) advertisements loaded on each side. Each side of the sign would operate as follows: each advertisement would display a static sign for eight (8) seconds. After eight (8) seconds, the sign would switch to the next advertisement in the loop. Once all eight (8) advertisements have been displayed, the cycle would start over, such that the entire loop is 64 seconds long.

ALTERNATIVES

N/A.

FISCAL IMPACT/FUNDING SOURCE

There are no fiscal impacts associated with conducting this policy discussion.

PUBLIC OUTREACH

The proposed text amendment is a significant policy change. Holding this discussion will allow the public to comment early in the process, enabling the City Council to consider public input in providing policy direction. If the applicant proceeds with the proposed Zoning Ordinance text amendment, the Planning Commission and City Council would hold public hearings to consider this application. If the Planning Commission denies Z 25-01, the decision would be final unless appealed to the City Council.

NEXT STEPS

If the Council does not want to consider allowing a Zoning Ordinance text amendment permitting electronic billboard signage, the applicant will have the option of withdrawing the application or moving forward, understanding that the Zoning Ordinance text

amendment would likely be denied.

If the applicant moves forward with the proposed ordinance, staff will incorporate City Council direction received at this meeting and continue to work with the applicant.

If the ordinance is approved, staff could process applications that comply with the standards set forth in the new ordinance.

Attachments:

1. Attachment 1 Proposed Draft Ordinance
2. Attachment 2 Proposed Ordinance Summary
3. Attachment 3 Correspondence from Applicant

Section 30.37.30 Regulations in all districts.

(a) Prohibited Signs. Except as otherwise provided in this chapter, the following signs shall be prohibited throughout the City of Gilroy:

- (1) Signs on or above the roof or projecting above the roof eave (other than a gable or mansard type roof) or canopy of a structure.
- (2) Signs projecting more than thirty-six (36) inches above the lowest edge of the eave of a gable or mansard type roof. A sign may be permitted on a vertical surface specifically designed to accommodate a sign, which is lower than the crest of the roof, if such sign area is approved by the planning director.
- (3) Flags, pennants, balloons, streamers, and objects designed to move with the wind, except for flags of the United States of America and the State of California on a flagpole for which a building permit has been issued and as exempted in sections 30.37.20(d)(20) (feather banner exemption) and 30.37.20(d)(19) (new vehicle sales exemption).
- (4) Lighted signs that flash on and off (except time and weather signs that change less than six (6) times per minute) and signs that utilize scrolling or moving text or images, **except as regulated under Article LV Electronic Billboards.**
- (5) Any sign feature which moves or is designed to move, except for signs which rotate at less than six (6) revolutions per minute.
- (6) Lighted signs whose surface brightness is a detriment to surrounding property, prevents the peaceful enjoyment of life or presents a conflict with safe traffic movement; or advertising displays which emit audible sound, odor, or visible matter, **except as regulated under Article LV Electronic Billboards.**
- (7) Any sign which because of flashing lights, brilliant lighting, motion or apparent motion, shape, design, color or reflected light is a detriment to surrounding property or prevents the peaceful enjoyment of residential uses or presents a conflict with the traffic regulations or traffic safety, **except as regulated under Article LV Electronic Billboards.**
- (8) Any sign which has a design or lighting such that it might be mistaken for a traffic light or signal.
- (9) Signs located in such a manner as to obstruct free and clear vision or the view of any authorized traffic sign, signal or device.
- (10) Any sign which because of its location would prevent free and safe ingress to or egress from any door, window, fire escape, driveway, sidewalk, parking space or bike path, or would obstruct an outward view from any living area.
- (11) Any signs attached to a standpipe or fire escape.
- (12) Signs projecting into a public street, alley or identifiable pedestrian way more than twelve (12) inches excluding signs allowed on awnings.
- (13) Signs projecting into a public right-of-way having less than eight (8) feet clearance between the lowest edge of the sign and the sidewalk grade.
- (14) Signs projecting into a public street area that have less than fifteen (15) feet clearance between the lowest edge of the sign and the adjacent driveway or street grade.
- (15) New signs painted or existing signs repainted directly on any building or structure unless conforming to the requirements of this chapter.
- (16) Any off-site advertising sign, including billboards, in any district except as exempted in section 30.37.90 **and permitted in Article LV Electronic Billboards.**

30.37.50 Signs in commercial and industrial districts.

Only signs meeting the following standards will be permitted in commercial or industrial districts, provided that all other applicable provisions of this chapter are also complied with:

(a) Signs shall be located and erected only upon the premises occupied by the person or business to be identified or advertised by such signs, **except as permitted in Article LV Electronic Billboards**. The location of all signs shall be in compliance with the building, electrical and fire prevention codes of the city as amended.

(b) The maximum permissible total sign area for all signs including freestanding signs (but excluding **electronic billboards**, master shopping center signs, and freeway signs), for all commercial or industrial districts shall not exceed the maximum total sign area for each business, according to the following table:

	COLUMN 1	COLUMN 2
	Maximum total sign area permitted (in square feet) for each lineal foot of building frontage	Maximum total sign area permitted (in square feet) regardless of building frontage (except as provided in subsection (f) of this section)
PO and CCA districts	N/A	35
C1, TD and CD districts	1 1/2	75
DHD and DED districts	2	75
C3, HC, CM and GD districts	1 1/2	150
M1 and M2 districts	1	350

The permitted sign area may be mounted on a freestanding sign and on any side of a building, except no sign shall be mounted on the side of a building abutting and facing a freeway. The lineal footage of a building frontage shall be that distance of building facing a public street. The maximum sign area for buildings which front on more than one (1) street shall be calculated by using the longest of any one (1) such frontage. In a commercial or industrial complex where there are three (3) or more tenants, the maximum sign for each tenant may be calculated by using the greater of (1) the building elevation fronting a street or (2) the building elevation fronting directly on the parking lot for the commercial or industrial complex.

(c) The maximum number of freestanding signs shall be one (1) per business, building, or parcel, whichever is most restrictive. An individual business shall not be permitted to have a freestanding sign where there is a master shopping center or group sign. The area of the freestanding sign shall be included in the maximum area allowed. The maximum height for any freestanding sign shall be seven (7) feet, except for freeway-oriented signs, master shopping center signs, and specific subdivision and real estate signs regulated under this chapter. **Electronic billboards are not considered a freestanding sign for the purposes of this Article.**

30.37.51 Freeway-oriented signs.

In certain instances, one (1) on-site freeway-oriented sign may be permitted in addition to one (1) monument sign. **Electronic billboards are not considered a freestanding sign for the purposes of this Article. However, no freeway-oriented sign shall be allowed on property that already contains an electronic billboard.** The freeway-oriented sign shall not exceed sixty (60) feet in height and shall not exceed one hundred (100) square feet of sign area. The parcel on which the freeway sign is to be located must meet all of the following criteria:

- (a) The parcel exceeds twenty thousand (20,000) square feet in land area.
- (b) The parcel is within six hundred sixty (660) feet of an off-ramp from U.S. 101.
- (c) The parcel is occupied by a use which is a permitted use in an HC highway commercial district.

Up to one hundred fifty (150) square feet of sign area for the freeway sign is permitted where additional freestanding signage is limited to one (1) monument sign not exceeding thirty-six (36) square feet in area.

Section 30.55.10 Purpose and Intent

The purpose of this Article is to provide adequate signage for commercial businesses that have a regional customer base, establish procedures for the review and approval of electronic billboard(s), and specify development criteria to ensure that the permitting of electronic billboard(s) does not create visual clutter or create other operational impacts on surrounding uses, or the public health, safety or general welfare of the City.

Section 30.55.20 General Requirements

- (a) **Consistency with Local, State and Federal Law.** The owner and operator of the electronic billboard shall comply with all applicable federal, state, or local laws when constructing, operating, improving, maintaining, repairing, and removing the electronic billboard(s), including the Highway Beautification Act of 1965 (23 U.S.C. § 131), the Outdoor Advertising Act (Cal. Bus. & Prof. Code § 5200 *et seq.*), and the regulations promulgated to implement the Outdoor Advertising Act (4 Cal. Code Regs. § 2242(c) *et seq.*).
- (b) **Property Owner Consent.** No electronic billboard(s) shall be approved for any site without proof of legal or equitable interest in the site, and the written consent of the property owner, demonstrating the right to install and operate the electronic billboard(s) on the subject property.
- (c) **City Agreement.** The owner/operator shall enter into a development agreement, operating agreement, lease agreement, contract, license or other accord in form acceptable to the City Attorney with the City ("City Agreement"), setting forth any required fees, revenues, terms, off-site advertisement criteria, content control standards, community service message provisions, community outreach requirements, maintenance standards, conditions that trigger billboard removal, and other covenants or restrictions needed to offset or mitigate the impacts of a proposed electronic billboard(s).

- 1) The City Administrator shall make recommendations to the city council regarding the type and content of the City Agreement. The city council shall have final City Agreement approval authority.
 - 2) Nothing contained in this Article shall require the City to negotiate and/or approve a City Agreement on terms that are unacceptable to the City or the City Attorney in their sole and absolute discretion.
 - 3) The City Agreement shall include requirements that applicants obtain all additional federal, state, and local permits and approvals necessary for installation.
 - 4) The City Agreement may include provisions requiring removal or replacement of other billboards owned by the owner/operator.
- (d) Relocation. Any electronic billboard(s) erected in accordance with this ordinance may be subsequently relocated to another location in accordance with this Article.
- (e) Maximum Number. A maximum of two (2) electronic billboard(s) may be permitted in the City of Gilroy.
- (f) Minimum Distance Between Electronic Billboard(s). The minimum distance between electronic billboard(s) shall be 1.5 miles. All distances shall be measured along the nearest edge of the pavement between points directly opposite the signs along each side of the highway.
- (g) Additional Standards and Provisions. Based on new or updated information or studies, the city council may amend the standards and other provisions set forth in this Article to mitigate effects on the visual environment or on residential properties or other sensitive receptors; to reduce driver distractions or other hazards to traffic; or to otherwise protect and promote the public health, safety, and welfare.

Section 30.55.30 Development Standards

- (a) Location.
 - 1) Electronic billboards may be located on-site or off-site on private or public property, designated on the General Plan Land Use Diagram as General Services Commercial or City Gateway District.
 - 2) Electronic billboard(s) shall not be allowed in any area designated as "Landscaped Freeway" as defined under California Business & Professions Code Section 5216, unless otherwise permitted by State law.
 - 3) No part of any electronic billboard(s) shall cross onto an adjacent private or public property.
- (b) Distance from Highway 101. The electronic billboard(s) shall be located within 660 feet of Highway 101.

(c) Distance to and Visibility from Residential and Hotel Uses. Electronic billboard(s) shall be placed at least 500 feet from any residential zone or residential use. The measurement shall be from the closest edge of the billboard to the closest edge of the residential zone or closest property line on which a residential use is located. To the extent possible, the electronic billboard(s) shall be located and oriented in a manner that avoids or minimizes the direct exposure of the display as viewed from adjacent or nearby residential or hotel uses.

(d) Vehicular Safety. No electronic billboard(s) shall be placed, constructed or maintained on any property in the City of Gilroy if its location, size, nature, or type constitutes or tends to constitute a hazard to the safe and efficient operation of vehicles. Electronic billboard(s) operating in accordance with this Article, the Outdoor Advertising Act, the California Vehicle Code, and the City Agreement shall be deemed to be in compliance with this subsection.

(e) Maximum Height. The maximum height of any electronic billboard(s) including any architectural design elements shall be 75 feet as measured from grade at the base of the sign to the highest point of the sign structure, provided that the measured grade does not include fill or berms.

(f) Maximum Digital Display Surface Area. The maximum total digital display surface shall be less than or equal to six hundred seventy-two (672) square feet per sign face, with no more than two sign faces per electronic billboard(s).

(g) City Branding. Unless otherwise approved by the city council, the electronic billboard(s) shall include the words "City of Gilroy" and/or the City insignia permanently affixed above the digital display area. This branding shall not be included in the maximum digital display surface area, but shall be included in the overall height.

Section 30.55.40 Operational Standards

(a) Electronic billboard(s) shall conform to the requirements of the City Agreement and approved electronic billboard(s) permit.

(b) Public Service Announcements. The City of Gilroy shall be permitted to use a minimum number or percentage of advertising spots for City events, public information, emergency alerts, and other similar public service announcements, in accordance with the City Agreement approved for the electronic billboard(s).

(c) Emergency Alerts. Electronic billboard(s) shall be connected to the National Emergency Network and provide emergency information, including child abduction alerts (*i.e.*, "Amber Alerts"), in accordance with local and regional first responder protocols.

(d) Content limitations. No electronic billboard(s) shall display any statements or words of an obscene, indecent or immoral character, or any picture or illustration of any human figure in such detail as to offend public morals or decency, or any other matter or thing of

an obscene, indecent or immoral character, pursuant to Business and Professions Code Section 5402 and judicial decisions interpreting the same.

(e) Vehicular Safety. Electronic billboard(s) shall not be operated in such a fashion as to constitute a hazard to safe and efficient operation of vehicles on streets or freeways and shall comply with all applicable local, state, and federal laws and regulations. Electronic billboard(s) operating in accordance with this Article, the Outdoor Advertising Act, the California Vehicle Code, and the City Agreement shall be deemed to be in compliance with this subsection.

(f) Electronic billboard(s) shall not simulate or imitate any directional, warning, danger, or information sign, or any other display likely to be mistaken for any permitted sign intended or likely to be construed as giving warning to traffic, for example using such words or phrases as "stop" or "slow down."

(g) Electronic billboard(s) shall not incorporate or involve any red or blinking or intermittent lighting that may be mistaken for warning or danger signals nor shall its illumination impair the vision of travelers on the adjacent freeway and for roadways.

(h) Message Standards.

1) Static image/messages. Electronic billboard(s) shall display only still or static images or messages.

i. Static image/message(s) shall not include the varying of light intensity.

ii. Static image/message(s) shall not move or present the appearance of motion and shall not use flashing, scintillating, blinking, or traveling lights or any other means not providing constant illumination.

2) Minimum display time. Each image or message on the sign shall be displayed for a minimum of eight (8) seconds.

3) Maximum transition time. Transition or blank screen time between still images may not exceed one (1) second.

(i) Illumination Standards.

1) Light intensity. The intensity of each lighting element or lamp within the visual display or the electronic billboard(s) structure shall not impair the vision of drivers or travelers. Illumination shall be considered vision impairing when its brilliance exceeds the values set forth in section 21466.5 of the California Vehicle Code, or any successor statute or California Department of Transportation regulations.

2) Auto-off. The electronic billboard(s) shall be designed and operated with systems and monitoring in place to either turn the display off or show full black screen in the event of a malfunction.

- 3) Automatic dimming device. Electronic billboard(s) shall have a light sensing device that will automatically adjust the brightness as ambient light conditions change.
- 4) Illumination orientation. The electronic billboard(s) shall aim, focus and shield any illumination sufficiently to prevent glare or overcast of illumination into adjacent residential or hotel vantage points.
- 5) Brightness. The maximum intensity of light output produced by electronic billboard(s) display shall not exceed 0.3 foot-candles above the ambient light level at any time, as measured using a foot-candle meter at a distance of 250 feet, and shall otherwise comply with section 5403(g) of the Outdoor Advertising Act and section 21466.5 of the California Vehicle Code.

Section 30.55.50 Application Review procedures

- (a) Electronic Billboard(s) Permit. An electronic billboard(s) permit and associated environmental review shall be required for the establishment and operation of electronic billboard(s).
- (b) Application. Applications for establishment and operation of electronic billboard(s) shall be filed with the planning department on a form prescribed for this purpose by the City of Gilroy. A site development plan and architectural design drawings shall accompany the application. Such other pertinent information shall be included as may be required by the application filing requirements and deemed necessary to evaluate the application.
- (c) Permit Fees. Fees shall be charged on a time and materials basis and shall include payment for project review and preparation of documents, legal fees, CEQA fees, noticing fees, and any other fees deemed reasonably necessary to establish compliance with the requirements of this Article.
- (d) Planning Commission Public Hearing. The planning commission shall conduct a duly advertised public hearing to consider the application, pursuant to the provisions of Article LI. The planning commission shall announce its decision to recommend approval, or to deny or deny without prejudice the requested electronic billboard(s) application. In the case of a recommendation of approval, the planning commission shall adopt a resolution and make findings demonstrating that the application is necessary to carry out the general purpose of this Article and applicable general plan goals and policies. In the case of a recommendation of approval, the application will be scheduled for a city council hearing. The action of the planning commission denying the application shall be final and conclusive unless within twenty (20) days following the adoption of the resolution by the planning commission, an appeal in writing is filed with the clerk of the city council by the applicant or an interested party.

(e) City Council Public Hearing. If the planning commission adopts a resolution recommending approval or if a denial is appealed, the city council shall conduct a duly advertised public hearing pursuant to the provisions of Article LI. The city council may approve, modify or deny a proposed electronic billboard(s) application.

(f) Necessary Findings. To grant electronic billboard(s) approval, the council must make the following findings:

- 1) The location, design, and operation of the proposed electronic billboard(s) is consistent with the goals, objectives, purposes and provisions of the General Plan, the City Code, this Article, and any applicable policies, master plans, or specific plans;**
- 2) The proposed electronic billboard(s) will promote both economic development and public benefits that would not otherwise accrue to the public in the absence of its installation;**
- 3) The proposed electronic billboard(s) is architecturally compatible with the uses and structures on the site and in the surrounding area;**
- 4) The proposed electronic billboard(s) will not create a hazard to vehicular or pedestrian traffic; and**
- 5) The proposed electronic billboard(s) will not result in a threat to the general health, safety and welfare of City residents.**

(g) Conditions. The granting of approval for electronic billboard(s) may include such conditions as the planning commission or city council deems reasonable and necessary under the circumstances to carry out the requirements of the General Plan, City Code, and the intent of this Article. The following conditions shall be standard on all electronic billboard(s) approvals, where applicable:

- 1) City Agreement. The owner/operator shall enter into a City Agreement with the City, as provided in Section 30.55.20(c) of this Article. The Permit shall not take effect until a City Agreement is executed by the owner/operator and the City.**
- 2) Caltrans Off-Site Advertising Permit. The owner/operator shall obtain any required permit from the California Department of Transportation ("Caltrans") for any proposed electronic billboard(s). The electronic billboard(s) permit shall be conditioned to require the owner/operator to provide the City with a copy of the approved Caltrans permit prior to issuance of a building permit for construction of the electronic billboard(s).**
- 3) Federal, State, and Local Laws. The owner/operator shall comply with all applicable federal, state, and local laws when constructing, operating, improving, maintaining, repairing, and removing the electronic billboard(s), including any applicable provisions of the Highway Beautification Act of 1965 (23 U.S.C. § 131),**

the Outdoor Advertising Act (Cal. Bus. & Prof. Code, § 5200 et seq.), and the regulations promulgated to implement the Outdoor Advertising Act (4 Cal. Code Regs. § 2242(c) et seq.).

4) Operational Impacts. Operation of the electronic billboard shall not create significant adverse impacts on surrounding uses, or the public health, safety or general welfare of the City. Electronic billboards operating in accordance with this Ordinance and in compliance with the City Agreement shall be deemed to be in compliance with this subsection.

5) Maintenance: The owner/operator shall ensure that the electronic billboard(s) and support structures do not provide an attractive nuisance and shall be continually maintained free from graffiti. The owner/operator shall ensure that maintenance service is available by telephone and able to respond to a repair call "24/7" in the event electronic billboard(s) becomes damaged or is malfunctioning.

6) Noise reduction. To the extent necessary, electronic billboard(s) shall incorporate noise reduction and attenuation remedies sufficient to limit any exterior intermittent noise level effects (intensity and frequency) in accordance with the standards of the City's City Code and General Plan.

7) Time Limits. If any application for which electronic billboard(s) approval has been granted has not obtained building permits within one (1) year from the date of notification of approval, the approval shall be deemed automatically revoked. Upon application, an extension of time may be granted by the city council.

8) Compliance Hearings. A minimum of three initial compliance hearings before the City planning commission and/or city council shall be required as follows: (a) six months from the date of final building permit issuance; (b) six months from the date of the first compliance hearing; and (c) 12 months from the date of the second compliance hearing. Upon a finding of substantial compliance, the Community Development Director may waive the second and/or third hearing. Following the initial compliance hearing(s), the owner/operator, and/or property lease holder shall be subject to subsequent compliance hearings before the City upon request, due to non-compliance.

9) City Agreement / Permit Violations. Upon finding that the electronic billboard(s) is not being operated in compliance with the City Agreement and/or all conditions of approval, the Community Development Director shall forward a copy of the findings of such violation to the planning commission for hearing. The applicant shall also be sent notice at least ten (10) days prior to the date of such hearing. If the planning commission finds that a violation has occurred, the electronic billboard(s) owner, operator, and/or property lease holder shall abate or remove the violation.

Proposed Ordinance Summary	
Consistency with Local, State and Federal Law	
The owner and operator of the electronic billboard shall comply with all applicable federal, state, or local laws when constructing, operating, improving, maintaining, repairing, and removing the electronic billboard(s).	
City Agreement Requirements	
The owner/operator shall enter into a development agreement, operating agreement, lease agreement, contract, license or other accord in form acceptable to the City Attorney with the City ("City Agreement"), setting forth any required fees, revenues, terms, off-site advertisement criteria, content control standards, community service message provisions, community outreach requirements, maintenance standards, conditions that trigger billboard removal, and other covenants or restrictions needed to offset or mitigate the impacts of a proposed electronic billboard(s).	
Relocation	
Any electronic billboard(s) erected in accordance with this ordinance may be subsequently relocated to another location in accordance with the ordinance.	
Maximum Number	
A maximum of two (2) electronic billboard(s) may be permitted in the City of Gilroy.	
Minimum Distance Between Electronic Billboard(s)	
The minimum distance between electronic billboard(s) shall be 1.5 miles. All distances shall be measured along the nearest edge of the pavement between points directly opposite the signs along each side of the highway.	
Location	
Electronic billboards may be located on-site or off-site on private or public property, designated on the General Plan Land Use Diagram as General Services Commercial or City Gateway District. Electronic billboard(s) shall not be allowed in any area designated as "Landscaped Freeway", unless otherwise permitted by State law. No part of any electronic billboard(s) shall cross onto an adjacent private or public property.	
Distance from State route 101	
The electronic billboard(s) shall be located within 660 feet of State route 101.	
Distance to and Visibility from residential and hotel uses	
Electronic billboard(s) shall be placed at least 500 feet from any residential zone or residential use. To the extent possible, the electronic billboard(s) shall be located and	

oriented in a manner that avoids or minimizes the direct exposure of the display as viewed from adjacent or nearby residential or hotel uses.

Vehicular Safety

No electronic billboard(s) shall be placed, constructed or maintained on any property in the City of Gilroy if its location, size, nature, or type constitutes or tends to constitute a hazard to the safe and efficient operation of vehicles.

Maximum Height

The maximum height of any electronic billboard(s) including any architectural design elements shall be 75 feet as measured from grade at the base of the sign to the highest point of the sign structure, provided that the measured grade does not include fill or berms.

Maximum Digital Display Surface Area

The maximum total digital display surface shall be less than or equal to six hundred seventy-two (672) square feet per sign face, with no more than two sign faces per electronic billboard(s).

City Branding

Unless otherwise approved by the City Council, the electronic billboard(s) shall include the words "City of Gilroy" and/or the City insignia permanently affixed above the digital display area. This branding shall not be included in the maximum digital display surface area but shall be included in the overall height.

Public Service Announcements

The City of Gilroy shall be permitted to use a minimum number or percentage of total unsold advertising spots for City events, public information, emergency alerts, and other similar public service announcements, in accordance with the City Agreement approved for the electronic billboard(s).

Emergency Alerts

Electronic billboard(s) shall be connected to the National Emergency Network and provide emergency information, including child abduction alerts (*i.e.*, "Amber Alerts"), in accordance with local and regional first responder protocols.

Content limitations
No electronic billboard(s) shall display any statements or words of an obscene, indecent or immoral character, or any picture or illustration of any human figure in such detail as to offend public morals or decency, or any other matter or thing of an obscene, indecent or immoral character, pursuant to Business and Professions Code Section 5402 and judicial decisions interpreting the same.
Message Standards
The Ordinance allows only still or static images or messages, requires a minimum display time of eight (8) seconds, and a maximum transition/blank screen time between still images of one (1) second.
Illumination Standards
The Ordinance includes illumination standards related to light intensity, auto-shut-off/black screen in case of malfunction, automatic dimming adjusted to ambient light conditions, orientation requirements, and brightness limitations based on best practices in other cities, the Outdoor Advertising Act, and the California Vehicle Code.
Permit Requirements
An electronic billboard permit and associated environmental review shall be required for the establishment and operation of an electronic billboard. The Ordinance includes required findings for approval and standard conditions of approval.
Public Hearings
The application shall require review by the Planning Commission. If recommended for approval, the application will be scheduled for a public hearing with the City Council, who has final authority on whether to approve the application. Alternatively, the Commission may also deny the application upon making substantial findings for denial through the public hearing process. If denied, the Planning Commission decision is final unless an appeal is filed by the applicant or an interested party. If appealed within twenty (20) days of the Planning commission decision, the City Council will review the application and may either approve, approve with modifications, or deny the application, upon making substantial findings for denial through the public hearing process.
Compliance Hearings
A minimum of three initial compliance hearings before the City Planning Commission and/or City Council shall be required as follows: (a) six months from the date of final building permit issuance; (b) six months from the date of the first compliance hearing; and (c) 12 months from the date of the second compliance hearing. Upon a finding of substantial compliance, the Community Development Director may waive the second and/or third hearing. Following the initial compliance hearing(s), the owner/operator,

and/or property lease holder shall be subject to subsequent compliance hearings before the City upon request, due to non-compliance.

City Agreement / Permit Violations

Upon finding that the electronic billboard(s) is not being operated in compliance with the City Agreement and/or all conditions of approval, the Community Development Director shall forward a copy of the findings of such violation to the Planning Commission for hearing. The applicant shall also be sent notice at least ten (10) days prior to the date of such hearing. If the Planning Commission finds that a violation has occurred, the electronic billboard(s) owner, operator, and/or property lease holder shall abate or remove the violation.

ATTACHMENT 3

CORRESPONDENCE FROM THE APPLICANT

1. Gilroy Monument Brightness Survey
2. Conrotto Billboards Photometric Analysis
3. Pros for Electronic Billboard Ordinance



Gilroy Monument Sign Brightness Survey

Prepared for the City of Gilroy, CA

Type of Document:

On-Site Luminance Study

Project Name:

Gilroy Sign Brightness Survey

Project Number:

USS-25011805-00

Prepared and Reviewed By:

Michael J. Schrupp – Lighting Director

EXP

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Glendale, CA 91203

t: +1.818.539.1111

A handwritten signature in black ink, appearing to read 'M.J. Schrupp', is written over a light gray circular graphic element.

Date + Time Submitted:

2025-09-03

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1. Introduction

EXP US Services has been retained by Mike Conrotto on behalf of the City of Gilroy, CA to perform a survey of the surface brightness of existing monument signs along the 101 freeway within the city of Gilroy.

The study objective was to evaluate the surface brightness, or “luminance” of existing signs at the following locations:

- Garlic Farms sign #1 at Bolsa Rd. at Garlic Farms Dr.
- Garlic Farms sign #2 at North-bound 101 FW near Monterey Rd.
- Gilroy Crossing Shopping Center #1 – Near the Buffalo Wild Wings
- Gilroy Crossing Shopping Center #1 – Near the Target
- MG Woodwork, Inc. – 7700 Arroyo Cir.
- Springfield Building – 6650 Bren Ln.

The second objective was to compare the measured brightness values to those of a digital billboard proposed for installation along the south-bound 101 freeway near the Gilroy Auto Mall.

These studies took place on the evening of Wednesday August 26th, 2025 starting at approximately 8:00PM PST.

Sky conditions were clear with a 12% crescent moon setting to the west. The contribution of the moonlight was not a factor in determining the signs’ brightness.

2. Background Information

The signs studied were of the back-lit acrylic variety. Typically, the construction of these signs is comprised of a steel-framed box with the visible face covered in an acrylic sheet. Mounted to the inside cavity of the box is either a series of fluorescent tubes, or more recently, a continuous string of LED nodes along the back, with the diodes facing toward the acrylic face, as illumination behind the acrylic. The acrylic can vary in thickness and color or is often frosted white with a company’s logo printed on the front.

The brightness of these signs will range depending on the brightness of the light source behind it and the density and color of that acrylic.

3. Equipment and Methodology

Equipment

Surface brightness of an object, or its ‘Luminance’, is measured in Candelas Per Square Meter, or cd/m^2 .

A luminance meter is required for determining the surface brightness of an object. For this study, a Konica-Minolta LS-150 meter was utilized to determine the brightness of the Ventura Auto Mall billboard.

The LS-150 is capable of measuring surface luminance levels as low as $.001 \text{ cd}/\text{m}^2$ to a maximum of $9,999,000 \text{ cd}/\text{m}^2$.

The meter was calibrated within the past 12 months by a NIST certified agency.

Methodology

Luminance Measurement: The luminance meter was mounted to a fixed tripod, roughly between 50’-150’ away from the face of the signs (depending on access). From there, various parts of the signs were measured with the signs brightest area recorded. The results of these measurements are documented in Appendix A.

4. Study Locations

The image on the next page shows the study locations:

- | | |
|--|----------------------------------|
| 1. Bolsa Rd. at Garlic Farms Dr. | 4. Gilroy Crossing (near Target) |
| 2. NB US 101 FW near Monterey Rd. | 5. 7700 Arroyo Cir. |
| 3. Gilroy Crossing (near Buffalo Wild Wings) | 6. 6650 Brem Ln. |



5. Study Report

Luminance of Signs

Each of the six signs showed a wide range of brightnesses with all of them showing levels at or near 300 cd/m²
 See Appendix A for exact results.

6. Conclusions

Typically, standard digital billboards have a maximum output brightness of 300 cd/m² in the evening (measured with a billboard set to a full white screen) as set by the OAAA (Outdoor Advertisers Association of America) and by most municipalities across the country. Based on previous luminance studies of standard digital billboards in the field displaying advertisements, the typical brightness range is actually between 75 cd/m² to a maximum of 250 cd/m² depending on the

content playing. This is the same brightness range observed from the signs measured in this survey, with some areas of the static signs exceeding 300 cd/m² by over 100 cd/m².

Based on these findings, we conclude that a digital billboard would provide equal or less brightness as the existing signs in the city of Gilroy.

7. Sample Key Personnel Highlight

Michael J. Schrupp, Ass. IALD | Lighting Director | EXP US Services, Glendale, CA

Michael is the Lighting Director and project manager overseeing EXP's Los Angeles lighting studio. Michael has an extensive background in entertainment lighting, having worked in Theatre, Dance, Opera, Television and Film. In his seventeen years of architectural design work, Michael has specialized in themed environments including theme parks, casinos, aquariums, museums, retail, and restaurants.

Adjacent to his design work, Michael has become a trusted expert in the evaluation and study of digital billboards and signage having conducted over fifty studies throughout the country over the past decade, on behalf of numerous companies and municipalities.

Michael is a member of the IALD and IES.

Legal Notification

*This report, prepared by **exp** US Services Inc., is intended for the exclusive use of the City of Gilroy, CA and Mike Conrotto. Neither **exp** US Services Inc., the City of Gilroy, nor Mike Conrotto assume any liability for the use of this report, or for the use of any information disclosed in the report, or for damages resulting from the use of this report, by other parties.*

Appendix A

Luminance Level Graphic Sheets



292 cd/m²

350 cd/m²

247 cd/m²

461 cd/m²

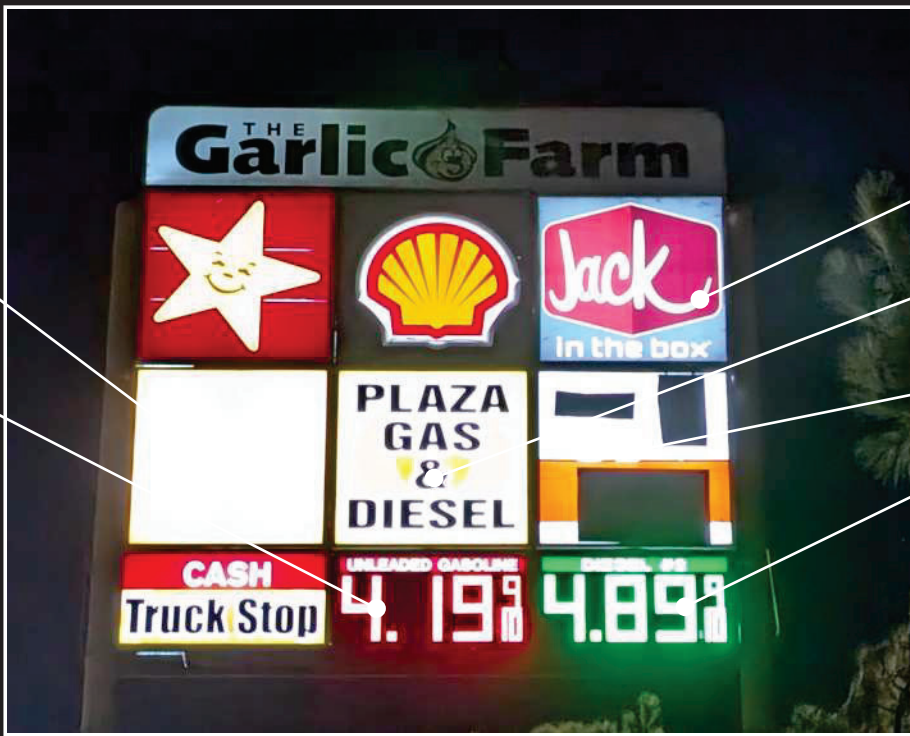


290 cd/m²

204 cd/m²

302 cd/m²

260 cd/m²



304 cd/m²

130 cd/m²

102 cd/m²

195 cd/m²

190 cd/m²

420 cd/m²



52 cd/m²

155 cd/m²

215 cd/m²

150 cd/m²

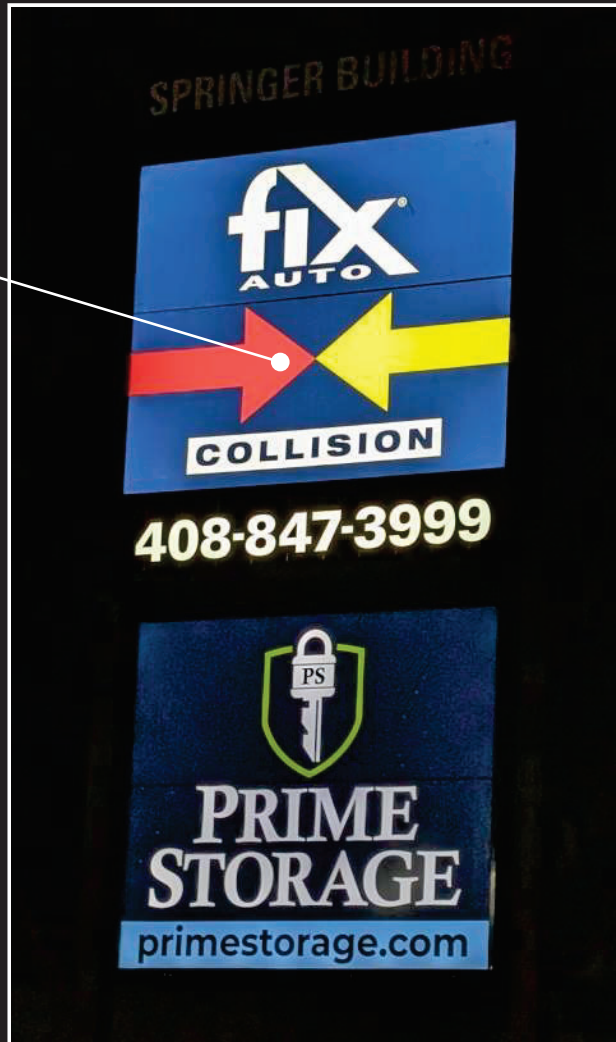
305 cd/m²



302 cd/m²



280 cd/m²



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CONROTTO BILLBOARDS Gilroy, CA

Digital Billboards

Photometric Analysis

Prepared By:

Michael Schrupp

Date Submitted

3 September, 2025

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1.0 NARRATIVE

We (exp engineering) have conducted a photometric review of the digital billboards being proposed on the west side of the south-bound 101 freeway near the Gilroy Auto Mall in Gilroy, CA and compared their standard output against those of the existing monument signs at the following locations:

- Garlic Farms sign #1 at Bolsa Rd. at Garlic Farms Dr.
- Garlic Farms sign #2 at North-bound 101 FW near Monterey Rd.
- Gilroy Crossing Shopping Center #1 – Near the Buffalow Wild Wings
- Gilroy Crossing Shopping Center #1 – Near the Target

Using the photometric software AGI32, we studied the billboards' and monument signs' output brightness to show the distribution of the emitted light both perpendicular to the center of the signs, and along the ground.

The proposed billboards are 14' H x 48' W and were measured at a proposed top of the sign being at +50'-0" A.F.G.. The monument signs vary in weight and width and were measured on site using a laser measuring tool.

The photometry used in this study for the digital billboard is based on the standard Nichia NSPX336 FOV LED modules which output light horizontally at 90° and 45° vertically. The output was set at an evening output level of 300 Nits (Candela per Square Meter) or 87.6 Foot Lamberts, the maximum output permitted per guidelines set by the Outdoor Advertising Association of America (OAAA) so as not to exceed .3 foot candles (FC) over the surrounding ambient light levels at a distance of 250' perpendicular to the sign face in the evenings.

Luminance measurements were taken on the existing monument signs using a Konica-Minolta LS-150 meter, to determine the brightness of the signs. Measurements were taken on site, on the evening of Wednesday August 26th, 2025, starting at approximately 8:00PM PST. Sky conditions were clear with a 12% crescent moon setting to the west. The contribution of the moonlight was not a factor in determining the signs' brightness. These signs are of the back-lit acrylic variety. Typically, the construction of these signs is comprised of a steel-framed box with the visible face covered in an acrylic sheet. Mounted to the inside cavity of the box is either a series of fluorescent tubes, or more recently, a continuous string of LED nodes along the back, with the diodes facing toward the acrylic face, as illumination behind the acrylic. This creates a flat, luminous surface by which may be replicated in the AGI32 software with the measured luminance values used as their output levels.

It is assumed that there will be some amount of natural or artificial ambient illumination in all existing areas, but as these conditions are variable and inconsistent, the studies were done assuming the worst-case scenario of no ambient light to demonstrate the additive illumination to be expected from the proposed billboards.

Included graphical illustrations of the light levels in foot-candles (fc) we expect from the screen.

SHEET 1 Photometric output of the proposed billboard at 300 NIT.

SHEET 2 Sign located at Bolsa Rd. at Garlic Farms Dr.

SHEET 3 Sign located at NB US 101 FW near Monterey Rd.

SHEET 4 Sign located at Gilroy Crossing (near Buffalo Wild Wings)

SHEET 5 Sign located at Gilroy Crossing (near Target)

Conclusions

The calculations show that the existing monument signs output as much, if not more, light on the surrounding areas than the proposed digital billboards would. With their output reduced after dark to a level at or below the 300 NIT level, these billboards would comply with the OAAA recommended illumination levels.

Michael J. Schrupp, Ass. IALD | Lighting Director | EXP US Services, Glendale, CA

Michael is the Lighting Director and project manager overseeing EXP's Los Angeles lighting studio. Michael has an extensive background in entertainment lighting, having worked in Theatre, Dance, Opera, Television and Film. In his seventeen years of architectural design work, Michael has specialized in themed environments including theme parks, casinos, aquariums, museums, retail, and restaurants.

Adjacent to his design work, Michael has become a trusted expert in the evaluation and study of digital billboards and signage having conducted over fifty studies throughout the country over the past decade, on behalf of numerous companies and municipalities. Michael is a member of the IALD and IES.

*This report, prepared by **exp Services Inc.**, is intended for the exclusive use of the City of Gilroy, CA and Billboard owner Mike Conrotto. Neither **exp Services Inc.**, the City of Gilroy, CA, nor Mike Conrotto assume any liability for the use of this report, or for the use of any information disclosed in the report, or for damages resulting from the use of this report, by other parties.*

Appendix

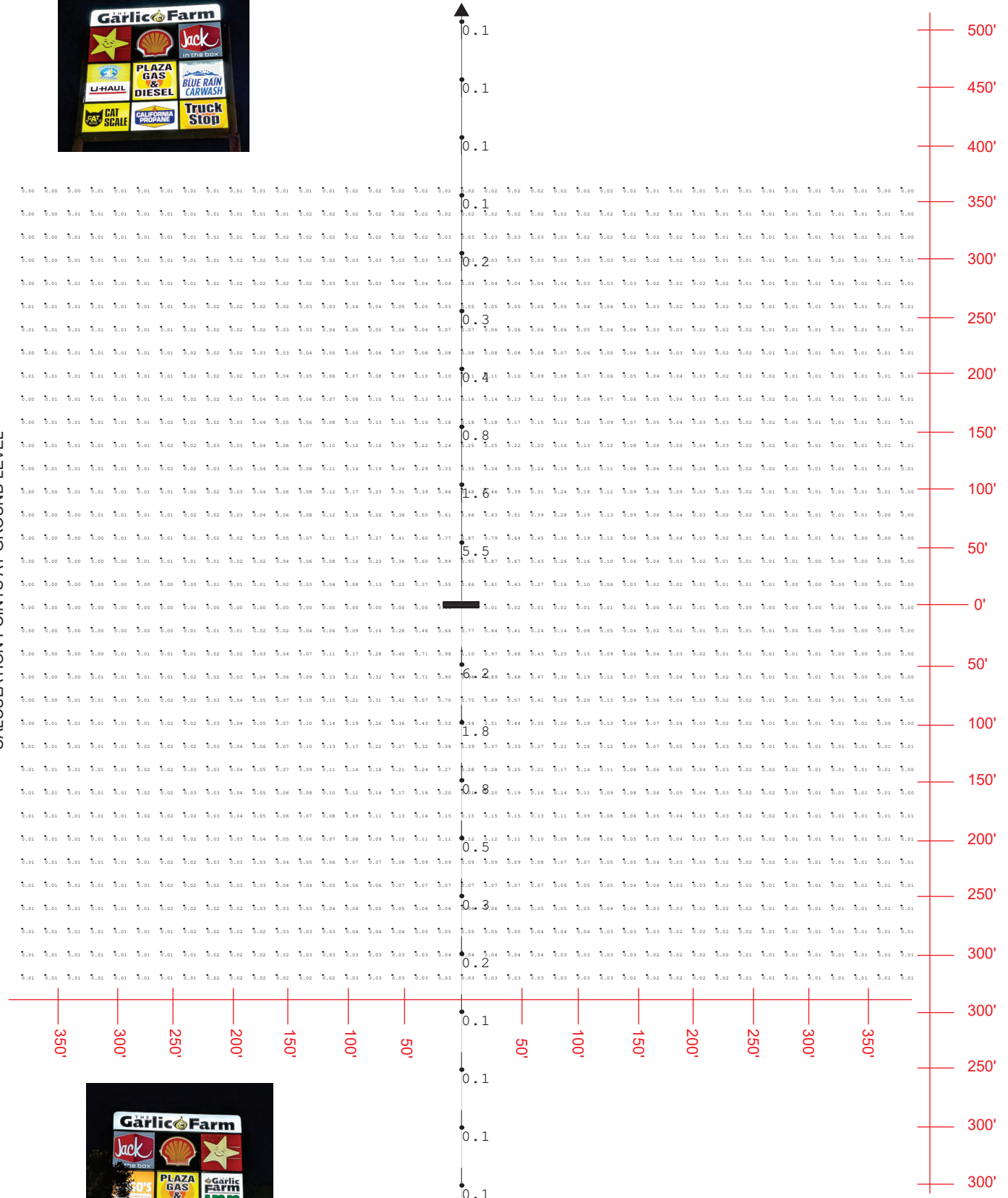
Foot-candle Level Graphic Sheets



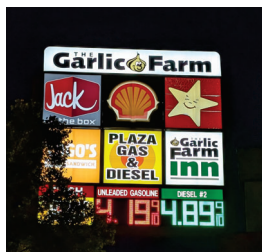
CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN



CALCULATION POINTS AT GROUND LEVEL

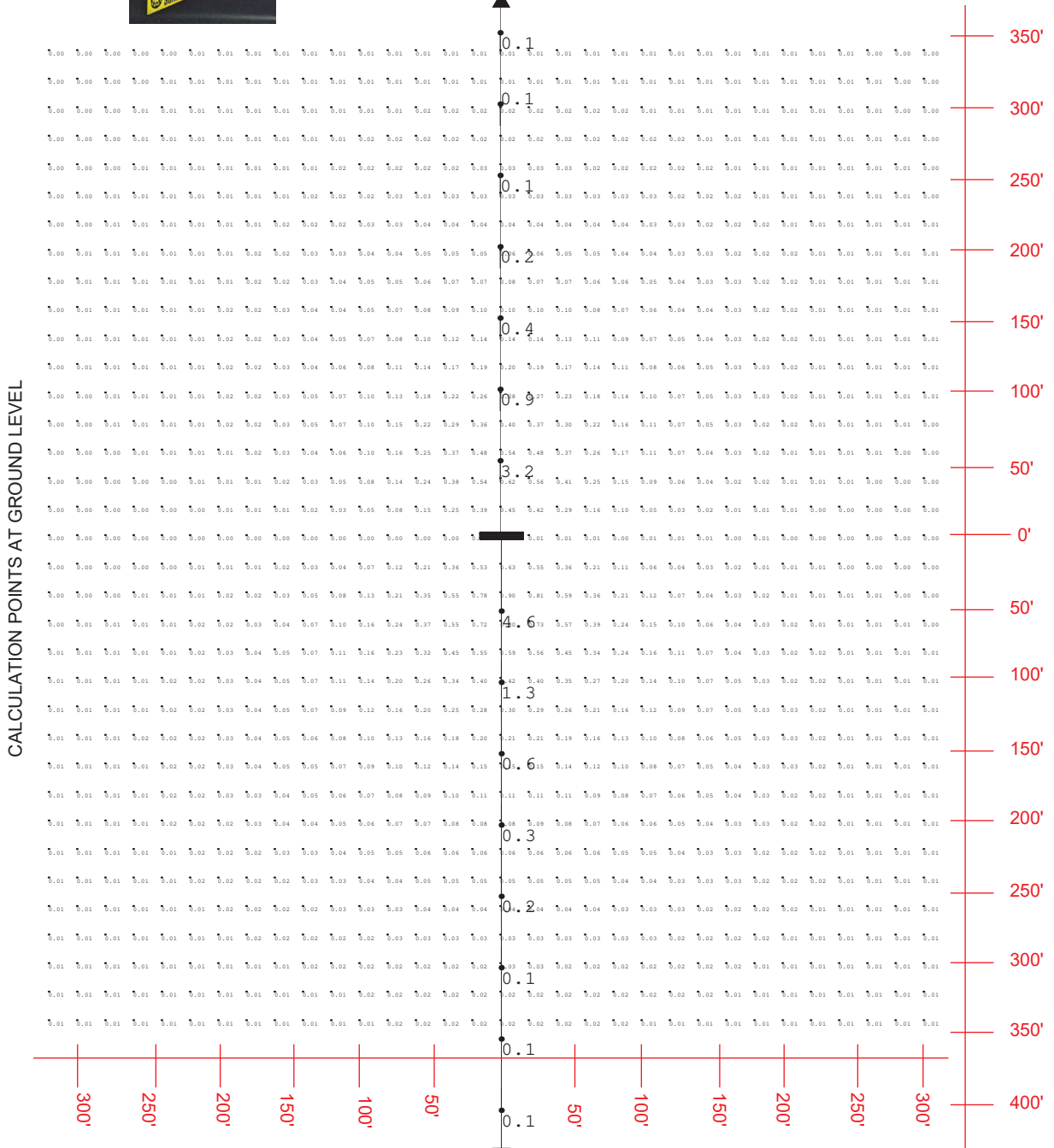


CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN





CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN

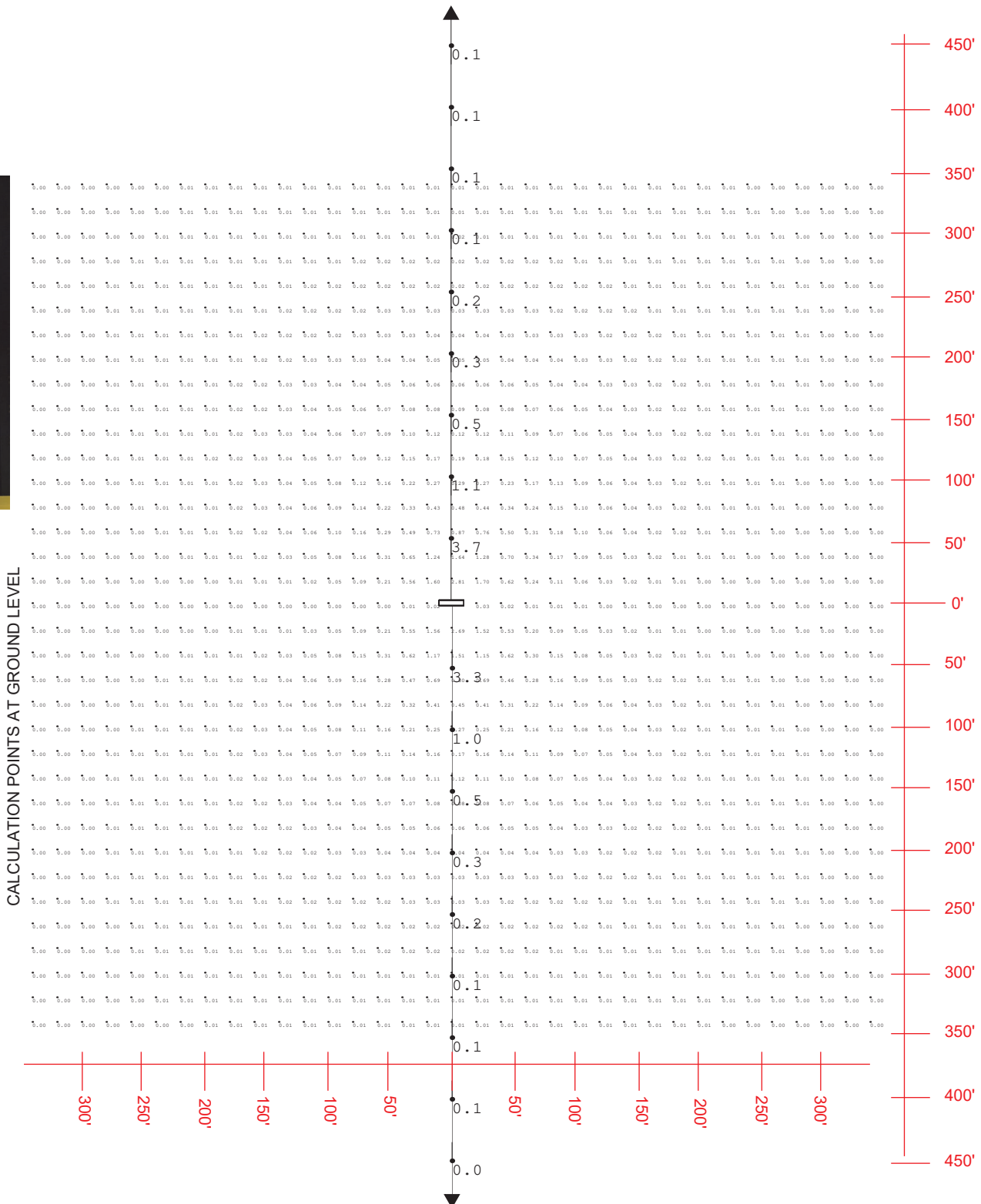


CALCULATION POINTS AT GROUND LEVEL

CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN



CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN



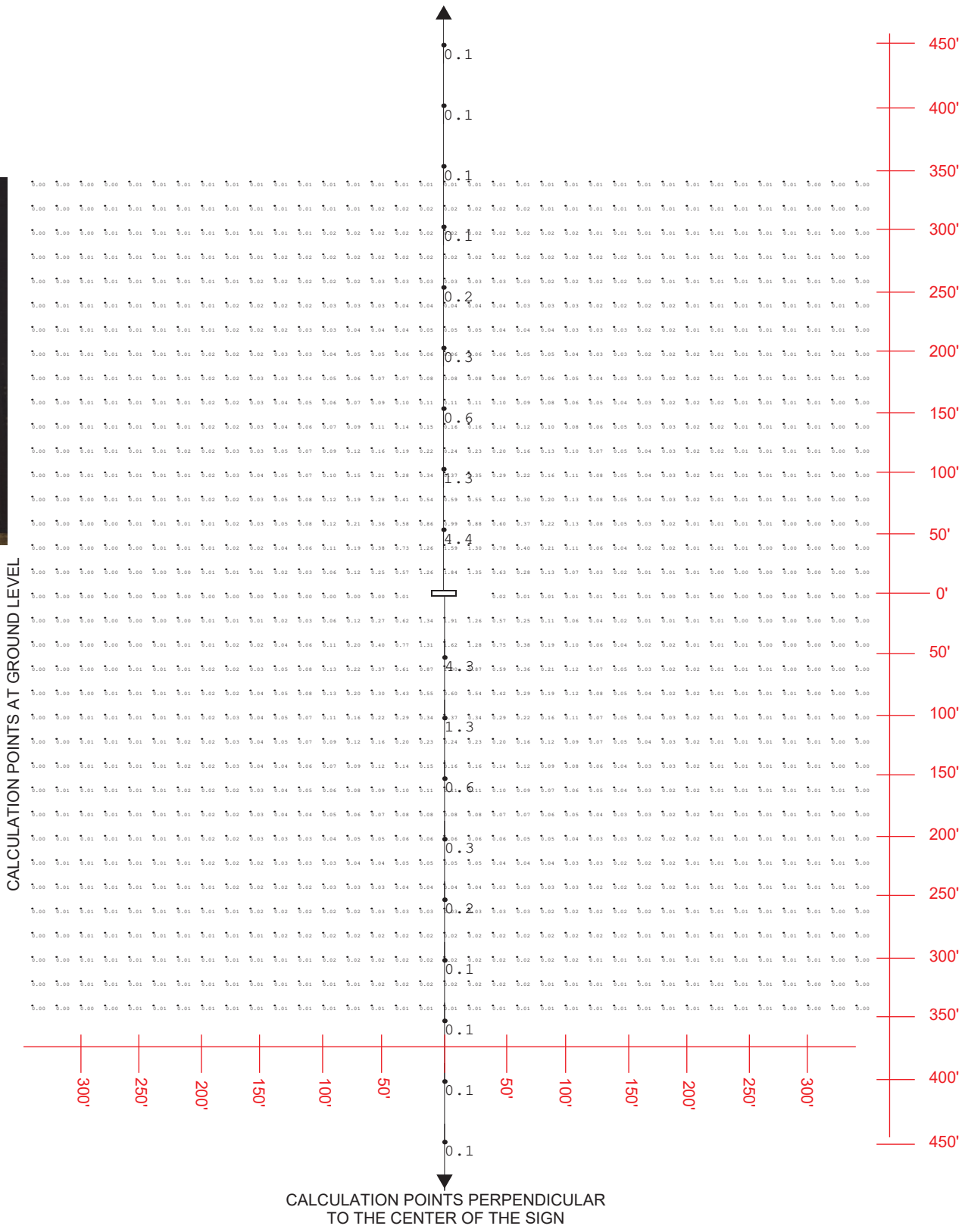
CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN



330 N. Brand Blvd. Suite 950
Glendale, CA 91203
818.539.1111

SIGN BRIGHTNESS STUDY
GILROY, CA
GILROY CROSSING SHOPPING CENTER

CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN



CALCULATION POINTS AT GROUND LEVEL

CALCULATION POINTS PERPENDICULAR TO THE CENTER OF THE SIGN



PROS for Electronic Billboard Ordinance Project

1. Electronic billboards are proven to generate more sales for businesses who advertise on them.
2. It will provide an opportunity for local businesses to advertise in a professional way to a wider, more diverse audience. When local businesses (ie. car dealers) do well, it benefits the entire community, as sales tax goes right back to the city... thriving businesses = a better community for us all.
3. This electronic billboard will be a cleaner, more professional design than the many traditional billboards and haphazard notices posted around the region.
4. The modern design will include the name of the City of Gilroy, bringing recognition and pride of identity to the community.
5. NO cost to the City of Gilroy to build or operate the sign.
6. City of Gilroy will receive free advertising on the sign, and will actually generate revenue from the sign (% of gross sales).
7. Arguments against the sign stating that only the billboard company will gain are FALSE! The City of Gilroy, multiple local businesses and event organizers will benefit.
8. Special Events (ie. fairs, festivals, rodeos etc.) will be better advertised than by traditional methods (ie. small posters/paper flyers).
9. One electronic billboard is better for the environment than hundreds or thousands of paper ads that get thrown away becoming litter and/or landfill.
10. Sign can be utilized for state and regional **Amber Alerts and Emergency Messaging**.
11. It will NOT contribute to light pollution as opponents claim. Located along the highway, in a commercial zone, light emitted will be adaptive based on time of day, and will not affect any residential areas adversely.
12. Environmental study concluded there will be NO negative effects on local ecosystems or wildlife.
13. Opponents have argued an electronic billboard would change the architectural integrity, historic character and natural environment... The requested location of the sign would make the community look more modern and relevant, while drawing the eye away from the degradation caused by a roaming transient population and paper/plastic trash.
14. The following cities in the Bay Area have successful digital sign programs: Santa Clara, Milpitas, San Carlos, Belmont, Millbrae, South San Francisco, Oakland, Hayward, Martinez, Fairfield, Berkeley, San Pablo, Dublin, Benicia, and Alameda County.
15. Many of the opponents of the sign are not residents of Gilroy or the surrounding area.