



# CITY COUNCIL REGULAR MEETING AGENDA

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

**MAYOR**  
Greg Bozzo

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

**AMENDED AGENDA**  
Item 11.1 Recommended Action  
and staff report modified



**5:00 PM CLOSED SESSION**  
**6:00 PM REGULAR SESSION**

**MONDAY, MAY 18, 2026 | 6:00 PM**

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

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

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

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

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

A Closed Session may be called during this meeting pursuant to Government Code Section 54956.9 (d)(2) if a point has been reached where, in the opinion of the legislative body of the City on the advice of its legal counsel,

based on existing facts and circumstances, there is a significant exposure to litigation against the City.

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

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

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

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

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

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



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

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

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

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

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

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

**1. CLOSED SESSION - 5:00 PM**

**1.1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
(Government Code Section 54956.8)**

Properties: 7491 Railroad St. (APN 841-06-001); 7780 Monterey Rd. (APN 841-04-020); 7289 Rosanna St. (APN 799-15-027); and 7351 Rosanna St. (APN 799-15-

026)

**Agency Negotiators: Matt Morely, City Administrator; Raissa de la Rosa, Economic Development Director**

**Negotiating Parties: Falkon Development; Retraining the Village**

**Under Negotiation: Price and terms of payment**

**2. OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION**

**3. ADJOURN TO OPEN SESSION**

Report of any action taken in Closed Session and vote or abstention of each Council Member if required by Government Code Section 54957.1 and GCC Section 17A.13(b); Public Report of the vote to continue in closed session if required under GCC Section 17A.11(5).

The agenda for this regular meeting is outlined as follows:

**4. REGULAR SESSION - 6:00 PM**

**4.1. Call to Order**

**4.2. Roll Call**

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

**4.4. Pledge of Allegiance**

**4.5. Invocation**

**4.6. Orders of the Day**

**4.7. Employee Introductions**

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

**5.1. Public Works Week Proclamation**

**5.2. Resource Parent Appreciation Month Proclamation**

**6. PRESENTATIONS TO THE COUNCIL**

**6.1. Annual Presentation by the Gilroy Chamber of Commerce**

**6.2. VTA Local Investment Plan Presentation**

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

**This portion of the meeting is reserved for persons desiring to address the Council on matters within the Gilroy City Council's jurisdiction but not on the agenda. Persons wishing to address the Council are requested to complete a Speaker's Card located at the entrances and handed to the City Clerk. Speakers are limited to 1 to 3 minutes each, varying at the Mayor's discretion depending**

on the number of speakers and length of the agenda. The law does not permit Council action or extended discussion of any item not on the agenda except under special circumstances. If Council action is requested, the Council may place the matter on a future agenda.

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

## 7. 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)

## **8. 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.

- 8.1. Approve the minutes of the May 2, 2026 Coffee with the Mayor and May 4, 2026 City Council Regular Meeting**
- 8.2. Add the 2026 Citywide Speed Survey to the Fiscal Year 2026 Capital Improvement Program and Approve a Capital Budget Amendment for the Project**
- 8.3. Adopt an Ordinance amending Chapter 15, Section 15.11 of the Gilroy City Code, allowing the City Council to Reduce Prima Facie Speed Limits in School Zones from 25 mph to 15 mph or 20 mph per Assembly Bill 382**
- 8.4. Adopt a Resolution Requesting the Allocation of Fiscal Year 2027 Transportation Development Act Article 3 Pedestrian/Bicycle Project Funding from the Metropolitan Transportation Commission**
- 8.5. Adopt a Resolution Approving the Fiscal Year 2026-2027 Road Rehabilitation Projects for Funding by Senate Bill 1, the Road Repair and Accountability Act of 2017 Funds**
- 8.6. Approval of Community Events Support Program Funding Allocations for FY 2027**
- 8.7. Request for Approval to Disburse \$2,103 in Interest Income from the Gilroy Museum Endowment Trust to the Museum Donations Fund**
- 8.8. Annual Military Equipment Use Report 2025, per CA Assembly Bill No. 481**
- 8.9. Acceptance of Cash and Investment Report as of March 31, 2026**

## **9. PUBLIC HEARINGS**

- 9.1. Public Meeting Regarding the Renewal of the Gilroy Tourism Business Improvement District (GTBID)**
  1. Disclosure of Ex-Parte Communications
  2. Staff Report:  
Raissa de la Rosa, Economic Development Director
  3. Open Public Hearing
  4. Close Public Hearing

5. Recommended Action:  
Hold a public meeting on the renewal of the GTBID.

**9.2. Public Hearing Pursuant to Government Code Section 3502.3 (AB 2561) to Receive a Report on City of Gilroy Vacancies, and Recruitment and Retention Efforts**

1. Disclosure of Ex-Parte Communications
2. Staff Report:  
LeeAnn McPhillips, Interim Human Resources Director/Risk Manager.
3. Open Public Hearing
4. Close Public Hearing
3. Recommended Action:  
Receive the informational report on City of Gilroy Vacancies, and Recruitment and Retention Efforts Pursuant to Government Code Section 3502.3 (AB 2561).

**10. UNFINISHED BUSINESS**

**10.1. Consideration of Downtown Plywood and Vacancy Regulations**

1. Staff Report:  
Sharon Goei, Community Development Director
2. Public Comment
3. Recommended Action:  
Council provide direction regarding desired regulations for downtown plywood use and vacancies.

**11. INTRODUCTION OF NEW BUSINESS**

**11.1. Consideration of Options for Displaying Commemorative Flags at City Hall or the Civic Center Complex**

1. Staff Report:  
John Doughty, Public Works Director
2. Public Comment
3. Recommended Action:  
Receive this report, consider community input, discuss and provide direction to staff regarding:

1) The possible installation of a new (third) flagpole for displaying commemorative flags at City Hall/ Civic Center Complex; and

2) Provided a majority of City Council supports the installation of a new (third) flagpole, direct staff to return with revisions to the City's Flag Flying Policy which could include allowing the display of Sister Cities flags, the City

Flag as well as other commemorative flags.

- 12. FUTURE COUNCIL INITIATED AGENDA ITEMS**
- 13. CITY ADMINISTRATOR'S REPORTS**
- 14. CITY ATTORNEY'S REPORTS**
- 15. ADJOURNMENT**



City of Gilroy  
*Proclamation*

---



**WHEREAS**, public works professionals in the City of Gilroy focus on infrastructure, facilities, and services that are essential to building and maintaining a sustainable, resilient, thriving community, and to protecting public health, enhancing quality of life, and supporting the well-being of all residents; and

**WHEREAS**, these critical infrastructure systems and services—including transportation networks, water supply, wastewater treatment, stormwater management, solid waste services, public buildings, and other essential facilities—are made possible through the dedicated efforts of public works professionals, including engineers, managers, and staff who serve at all levels of government and in partnership with the private sector; and

**WHEREAS**, the City of Gilroy benefits daily from the commitment, expertise, and hard work of its public works employees, who play a vital role in maintaining safe streets, reliable utilities, and essential public services that support our growing community; and

**WHEREAS**, it is in the public interest for residents, civic leaders, and youth in the City of Gilroy to gain knowledge of and maintain an ongoing interest in the importance of public works and the programs that support our community's infrastructure and environmental stewardship; and

**WHEREAS**, the year 2026 marks the 66th annual National Public Works Week, sponsored by the American Public Works Association.

**NOW, THEREFORE, I, GREG BOZZO**, Mayor of the City of Gilroy, do hereby proclaim the week of May 17<sup>th</sup>-23<sup>rd</sup>, 2026 as

## **NATIONAL PUBLIC WORKS WEEK**

in the City of Gilroy, and urge all residents to join with the American Public Works Association and local agencies in recognizing the dedicated public works professionals who serve our community and contribute to the safety, health, and quality of life for all.

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

Attested to by:

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

**City of Gilroy  
City Council  
DRAFT  
Minutes  
Saturday, May 2, 2026 | 9:30 AM**

**1. OPENING**

**1. Call to Order**

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

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

**2. COFFEE WITH THE MAYOR**

City Council District Elections and other City business.

**3. ADJOURNMENT**

The Coffee with the Mayor event was adjourned at 10:37 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 XXXXXXX, 20XX.**

Kim Mancera  
City Clerk

**City of Gilroy  
City Council  
Draft Minutes  
Monday, May 4, 2026 | 6:00 PM**

**1. OPENING**

**1. Call to Order**

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

**2. Roll Call**

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

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

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

**4. Pledge of Allegiance**

Mayor Bozzo led the Pledge of Allegiance.

**5. Invocation**

Pastor Trevor Van Laar led the Invocation.

**6. Orders of the Day**

Mayor Bozzo moved items 9.1, 9.2 and 8.2 ahead in the agenda after item 6.1.

**7. Employee Introductions**

None.

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

**1. Affordable Housing Month Proclamation**

Mayor Bozzo presented the Affordable Housing Month Proclamation to Gilroy's Community Development Director Sharon Goei.

**2. Building Safety Month Proclamation**

Mayor Bozzo presented the Building Safety Month Proclamation to Gilroy's Community Development Director Sharon Goei.

### **3. PRESENTATIONS TO THE COUNCIL**

#### **1. Gilroy Gardens Annual Presentation**

Hoa Le, the President and General Manager of Gilroy Gardens, provided a presentation.

#### **2. Youth Commission Annual Presentation**

Members of the Youth Commission provided a presentation.

### **3. 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 6:32 P.M.

Ron Kirkish - Read a letter regarding Gilroy Gardens.

Ann Marie McCauley - Expressed her gratitude that council would be discussing the possible solutions for the unhoused community in Gilroy.

Elizabeth R. Stone - Urged Council to move with compassion while discussing items covering the unhoused.

With no further speakers, Mayor Bozzo closed public comment.

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

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

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

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

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

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

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

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

Council Member Bracco - No report.

Council Member Fugazzi - No report.

Council Member Marques - No report.

Council Member Hilton - Reported that the VTA Policy Advisory Committee kicked off their Transit Oriented Community Grant Workshops. He also wished everyone a happy Affordable Housing Month as well as a happy Bike Month.

Council Member Ramirez - Reported on attending the League of California Cities Leaders Summit in Sacramento. She also reported that she attended a Rebuilding Together event. Lastly, she congratulated the Chamber of Commerce for another successful Spice of Life Awards Gala.

Council Member Cline - Congratulated the Chamber of Commerce for another successful Spice of Life Awards Gala and reported on his time in a small group communications class at Gavilan College, as he was invited out to field questions from students within the class.

Mayor Bozzo - No report.

## **5. CONSENT CALENDAR**

Mayor Bozzo opened public comment at 6:46 P.M.

With no speakers, Mayor Bozzo closed public comment.

### **Motion**

Approve the consent calendar.

**RESULT: Passed**

**MOVER:** Council Member Kelly Ramirez

**SECONDER:** Council Member Dion Bracco

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

**NAYS:** None

**ABSENT:** None

1. **Approve the April 20, 2026 City Council Regular Meeting Minutes**
2. **Approval of Gilroy Gardens Proposed Capital Improvement Plan to Develop the Hecker Pass Outdoor Events Center**
3. **Consent to the Appointment of Brandon Sanchez as Police Chief**

## **6. BIDS AND PROPOSALS**

1. **Award Three, Three-Year On-Call Contracts for Encampment Cleanup Program Services with Two, One-Year Extension Options with an Amount Not-To-Exceed \$750,000 each to San Jose Conservation Corps, Landscape Maintenance America dba California Highway Adoption Company, and FS Global Solutions**

Management Analyst Bryan Rodriguez provided a report and presentation.

Mayor Bozzo opened public comment at 7:03 P.M.

Ann Marie McCauley - Asked that Council continue to be honest with the community when it comes to the impact that precedes and follows abating homeless encampments.

Jan Bernstein Chargin - Spoke opposing the City funding the abatement of homeless encampments.

Vanessa Ashford - Asked questions pertaining to the contractors that are in consideration.

Wes White - Advocated for the homeless and spoke against funding abatement.

With no further speakers, Mayor Bozzo closed public comment.

### **Motion**

Authorize the City to enter into Agreements in an amount not to exceed \$750,000 each with San Jose Conservation Corps, Landscape Maintenance America dba California Highway Adoption Company, and FS Global for a Three-Year On-Call Encampment Cleanup Program Services with two one-year extension options and to authorize the City Administrator to execute the agreements and adopt a resolution amending the FY 2026–2027 adopted budgets appropriating \$50,000 from the General Fund (100) in FY 2026, and \$100,000 in FY 2027 for this work.

**RESULT:** **Passed**

**MOVER:** Council Member Terence Fugazzi

**SECONDER:** Council Member Tom Cline

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

## 9. INTRODUCTION OF NEW BUSINESS

### 1. **Gilroy Homelessness Efforts**

Community Development Director Sharon Goei and Gilroy Police Captain Brian Dutton provided a report and presentation.

Mayor Bozzo opened public comment at 8:01 P.M.

Ann Marie McCauley - Provided insight on detox programs that she believes the City should consider adopting.

Jan Bernstein Chargin - Provided reasoning to show homelessness is trending downward.

Elizabeth R. Stone - Shared that she believes it is too hard for the unhoused to find the resources they need.

Robert Aguirre - Spoke on problems facing the unhoused community.

Wes White - Voiced his opinion that the systems in place to aid the homeless are not working.

With no further speakers, Mayor Bozzo closed public comment.

Report received.

### 2. **Receive Report and Presentation and Provide Input on Draft Santa Clara County Community Plan to End Homelessness and Gilroy Data, Progress, and Partnerships**

Santa Clara County Housing Authority's Housing Director, Rebecca Garcia, along with Santa Clara County's Director of Supportive Housing, KJ Kaminski, provided a report and presentation.

Mayor Bozzo opened public comment at 8:52 P.M.

Robert Aguirre - Expressed his concerns about issues surrounding the unhoused community.

Elizabeth R. Stone - Spoke on the community discussion that she attended that was organized by CARAS, a local non-profit.

Ron Kirkish - Expressed concerns about the proposed location being in close proximity to downtown Gilroy.

Ann Marie McCauley - Shared how she believes that although drug and alcohol addiction is a part of the problem surrounding the unhoused community, it is its own separate issue that has always persisted and needs to be handled.

With no further speakers, Mayor Bozzo closed public comment.

Report received.

## **8. UNFINISHED BUSINESS**

### **2. Homeless Encampment at Sixth Street and Camino Arroyo Drive**

City Administrator Matt Morley provided a report and presentation.

Mayor Bozzo opened public comment at 9:10 P.M.

Ann Marie McCauley - Spoke opposing the abatement of Camp Hope.

Jan Bernstein Chargin - Spoke opposing the abatement of Camp Hope and requested that the Ad Hoc Committee take the lead on this topic.

Vanessa Ashford - Spoke opposing the abatement of Camp Hope and requested that the Ad Hoc Committee take the lead on this topic.

Max Deleon - Spoke on his time spent at Camp Hope and spoke opposing the abatement of Camp Hope.

Aubrey Tasby - Spoke opposing the abatement of Camp Hope.

Robert Aguirre - Spoke opposing the abatement of Camp Hope.

Debra Haflin - Spoke opposing the abatement of Camp Hope.

Chris Vanni - Spoke in favor of the Camp Hope abatement.

Rebecca Armendariz - Spoke opposing the abatement of Camp Hope.

Wes White - Urged all to do better with treating everyone as equals and that there be equality and justice for all.

Sally Armendariz - Spoke opposing the abatement of Camp Hope.

Tristia Bauman - Provided facts supporting the success of Camp Hope.

With no further speakers, Mayor Bozzo closed public comment.

**Motion**

Allow Camp Hope to continue to operate how it is currently functioning on a month-to-month basis, barring any issues that arise with our Police Department and Quality of Life Officers and can be revised at any time the Council chooses.

**RESULT:** Passed

**MOVER:** Council Member Dion Bracco

**SECONDER:** Council Member Kelly Ramirez

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

**NAYS:** Council Member Terence Fugazzi, Council Member Zach Hilton

**ABSENT:** None

**9. INTRODUCTION OF NEW BUSINESS**

**3. Tobacco Retailer Permit Potential Density and Flavored Tobacco Restrictions**

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

Mayor Bozzo opened public comment at 10:29 P.M.

Aleina Padilla - Shared facts regarding tobacco retailers within Gilroy and asked for fewer tobacco retailers and stronger distance requirements.

Jordan Rey Hill- Shared facts regarding tobacco retailers and asked for stronger restrictions on flavored tobacco within the City.

Jesse Santos - Spoke on Tobacco retailers and requested stronger protections within the City.

Anastacia Ramirez - Asked council to model Gilroy's Tobacco regulations after Cupertino's regulations.

Thomas Lopez Lara - Shared his concerns about how accessible Tobacco is to the youth within Gilroy's community.

With no further speakers, Mayor Bozzo closed public comment.

Council provided direction to staff to add location restrictions for new tobacco retailers around youth-sensitive areas (community centers and youth centers) and

enhance enforcement language for violations of local, state, and federal regulations for tobacco retailers, but not to apply density restrictions, modifications to current compliant permittees within the school or youth-sensitive areas, or to address exceptions in state law regarding flavored tobacco.

Council voted to remain in open session after 11:00 P.M.

## 7. PUBLIC HEARINGS

### 1. Conduct a Public Hearing to Approve Community Development Block Grant Citizen Participation Plan and Program Year 2026-2027 Annual Action Plan including Funding Allocations

Community Development Director Sharon Goei provided a report and presentation.

Mayor Bozzo opened the public hearing at 11:02 P.M.

Liz Murillo - Shared her most recent experience volunteering with Rebuilding Together Silicon Valley.

Kassandra Flores - Spoke on Sourcewise's recent efforts assisting clients within the community.

Deanne Everton - Spoke on Rebuilding Together Silicon Valley's recent efforts within the community.

Elizabeth R. Stone - Shared comments regarding the unhoused in Gilroy.

Angelica Holguin - Spoke on the recent efforts of Silicon Valley Independent Living Center within Gilroy.

With no further speakers, Mayor Bozzo closed the public hearing.

#### **Motion**

Approve the Community Development Block Grant (CDBG) Citizen Participation Plan and Program Year 2026-2027 Annual Action Plan including funding allocations, direct the Community Development Director, or designee, to submit the Citizen Participation Plan and Annual Action Plan to the U.S. Department of Housing and Urban Development, and further authorize the Community Development Director, or designee, to make any changes to the Citizen Participation Plan and Annual Action Plan as needed to comply with CDBG submission guidelines and adopt a resolution amending the Fiscal Year 2026-2027 budget within the Community Development Block Grant Fund (245).

**RESULT: Passed**

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

2. **Adopt a Resolution Approving Tentative Map TM 24-01 and Architectural and Site Review AS 24-07 for the Construction of 42 Townhomes Located at 95 Howson Street (APN 790-36-012)**

Planner Vanessa Sanchez provided a report and presentation.

Mayor Bozzo opened the public hearing at 11:12 P.M.

With no speakers, Mayor Bozzo closed the public hearing.

**Motion**

Determine this project is exempt from further environmental review pursuant to State CEQA Guidelines Section 15332 (Class 32).

**RESULT:** **Passed**

**MOVER:** Council Member Zach Hilton

**SECONDER:** Council Member Tom Cline

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

**NAYS:** None

**ABSENT:** None

**Motion**

Adopt a resolution approving Vesting Tentative Map TM 24-01, subject to the findings and conditions outlined in the draft resolution.

**RESULT:** **Passed**

**MOVER:** Council Member Zach Hilton

**SECONDER:** Council Member Carol Marques

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

**NAYS:** None

**ABSENT:** None

**Motion**

Adopt a resolution approving Architectural and Site Review Permit AS 24-07, subject to the findings and conditions provided in the draft resolution.

**RESULT:** Passed

**MOVER:** Council Member Carol Marques

**SECONDER:** Council Member Zach Hilton

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

**NAYS:** None

**ABSENT:** None

**8. UNFINISHED BUSINESS**

**1. Adopt a Resolution of the City Council of the City of Gilroy Calling a General Municipal Election and Adopt a Resolution Submitting a Measure Increasing the Rate of the City of Gilroy's Transient Occupancy Tax (TOT)**

City Clerk Kim Mancera and Assistant City Administrator Harjot Sangha provided a report and presentation.

Mayor Bozzo opened public comment at 11:18 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Adopt Resolution A calling a General Municipal Election for Municipal Officers, requesting the Santa Clara County Board of Supervisors authorize consolidation with the Statewide General Election to be held on November 3, 2026, pursuant to California Elections Code Section 10403, and requesting the services of the Registrar of Voters.

**RESULT:** Passed

**MOVER:** Council Member Tom Cline

**SECONDER:** Council Member Kelly Ramirez

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

**NAYS:** None

**ABSENT:** None

**Motion**

Concur with setting the initial Transient Occupancy Tax rate at eleven percent (11%).

**RESULT:** Passed

**MOVER:** Council Member Kelly Ramirez

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

**Motion**

Adopt Resolution B placing a measure on the ballot increasing the rate of the City's Transient Occupancy (Hotel) Tax from nine percent (9%) to a not-to-exceed maximum rate of thirteen percent (13%).

**RESULT:** **Passed**

**MOVER:** Council Member Tom Cline

**SECONDER:** Council Member Zach Hilton

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

**NAYS:** Council Member Dion Bracco

**ABSENT:** None

**9. INTRODUCTION OF NEW BUSINESS**

**4. Review and Discussion of Campaign Finance Laws, Contribution Limits and Related Enforcement**

Assistant City Administrator Harjot Sangha provided a report and presentation.

Mayor Bozzo opened public comment at 11:27 P.M.

With no speakers, Mayor Bozzo closed public comment.

Council provided direction to staff to research what other Cities are doing and bring it back to Council.

**10. CITY ADMINISTRATOR'S REPORTS**

No report.

**11. CITY ATTORNEY'S REPORTS**

No report.

**12. CLOSED SESSION**

**1. CONFERENCE WITH LABOR NEGOTIATORS - COLLECTIVE BARGAINING UNITS Pursuant to GC Section 54957.6 and GCC Section 17 A.11 (4)**

**Collective Bargaining Units: AFSCME Local 101 (General & Supervisory Units) Representing Employees Affiliated with AFSCME, Local 101; Local 2805, IAFF Fire Unit Representing Gilroy Firefighters**

**City Negotiators: Matt Morley, City Administrator; LeeAnn McPhillips, Human Resources Director/Risk Manager**

**Anticipated Issues(s) Under Negotiation: Wages, Hours, Benefits, Working Conditions; Memorandums of Understanding: City of Gilroy and Gilroy Fire Fighters Local 2805, City of Gilroy and AFSCME, Local 101 General & Supervisory Units**

City Attorney Andy Faber announced the closed session item.

City Attorney Andy Faber opened public comment at 11:39 P.M.

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

**Motion**

Remain in closed session.

**RESULT: Passed**

**MOVER: None**

**SECONDER: None**

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

**NAYS: None**

**ABSENT: None**

The meeting adjourned to closed session at 11:40 P.M.

**13. ADJOURN TO OPEN SESSION**

**14. ADJOURNMENT**

With no additional business before the Council, the meeting was adjourned at 12:40 A.M.

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

Kim Mancera  
City Clerk



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Add the 2026 Citywide Speed Survey to the Fiscal Year 2026 Capital Improvement Program and Approve a Capital Budget Amendment for the Project

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: Susana Ramirez, Engineer

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

Staff recommends the City Council adopt a resolution:

1. Adding the 2026 Citywide Speed Survey to the Fiscal Year (FY26) Capital Improvement Program (CIP) with Project Number 801200; and
2. Amending the FY26 Capital Budget to appropriate \$95,000 from the FY26 Vehicle Registration Fee (VRF) Fund to the project.

### EXECUTIVE SUMMARY

Per the California Vehicle Code (CVC) and the City of Gilroy City Code, the City is responsible for establishing posted speed limits and regularly conducting engineering and traffic surveys (E&TS) to support those speed limits. The current engineering and traffic surveys were performed and adopted by Council in 2019. Staff recommends that the City Council add the 2026 Citywide Speed Survey (Project) to the FY26 CIP and amend the FY26 Capital Budget to cover the project cost.

### BACKGROUND

The CVC and the City of Gilroy City Code Section 15.11 require the City to establish posted speed limits based on formal Engineering and Traffic Survey (E&TS). The existing E&TS was conducted in 2019 and became effective on July 1, 2019. Per CVC Section 40802, the City is required to update the E&TS at least once every five to seven years based on set criteria.

There have been many changes to the CVC since the last E&TS was performed in 2019. The new traffic survey will take into account new laws and make recommendations for changes to posted speed limits based on a technical evaluation of speed and crash data on arterial and collector roads.

## **ANALYSIS**

The Public Works Department is requesting to add the project to the FY26 CIP with project number 801200 and a budget amendment to the FY26 Capital Budget to ensure the City remains in compliance with the CVC and City of Gilroy Code Section 15.11. The citywide speed survey will collect and analyze speed data at all collector and arterial roads, approximately 120 segments. Recommendations for posted speed limits will be made based on the results of the speed survey. Staff will update speed limit signs that need to be changed once the City Council approves the new speed survey. The new citywide speed survey will be in effect for up to seven years, based on criteria set by the CVC.

## **ALTERNATIVES**

The City Council could choose not to add the project to the FY26 CIP and not amend the FY26 Capital Budget. Staff does not recommend this option due to the current Engineering and Traffic Survey (E&TS), which sets speed limits, expiring on July 1, 2026. Any changes to the existing project schedule will delay the implementation of any recommended speed limit changes. Failure to maintain updated E&TS limits Gilroy PD traffic speed enforcement authority.

## **FISCAL IMPACT/FUNDING SOURCE**

The City Council adopted the FY26 and FY27 budgets on June 5, 2025. The 2026 Citywide Speed Survey was not included in either budget. The proposed funding source for the requested budget amendments is the VRF Fund (Fund 220). Staff requests that the City Council approve the appropriation of \$95,000 of VRF Funds to allow completion of the 2026 Citywide Speed Survey Project.

## **PUBLIC OUTREACH**

N/A

**NEXT STEPS**

Staff will conduct a citywide speed survey and return it to the City Council at a future date to approve any recommended changes to the existing posted speed limits. The survey is expected to begin in June 2026.

**Attachments:**

1. Resolution

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY AMENDING THE FY26 CAPITAL IMPROVEMENT PROGRAM BUDGET TO INCLUDE THE 2026 CITYWIDE SPEED SURVEY AND APPROPRIATE FUNDING FOR THE PROJECT**

**WHEREAS**, the City Administrator prepared and submitted to the City Council a budget for the City of Gilroy for Fiscal Year 2025-2026 (FY 26) and Fiscal year 2026-2027 (FY27), and the City Council carefully examined, considered and adopted the same on June 2, 2025; and

**WHEREAS**, the Capital Improvement Program for Fiscal Year 2025-2026 does not include the FY26 Citywide Speed Survey; and

**WHEREAS**, City Staff has prepared and submitted to the City Council a proposed amendment to the capital program and budget for Fiscal Year 2025-2026 for the City of Gilroy in the staff report dated May 18, 2026, for the funding of the 2026 Citywide Speed Survey.

**NOW, THEREFORE, BE IT RESOLVED** The City council amends the FY 26 Capital Improvement Program and Budget to include the 2026 Citywide Speed Survey and appropriate \$95,000 from the Vehicle Registration Fund, Fund 220, for the project.

**PASSED AND ADOPTED** this 18th day of May 2026 by the following roll call vote:

**AYES: COUNCIL MEMBERS:**

**NOES: COUNCIL MEMBERS:**

**ABSTAIN: COUNCIL MEMBERS:**

**ABSENT: COUNCIL MEMBERS:**

**APPROVED:**

\_\_\_\_\_  
Matt Morley, Mayor

**ATTEST:**

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

## CERTIFICATE OF THE CLERK

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

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

---

Kim Mancera  
City Clerk of the City of Gilroy





## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Adopt an Ordinance amending Chapter 15, Section 15.11 of the Gilroy City Code, allowing the City Council to Reduce Prima Facie Speed Limits in School Zones from 25 mph to 15 mph or 20 mph per Assembly Bill 382**

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Administration  
 Submitted by: Kim Mancera, City Clerk  
 Prepared by: Kim Mancera, City Clerk

---

#### STRATEGIC PLAN GOALS:

---

#### RECOMMENDATION

Adopt an Ordinance amending Chapter 15, Section 15.11 of the Gilroy City Code by adding reference to new Vehicle Code Section 22358.4 which permits the lowering of speed limits under certain circumstances in school zones.

#### EXECUTIVE SUMMARY

Assembly Bill (AB) 382 was adopted by the California Legislature and signed into law by Governor Newsom in late 2025 and became effective on January 1, 2026. AB 382 provides the City Council the opportunity to reduce speed limits in school zones from 25 miles per hour to 15 or 20 miles per hour in advance of a January 1, 2031 mandate. In light of the recent tragedy near Las Animas Elementary School and consistent with the City Council's commitment to the community, staff is seeking approval of a minor City Code amendment to facilitate the potential lowering of school zone speed limits.

#### BACKGROUND

On April 20, 2026, the City Council approved the introduction of the proposed ordinance by a vote of 7-0.

AB 382, signed into law on October 10, 2025, and effective as of January 1, 2026 significantly revises these rules. The bill authorizes local agencies, by ordinance or resolution, to establish reduced school zone speed limits without requiring an engineering and traffic survey. AB 382 standardizes and lowers the default statewide school-zone speed limit (to 20 mph), expands flexibility for localities (15 mph or 25 mph buffer zones), and clarifies “school zone” boundaries and “children present” rules – simplifying and strengthening pedestrian safety protections around schools.

## **ANALYSIS**

N/A

## **ALTERNATIVES**

The Council may choose not to adopt the ordinance. This is not recommended as the Council has provided direction to staff. If the Council decides to amend the proposed ordinance, staff will provide a revised version.

## **FISCAL IMPACT/FUNDING SOURCE**

Council approved a budget amendment of \$150,000 at the April 20, 2026, City Council meeting to fund traffic safety improvements at all Gilroy public schools.

## **PUBLIC OUTREACH**

N/A

## **NEXT STEPS**

The Public Works Department is planning to return to the City Council on June 15, 2026, with a resolution that, if approved, would begin the process of reducing speed limits in public school zones from 25 mph to 20 mph and/or 15 mph. Public Works is in the process of soliciting consultants to evaluate all Gilroy public school sites to determine appropriate prima facie speed limits for those schools per AB 382. Staff will also be assessing signage needs to implement. Speed limit changes only become effective upon the placement of new signs reflecting revised speed limits. Staff is committed to completing sign replacements prior to the first day of school (August 19).

Following the public school assessment and implementation, staff will initiate evaluation of private school sites.

**Attachments:**

1. Ordinance For School Speed Limit Reductions

**ORDINANCE 2026-XX**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GILROY AMENDING CHAPTER 15, SECTION 15.11 OF THE GILROY CITY CODE BY ADDING REFERENCE TO NEW VEHICLE CODE SECTION 22358.4 WHICH PERMITS THE LOWERING OF SPEED LIMITS UNDER CERTAIN CIRCUMSTANCES IN SCHOOL ZONES**

**WHEREAS**, when approaching or passing a school building or school grounds that are contiguous to or not separated from a highway. Local authorities were permitted to reduce this limit only when supported by an engineering and traffic survey; and

**WHEREAS**, Assembly Bill (AB) 382, signed into law on October 10, 2025, and effective as of January 1, 2026 significantly revises these rules. The bill authorizes local agencies, by ordinance or resolution, to establish reduced school zone speed limits without requiring an engineering and traffic survey, and

**WHEREAS**, Assembly Bill 382 standardizes and lowers the default statewide school-zone speed limit (to 20 mph), expands flexibility for localities (15 mph or 25 mph buffer zones), and clarifies “school zone” boundaries and “children present” rules – simplifying and strengthening pedestrian safety protections around schools; and

**WHEREAS**, Assembly Bill 382 amended section 22358.4 of the California Vehicle Code as of January 1, 2026, to allow local governments to establish a 15 miles per hour (mph) prima facie speed limit by local resolution in: qualifying school zones in a residence district; on a two-lane roadway; and with a posted speed limit of 30 mph or slower; and

**WHEREAS**, Section 15.11 of the Gilroy City Code describes City Council procedures for establishing speed limits on City streets. Notably, except as provided specifically by the California Vehicle Code, speed limits can only be changed by Council resolution based upon an engineering and traffic analysis.

**WHEREAS**, Section 15.11 of the Gilroy City Code does not include specific reference to vehicle code section 22358 et. seq.; and

**WHEREAS**, absent the specific reference, the City Council cannot apply new vehicle code section 22358.4 and set lower prima facie speed limit of 15 mph under Assembly Bill 382.

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL HEREBY AMENDS THE GILROY CITY CODE AS FOLLOWS:**

**“15.11 Speed limits—on designated streets.**

Upon recommendation of the city engineer or chief of police, and when based on an engineering and traffic survey, the city council may by resolution determine and declare speed limits for designated streets different from those otherwise applicable under Vehicle Code sections 22349,

22352 **and 22358 et seq.** Each special speed limit shall be effective, and no person shall operate a vehicle in excess thereof, when appropriate signs designating the applicable speed are erected and maintained upon each street or portion thereof where each special speed limit is applicable.

**PASSED AND ADOPTED** by the City Council of the City of Gilroy at a regular meeting duly held on the 18<sup>th</sup> day of May 2026 by the following roll call vote:

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

APPROVED:

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

ATTEST:

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

## CERTIFICATE OF THE CLERK

I, **KIM MANCERA**, City Clerk of the City of Gilroy, do hereby certify that the attached **Ordinance No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said Council held on **Monday, May 18, 2026**, with a quorum present.

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

---

Kim Mancera  
City Clerk of the City of Gilroy



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Adopt a Resolution Requesting the Allocation of Fiscal Year 2027 Transportation Development Act Article 3 Pedestrian/Bicycle Project Funding from the Metropolitan Transportation Commission

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: Susana Ramirez, Engineer

---

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

---

### RECOMMENDATION

Adopt a resolution requesting the Metropolitan Transportation Commission allocation of Fiscal Year 2027 Transportation Development Act Article 3 Pedestrian/Bicycle Project Funding.

### EXECUTIVE SUMMARY

The City Council has prioritized improving bicycle and pedestrian facilities and safety conditions on Gilroy's roadways. The Transportation Development Act, Article 3 (TDA 3), provides annual funding for bicycle and pedestrian projects. Staff is requesting that the City Council adopt the attached resolution, which would allow the City of Gilroy to apply for \$229,000 in TDA 3 funds from the Metropolitan Transportation Commission (MTC) for the Las Animas School Traffic Safety Improvements (Project).

The Project will be added to the City's FY27 Capital Improvement Program (CIP). The FY26 and FY27 CIP were approved by the City Council on June 2, 2025, and didn't include the Project. This Project aims to improve pedestrian and bicyclist safety around Las Animas Elementary School.

## **BACKGROUND**

The TDA 3 provides annual funding for bicycle and pedestrian projects. The MTC, as the regional transportation planning agency for the San Francisco Bay region, noncompetitively awards TDA 3 grant funds to cities for use on pedestrian and bicycle projects. MTC allows each county to determine how to use the TDA 3 funds, which amount to about 2% of the TDA funds collected in the county.

MTC sets forth policies and procedures for TDA 3 funds. All projects must be reviewed and recommended to the City Council by the City's Bicycle Advisory Committee, and the City Council must approve the funding request. MTC reviews the applications and allocates the funds to eligible projects.

TDA 3 funds are eligible for use on the following types of projects:

1. Construction and/or engineering of a bicycle or pedestrian capital or quick-build projects.
2. Maintenance of a Class I shared-use path and Class IV separated bikeways.
3. Bicycle and/or pedestrian safety education program (no more than 5% of the county total).
4. Development of a comprehensive bicycle or pedestrian facilities plan(s) (allocations to a claimant for this purpose may not be made more than once every five years).
5. Restriping Class II bicycle lanes and buffered bicycle lanes.
6. Purchase of maintenance equipment for exclusive use on Class I and/or Class IV facilities.

The TDA 3 project must be ready to implement and should be completed within three years of the application cycle in which funds were received. The current application cycle for FY27 funds closes on May 26, 2026.

## **ANALYSIS**

Staff will be implementing traffic safety improvements around Las Animas Elementary School, which are included in a soon-to-be-released report on roads adjacent to the school. The improvements may include the removal of some on-street parking, new striping and pavement markings, re-striping of revised crosswalks and bike lanes, daylighting markings/signage, and installation of school zone and pedestrian crossing signs to improve pedestrian and bicyclist safety.

Staff has identified this project for the TDA 3 grant funding as a bicycle and pedestrian capital project. This grant application was reviewed and recommended for approval by the Planning Commission, serving as the City's bicycle and pedestrian advisory body, on May 7, 2026.

The attached resolution is required to be adopted by the City Council in order to apply

for and receive grant funds.

### **ALTERNATIVES**

The MTC TDA 3 grant requires the adoption of a resolution by City Council before the City can apply for allocation of the funds. City Council may decide not to adopt the attached resolution to request the TDA 3 grant funds. Staff does not recommend this option as this will delay the implementation of the traffic safety improvements around Las Animas Elementary School.

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

The estimated project cost is \$229,000, which will be funded by the TDA 3 grant. Any unused funds will remain available for the City to use on future eligible projects. There is no impact on the City's general fund. TDA grant funds are deposited in and expended out of the City's Transportation/Mobility Grant Fund (215).

### **PUBLIC OUTREACH**

N/A

### **NEXT STEPS**

Subject to the City Council's adoption of the attached resolution, staff will submit the resolution to MTC for approval of the grant application and allocation of the TDA 3 grant funds. Staff will add the Project to the FY27 CIP, allocate funds from the Transportation/Mobility Grant Fund (215), and award the construction contract at a future City Council meeting.

### **Attachments:**

1. Resolution No. 2026-XX
2. Attachment A - Resolution Findings
3. Attachment B - TDA 3 Project Application
4. Project Location Map

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY REQUESTING THE ALLOCATION OF FISCAL YEAR 2027 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 PEDESTRIAN/BICYCLE PROJECT FUNDING FROM THE METROPOLITAN TRANSPORTATION COMMISSION**

**WHEREAS**, Article 3 of the Transportation Development Act (TDA), Public Utilities Code (PUC) Section 99200 et seq., authorizes the submission of claims to a regional transportation planning agency for the funding of projects exclusively for the benefit and/or use of pedestrians and bicyclists; and;

**WHEREAS**, the Metropolitan Transportation Commission (MTC), as the regional transportation planning agency for the San Francisco Bay region, has adopted MTC Resolution No. 4108, Revised, entitled “Transportation Development Act, Article 3, Pedestrian/Bicycle Projects,” which delineates procedures and criteria for submission of requests for the allocation of “TDA Article 3” funding; and

**WHEREAS**, MTC Resolution No. 4108, Revised, requires that requests for the allocation of TDA Article 3 funding be submitted as part of a single, countywide coordinated claim from each county in the San Francisco Bay region; and

**WHEREAS**, the City of Gilroy desires to submit a request to MTC for the allocation of TDA Article 3 funds to support the projects described in Attachment B to this resolution, which are for the exclusive benefit and/or use of pedestrians and/or bicyclists; and

**NOW, THEREFORE, BE IT RESOLVED** that the City of Gilroy declares it is eligible to request an allocation of TDA Article 3 funds pursuant to Section 99234 of the Public Utilities Code, and furthermore, be it

**RESOLVED** that there is no pending or threatened litigation that might adversely affect the project or projects described in Attachment B to this resolution, or that might impair the ability of the City of Gilroy to carry out the project; and furthermore, be it

**RESOLVED** that the City of Gilroy attests to the accuracy of and approves the statements in Attachment A to this resolution; and furthermore, be it

**RESOLVED** that a certified copy of this resolution and its attachments, and any accompanying supporting materials shall be forwarded to the congestion management agency, countywide transportation planning agency, or county association of governments, as the case may be, of Santa Clara County for submission to MTC as part of the countywide coordinated TDA Article 3 claim.

**PASSED AND ADOPTED** this 18<sup>th</sup> day of May 2026 by the following roll call vote:

**AYES:**                   **COUNCIL MEMBERS:**  
**NOES:**                   **COUNCIL MEMBERS:**

**ABSTAIN:**      **COUNCIL MEMBERS:**  
**ABSENT:**      **COUNCIL MEMBERS:**

APPROVED:

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

ATTEST:

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

## CERTIFICATE OF THE CLERK

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

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

---

Kim Mancera  
City Clerk of the City of Gilroy



Resolution No. **2026-XX**

Attachment A

Re: Request to the Metropolitan Transportation Commission for the Allocation of Fiscal Year **2027** Transportation Development Act Article 3 Pedestrian/Bicycle Project Funding

**Findings**

Page 1 of 1

1. That the **City of Gilroy** is not legally impeded from submitting a request to the Metropolitan Transportation Commission for the allocation of Transportation Development Act (TDA) Article 3 funds, nor is the **City of Gilroy** legally impeded from undertaking the project(s) described in “Attachment B” of this resolution.
2. That the **City of Gilroy** has committed adequate staffing resources to complete the project(s) described in Attachment B.
3. A review of the project(s) described in Attachment B has resulted in the consideration of all pertinent matters, including those related to environmental and right-of-way permits and clearances, attendant to the successful completion of the project(s).
4. Issues attendant to securing environmental and right-of-way permits and clearances for the projects described in Attachment B have been reviewed and will be concluded in a manner and on a schedule that will not jeopardize the deadline for the use of the TDA funds being requested.
5. That the project(s) described in Attachment B comply with the requirements of the California Environmental Quality Act (CEQA, Public Resources Code Sections 21000 et seq.).
6. That as portrayed in the budgetary description(s) of the project(s) in Attachment B, the sources of funding other than TDA are assured and adequate for completion of the project(s).
7. That the project(s) described in Attachment B are for capital construction and/or final design and engineering or quick build project; and/or for the maintenance of a Class I bikeway which is closed to motorized traffic and/or Class IV separated bikeway; and/or for the purposes of restriping Class II bicycle lanes; and/or for the development or support of a bicycle safety education program; and/or for the development of a comprehensive bicycle and/or pedestrian facilities plan, and an allocation of TDA Article 3 funding for such a plan has not been received by the **City of Gilroy** within the prior five fiscal years.
8. That the project(s) described in Attachment B which are bicycle projects have been included in a detailed bicycle circulation element included in an adopted general plan, or included in an adopted comprehensive bikeway plan (such as outlined in Section 2377 of the California Bikeways Act, Streets and Highways Code section 2370 et seq.) or responds to an immediate community need, such as a quick-build project.
9. That any project described in Attachment B bicycle project meets the mandatory minimum safety design criteria published in the California Highway Design Manual or is in a National Association of City and Transportation Officials (NACTO) guidance or similar best practices document.
10. That the project(s) described in Attachment B will be completed in the allocated time (fiscal year of allocation plus two additional fiscal years).
11. That the **City of Gilroy** agrees to maintain, or provide for the maintenance of, the project(s) and facilities described in Attachment B, for the benefit of and use by the public.

Attachment B

**TDA Article 3 Project Application Form**

1. <b>Agency</b>	City of Gilroy		
2. <b>Primary Contact</b>	Susana Ramirez, Public Works Engineer I		
3. <b>Mailing Address</b>	7351 Rosanna St, Gilroy, CA 95020		
4. <b>Email Address</b>	<a href="mailto:Susana.Ramirez@cityofgilroy.org">Susana.Ramirez@cityofgilroy.org</a>	5. <b>Phone Number</b>	408-846-0212
6. <b>Secondary Contact</b> (in the event primary is not available)	Nisha Patel, City Engineer		
7. <b>Mailing address</b> (if different) N/A <input checked="" type="checkbox"/>			
8. <b>Email Address</b>	<a href="mailto:Nisha.Patel@cityofgilroy.org">Nisha.Patel@cityofgilroy.org</a>	9. <b>Phone Number</b>	408-846-0531
10. <b>Send allocation instructions to</b> (if different from above):			
11. <b>Project Title</b>	Las Animas School Traffic Safety Improvements		
12. <b>Amount requested</b>	\$229,000	13. <b>Fiscal Year of Claim</b>	2027

**14. Description of Overall Project:**

This project will install traffic safety improvements for pedestrians and bicyclists around Las Animas Elementary School. The work will include the removal of on-street parking, new striping and pavement markings, restriping of revised crosswalks and bike lanes, daylighting, and installation of school zone and pedestrian crossing signs.

**15. Project Scope Proposed for Funding:** (Project level environmental, preliminary planning, and ROW are ineligible uses of TDA funds.)

The requested funds will be used for the final design and construction of the project.

**16. Project Location:** A map of the project location is attached or a link to a online map of the project location is provided below:

See attached.

**Project Relation to Regional Policies** (for information only)

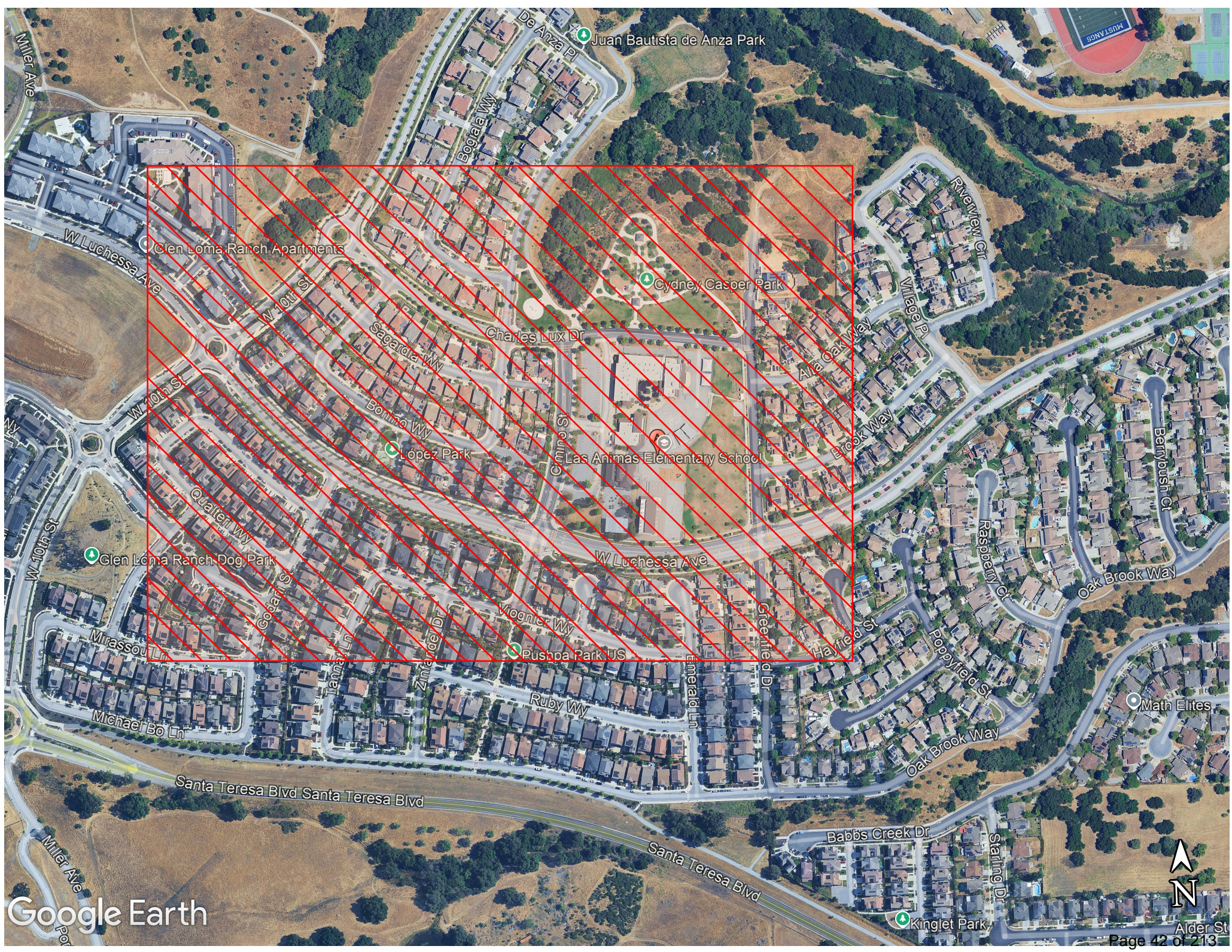
17. Is the project in an [Equity Priority Community](#)? Yes  No
18. Is this project in a [Priority Development Area](#) or a [Transit-Oriented Community](#)? Yes  No

**19. Project Budget and Schedule**

Project Phase	TDA 3	Other Funds	Total Cost	Estimated Completion (month/year)
Bike/Ped Plan				
ENV				
PA&ED				
PS&E	15,000			September 2026
ROW				
CON	214,000			June 2027
Total Cost	<b>229,000</b>			

**Project Eligibility**

- A. Has the project been reviewed by the Bicycle and Pedestrian Advisory Committee? Yes  No   
 If "YES," identify the date and provide a copy or link to the agenda.  
 If "NO," provide an explanation). Expected Date: 5/07/2026
  
- B. Has the project been approved by the claimant's governing body? Yes  No   
 If "NO," provide expected date: 5/18/2026
  
- C. Has this project previously received TDA Article 3 funding? Yes  No   
 (If "YES," provide an explanation on a separate page)
  
- D. For "bikeways," does the project meet Caltrans minimum safety design criteria pursuant to [Chapter 1000 of the California Highway Design Manual](#)? Yes  No
  
- E. 1. Is the project categorically exempt from CEQA, pursuant to CCR Section 15301(c), Existing Facility? Yes  No   
 2. If "NO" above, is the project is exempt from CEQA for another reason? Yes  No   
 Cite the basis for the exemption. \_\_\_\_\_  
 If the project is not exempt, please check "NO," and provide environmental documentation, as appropriate. N/A
  
- F. Estimated Completion Date of project (month and year): June 2027
  
- G. Have provisions been made by the claimant to maintain the project or facility, or has the claimant arranged for such maintenance by another agency? (If an agency other than the Claimant is to maintain the facility, please identify below and provide the agreement. Yes  No
  
- H. Is a Complete Streets Checklist required for this project ? Yes  No   
 If the amount requested is over \$250,000 or if the total project phase or construction phase is over \$250,000, a Complete Streets checklist is likely required. Please attach the Complete Streets checklist or record of review, as applicable. More information and the form may be found here: <https://mtc.ca.gov/planning/transportation/complete-streets>





# City of Gilroy

## STAFF REPORT

**Agenda Item Title:** Adopt a Resolution Approving the Fiscal Year 2026-2027 Road Rehabilitation Projects for Funding by Senate Bill 1, the Road Repair and Accountability Act of 2017 Funds

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: Pamela Brown, Management Analyst Trainee

---

**STRATEGIC PLAN GOALS:** Not Applicable  
 Maintain and Improve City Infrastructure

---

### RECOMMENDATION

Adopt a Resolution of the City Council of the City of Gilroy adopting a list of projects for Fiscal Year 2026-27 to be funded by SB 1: The Road Repair and Accountability Act of 2017.

### EXECUTIVE SUMMARY

Senate Bill 1, (SB 1) (Beall, Chapter 5, Statutes of 2017), The Road Repair and Accountability Act of 2017 provides significant, stable, and ongoing state transportation funding. These are funds dedicated to fixing aging roads and bridges, improving goods movement, and reducing traffic congestion. SB 1 was anticipated to generate \$54 billion over ten years, split between state and local agencies.

As part of the Legislature's push to increase funding transparency, the City is required to annually submit a list of projects requested to be authorized for use of SB-1 funds.

The resolution identifies street segments recommended for rehabilitation with SB-1 funds in FY27.

## **BACKGROUND**

Senate Bill 1, (SB 1) (Beall, Chapter 5, Statutes of 2017), The Road Repair and Accountability Act of 2017 provides significant, stable, and ongoing state transportation funding. These are funds dedicated to fixing aging roads and bridges, improving goods movement, and reducing traffic congestion. SB 1 was anticipated to generate \$54 billion over ten years, split between state and local agencies.

SB 1 enables cities and counties to address significant maintenance, rehabilitation, and safety needs on their local streets and roads system. SB 1 provides approximately \$1.5 billion per year for local streets and roads. In providing this funding, the Legislature has increased the role of the California Transportation Commission (Commission), including oversight of SB 1 based on the development of guidelines, review of project lists submitted by cities and counties, reporting to the State Controller, and receiving reports on completed projects.

To date, the City has received \$10,210,065.44 from the State Controller of SB 1 funds.

## **ANALYSIS**

To receive the available SB 1 funds, the City must adopt the list of SB 1 funded pavement maintenance projects through a resolution. "Projects", in this case, means a list of streets that we anticipate will receive pavement maintenance with SB 1 funds. Pavement maintenance can be done in one project or combined with other planned pavement maintenance projects. A resolution, listing the streets to be included in the annual SB 1 funded project, is due to the Commission by July 1, 2026.

The street segments were selected using the City's StreetSaver pavement management program and using the Council-directed blended system to identify streets for rehabilitation. Street segments are selected to provide the greatest improvement in the average Pavement Condition Index (PCI) for a given funding level. Staff also considers Average Daily Traffic (ADT), Street Functional Classifications (Residential, Collector, or Arterial), current Pavement Condition Index (PCI), types of treatment required, and geographic equity when selecting streets for inclusion on this list.

## **ALTERNATIVES**

Council may amend the the list of projects recommended for funding. This is not recommended, as the project list is developed utilizing the methodology outlined above to develop the list, pulling in several different source data to help maximize the effectiveness of the street segment improvements throughout the City's streets and roads network.

## **FISCAL IMPACT/FUNDING SOURCE**

The FY 2026-27 SB 1 Road Maintenance and Rehabilitation Account (RMRA) projected revenues of \$1.7 million are included as a revenue source for Fund 210 (Road Maintenance and Rehab) in the City's CIP under Annual Citywide Pavement Rehabilitation Project No. 800060 as part of the FY 2026-27 project budget.

SB 1 requires that cities maintain a minimum level of General Fund spending on streets and roads, at levels equal to or greater than their annual average expenditures during FY10, FY11, and FY12, which is known as the "maintenance of effort" (MOE) requirement. The bill authorizes the State Controller's Office to audit local governments for compliance and subject local governments to reimbursing the state for non-compliance. For Gilroy, per the State Controller's Office, this amounts to approximately \$1.2 million annually from the General Fund (which is the average of 3-year expenditures on street maintenance from FY10 - FY12). The City will meet the required MOE for FY27 as it typically expends more than the required \$1.2 million within the street maintenance program funded by the General Fund, and in addition, expends Measure B, SB1, and other Gas Tax funds for the annual pavement rehabilitation project.

## **PUBLIC OUTREACH**

N/A

## **NEXT STEPS**

The attached resolution, once approved, will be sent to the California Transportation Commission for approval which in turn will allow the City of Gilroy to receive its share of the SB 1 local pavement maintenance funding.

## **Attachments:**

1. FY 2027 SB1 Project List Resolution

## RESOLUTION NO. 2026-XX

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2026-2027 FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

**WHEREAS**, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB 1 includes accountability and transparency provisions to ensure the residents of the City of Gilroy are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

**WHEREAS**, the City of Gilroy must adopt by resolution a list of projects proposed to receive Fiscal Year 2026–27 funding from the Road Maintenance and Rehabilitation Account (RMRA), which must include a description and location of each project, schedule, and useful life; and

**WHEREAS** the City of Gilroy will receive an estimated **\$ 1,745,381** in RMRA funding for Fiscal Year 2026–27; and

**WHEREAS**, this is the tenth year in which the City of Gilroy is receiving SB 1 funding and will enable the City of Gilroy to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

**WHEREAS**, the City has undergone a robust public process to ensure public input into our community’s transportation priorities/the project list, including the implementation of an online service request portal called “Gilroy Connect” which is available on the City’s website and as a standalone mobile application, and allows residents to submit, track, and monitor requests, including requests for street maintenance and rehabilitation; and

**WHEREAS**, the City of Gilroy used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the communities’ priorities for transportation investment; and

**WHEREAS**, the funding from SB 1 will help the City maintain and rehabilitate approximately 145,000 square feet of pavement on major collectors and arterials and work towards implementing the complete streets ordinance; and

**WHEREAS**, the 2023 California Statewide Local Streets and Roads Needs Assessment found that the City’s streets and roads are in good condition, and this revenue will help us increase the overall quality of our road system and keep our streets and roads in good condition; and

**WHEREAS**, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets

infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits for those who live, work, and visit the City of Gilroy.

**NOW, THEREFORE IT IS HEREBY RESOLVED, ORDERED AND FOUND** by the City Council of the City of Gilroy, as follows:

1. The foregoing recitals are true and correct.
2. The following list of newly proposed projects will be funded in-part or solely with Fiscal Year 2026-27 Road Maintenance and Rehabilitation Account revenues:

**Project Title: FY26 Citywide Pavement Rehabilitation Project**

**Project Description: Milling and placement of asphalt concrete pavement; adjacent curb ramp upgrades; adjustment of utilities to grade; roadway striping, signage, and markings; traffic signal loop replacement; and other incidental work.**

**Project Location: The following locations identified are subject to change based on priority needs or available funding: Mantelli Dr from Rancho Hills Dr to Muir Dr and Monterey Rd from Monterey Frontage Rd to approximately 580 feet south of Garlic Farm Dr**

**Estimated Project Schedule: Start 12/26 - Completion 07/27 based on the component being funded with RMRA funds**

**Estimated Project Useful Life: 15 years**

**PASSED AND ADOPTED** this 18<sup>th</sup> day of May 2026 by the following roll call vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED:

---

Greg Bozzo, Mayor

ATTEST:

---

Kim Mancera, City Clerk

## CERTIFICATE OF THE CLERK

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

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

---

Kim Mancera  
City Clerk of the City of Gilroy





## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approval of Community Events Support Program Funding Allocations for FY 2027

Meeting Date: May 18, 2026

From: Matt Morley, City Administrator

Department: Economic Development

Submitted by: Raissa de la Rosa, Economic Development Director

Prepared by: Victoria Valencia, Economic Development Manager

**STRATEGIC PLAN GOALS:** Ensure Neighborhood Equity from City Services

### RECOMMENDATION

Approve funding allocations for eligible nonprofit organizations that submitted applications through the Community Events Support Program for Fiscal Year 2027, in a total amount not to exceed \$150,000.

### EXECUTIVE SUMMARY

The Community Event Support Program provides the pathway and methodology for distributing \$150,000 to offset City service costs for eligible special events. 15 applications were received for FY 2027, of which 11 identified a need for City services and were advanced for funding consideration. All 11 applicants are recommended for an award at 100% of their stated need as verified by the review committee, with an 8% contingency to cover expected FY 2027 increases in City service and equipment costs.

### BACKGROUND

At the March 16, 2026, City Council meeting, Council approved the new Community Events Support Program, which provides \$150,000 to eligible nonprofits to help offset City service costs for special events. The program supports free, inclusive,

community-benefiting events and provides clear criteria, funding considerations, and reporting requirements to ensure transparency and responsible use of public funds. Applications are reviewed by the Special Event Review Group, an internal team with representatives from all City departments involved in special events.

## ANALYSIS

The application period for events occurring July 1, 2026 – June 30, 2027(FY 2027) was open from March 23 to April 27. Applicants were asked to provide general event information in order for staff to determine if there would be city costs associated with the event they were requesting funding for. 15 applications were received. All applicants met the basic eligibility requirements, however four applications did not identify a need for City services and were not advanced for funding consideration. Staff is recommending funding for the following events:

Special Event	Dates	Total Award Allocation
Downtown Live (8 events)	July 2026: 9, 16, 23, 30; August 2026: 6,13 ; June 2027: 17, 24	\$31,087.83
GDBA Gourmet Alley Street Eats	Weekly, August- November 2026, then March-May 2027	\$1,201.61
CARAs Tamal Festival	September 26, 2026	\$33,412.90
GDBA Beer Crawl	October 17, 2026	\$8,570.55
La Ofrenda Festival	October 24, 2026	\$23,785.09
GDBA Pumpkin Harvest Market	November 2027	\$7,640.41
GDBA Holiday Parade	December 5, 2026	\$25,920.22
GDBA Wine Stroll	April 17, 2027	\$1,622.27
Mt. Madonna Challenge - Cinco de Mile	May 2, 2027	\$3,674.27
IFDES May 2027 Procession	May 2027	\$5,444.44
Latino Family Fund Gilroy International Festival	June 27, 2027	\$7,640.41
<b>TOTAL COSTS</b>		<b>\$150,000.00</b>

Please note, these are anticipated costs based on past events and events of similar nature. The estimates are based on FY 26 service costs plus the anticipated cost increases for FY 27. Should City costs be less than the award allocation, remaining funds will revert back to the General Fund.

### **ALTERNATIVES**

There are no alternatives recommended.

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

There is no fiscal impact. The full \$150,000 allocation for this program is included in the approved FY 27 Budget (Org 1001570, Object 52610).

### **PUBLIC OUTREACH**

Staff contacted past event organizers via email, and shared informational posts on social media and in the weekly email newsletter, and in person at speaking engagements and in-person update opportunities. In addition, staff made several follow-up calls to known organizers to ensure the program process and application deadline was understood.

### **NEXT STEPS**

If approved, staff will confirm final cost allocations and work with event organizers to ensure they are informed of the approved funding and any related requirements. The Community Event Support Program process does not preclude the requirement of event organizers to submit for a Special Event Permit, through which staff also works with organizers to ensure compliance and City service needs and costs.

### **Attachments:**

None



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Request for Approval to Disburse \$2,103 in Interest Income from the Gilroy Museum Endowment Trust to the Museum Donations Fund

Meeting Date: May 18, 2026  
From: Matt Morley, City Administrator

Department: Administration  
Submitted by: Kylie Katsuyoshi, Management Analyst Trainee  
Prepared by: Kylie Katsuyoshi, Management Analyst Trainee

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

Approval of the disbursement of \$2,103 from the Museum Endowment Trust Fund to the Gilroy Museum Fund.

### EXECUTIVE SUMMARY

The Endowment Trust, established in 2007, generates annual interest that may be transferred to the Museum upon request from the Gilroy Historical Society. The Arts and Culture Commission approved a recommendation to disburse \$2,103 in interest income to the Museum's project account. Staff recommends City Council approval as the transfer aligns with the terms of the agreement.

### BACKGROUND

On September 5, 2007, the Gilroy Historical Society and the City of Gilroy entered into an Endowment Trust Agreement, for the purpose of establishing an Endowment Trust account for the Gilroy Museum. The Kaiser Wilhelm vase was de-accessioned from the Museum collection and sold at auction on February 11, 2009, for \$37,500. Funds from

the sale of the vase were deposited in the Endowment Trust Fund (Fund 814).

Per the Trust Agreement, interest income generated from the funds may be transferred annually for use by the Gilroy Museum. Currently, the Gilroy Museum has an established project account (80050D149), which has been designated to receive the funds. The agreement also states that if a letter is received from the Gilroy Historical Society making this request, the interest from the Trust will be transferred to the Museum's account.

On April 14, 2026, at the regular meeting of the Arts and Culture Commission, the Gilroy Historical Society presented a letter requesting the annual interest income be disbursed to the Museum's account. The Arts and Culture Commission approved a motion recommending that the annual interest income from the Endowment Trust account totaling \$2,103 be transferred to the Gilroy Museum's account. As such, it is recommended that the City Council approve the transfer.

## **ANALYSIS**

N/A

## **ALTERNATIVES**

Council could deny the transfer request. However, this is not recommended as the transfer of funds is consistent with the terms and conditions of the trust agreement.

## **FISCAL IMPACT/FUNDING SOURCE**

This transaction has no impact on the City's finances.

## **PUBLIC OUTREACH**

This item has gone before a public meeting of the Arts and Culture Commission on April 14, 2026, and has been on the publicly posted agenda for this meeting.

## **NEXT STEPS**

With approval, the transfer will be completed by the City's Finance Department.

## **Attachments:**

1. Gilroy Historical Society Letter of Request and Trust Account Balance Report
2. Agreement with the Gilroy Historical Society
3. Gilroy Museum Endowment Trust Agreement



Old Gilroy City Hall - 1905

# Gilroy Historical Society

March 31, 2026

P.O. Box 1621, Gilroy, CA 95021-1621

Art and Culture Commission

City of Gilroy

Dear Commissioners,

I'm coming before you tonight to request that the interest from the City's Museum Trust Fund be transferred to the City's 801 Fund so the Gilroy Museum may access it for the budgeted items to preserve and protect the Collection.

The City maintains the Museum Trust Fund for the benefit of the Gilroy Museum. The terms of the trust allow us to ask for the annual interest for the benefit of the collection. The City Finance Director has informed us that the Trust Fund has earned \$2,103. in the fiscal year ending 6/30/25. We ask you to recommend to the City Council that this amount be transferred to the 801 Fund.

We appreciate the support of the Commission in carrying out our mission of keeping the Gilroy Museum open for the community. For twelve full years we staffed the Museum with City Volunteers. Six years ago, we signed an agreement with the city giving us a license to staff the Museum. It has now been extended to 2030.

The Museum Manager's half time salary is guaranteed from the interest the Society receives on our funds at the Gilroy Foundation. We believe this will ensure that the Museum stays open in the future and provides professional direction. We use the city budget allocation for conservation projects and volunteer training.

In addition to paying the manager's salary the Society pays for the books and materials sold at the Museum and funds special projects such as the Traveling Trunks used for the school presentations.

We cordially invite you to visit the Museum on Tuesdays or Thursdays from 10 AM to 4 PM or the first two Saturdays from 10 AM to 2 PM. Historic walking tours to different areas of the city are given on the first Saturdays.

Sincerely,

Joanie Lewis, President

**City of Gilroy**  
**#814 Museum Endowment Trust**  
**6/30/2025**



Beginning Fund Balance 7/1/24	\$ 46,838.09
-------------------------------	--------------

**Revenue**

Additions:

Interest earned FY25	\$ 2,103.00
----------------------	-------------

Misc Revenue	\$ -
--------------	------

Museum donation

<b>Total Revenue</b>	<b>\$ 2,103.00</b>
----------------------	--------------------

**Expenses**

Less:

Checks to Historical Society FY23 & FY24	\$ (3,123.58)
--	---------------

<b>Total Expense</b>	<b>\$ (3,123.58)</b>
----------------------	----------------------

Ending Fund Balance 06/30/25	<b><u>\$ 45,817.51</u></b>
------------------------------	----------------------------

## **Agreement with the Gilroy Historical Society regarding the City of Gilroy Museum**

This GILROY MUSEUM AGREEMENT (the “Agreement”) is hereby entered into as of January 1, 2023, by and between the City of Gilroy (“City”) and the Gilroy Historical Society (“Society”), a 501(c)(3) non-profit organization.

Society is comprised of a group of individuals interested in preserving the history of the City of Gilroy and its surrounding area, and the continued public access to the historical collection and resources located at the Gilroy Museum. Society donates a portion of its yearly monies to the support of the annual program and supplies budget for the Gilroy Museum. City seeks to provide a revocable agreement for Society to use space owned by City to sell items for the purpose of Museum support, as well as recruit and schedule City of Gilroy volunteers for Museum operation and provide for Museum management so that the public may have access to City historical resources, information, and the over 25,000 artifacts located in the Gilroy Museum collection.

City hereby gives to Society a non-transferable revocable license. This Agreement is subject to the terms set forth herein, for the use and right to sell items for the support of the Gilroy Museum in an area to be designated by City at City’s real property located at 195 Fifth Street in Gilroy, California 95020 (the “Museum” or “Gilroy Museum”).

### **1. Limited Term of Use**

This agreement may be reviewed and renewed annually by either the City or Society.

The Term of the license will begin January 1, 2023 and will automatically terminate on December 31, 2030. The license and this Agreement may be terminated prior to the end of the Term by mutual written agreement of the parties or upon 30-day written notice by either party.

### **2. Society Covenants.**

Society agrees, at its sole costs and expense, to do the following:

- Provide Museum services at the Gilroy Museum location during operating hours Tuesday and Thursday 10:00 a.m. to 4:00 p.m. and the first and second Saturdays of the month from 10:00 a.m. to 2:00 p.m. as well as at additional mutually agreed upon times for Museum or co-sponsored City events;
- In March, 2020 the Society hired a part time Museum Manager that is paid for using the annual payout of the fund balances from the Gilroy Foundation to pay the salary and related expenses for this position. If Society has an employee, they will provide City proof of Worker’s Compensation insurance, as required by

California Labor Code § 3700 et seq (and/or any other law), and each time the policy is changed or renewed for an additional year.

- The Society will continue to recruit City of Gilroy volunteers to keep the Museum open to the public. Said volunteers will submit a City of Gilroy Volunteer application and complete the Department of Justice (DOJ) fingerprinting process and comply with any other City requirements. The Society will require that volunteers are scheduled and trained in accepted museum practices. Volunteers are required to adhere to the City of Gilroy volunteer practices and established museum practices and policies;
- Volunteers may be present as scheduled during hours of non-public operation for completion of museum projects and meetings, museum displays and trainings.
- If there are sufficient volunteers, the Society would like to increase the Museum operating hours, particularly on Saturdays. Changes to the Museum's public hours are subject to the approval of the Recreation Manager or their designee and must be submitted by the Gilroy Historical Society in writing;
- Facilitate meetings with City and work together in good faith to ensure the quality of services delivered;
- Responsible for making an annual report to the Arts and Culture Commission on the operation of the Gilroy Museum;
- Responsible for providing the annual budget for museum programs and supplies and may furnish appropriate gift items for sale at the museum for the purpose of fundraising;
- Monetary donations contributed at the Gilroy Museum will be documented and deposited with the Society to be used for the benefit of the museum programs, supplies, and the collection;
- Continue to pay for content support and upgrades to Past Perfect, the specialized museum software that maintains and updates the record of museum artifacts;
- Maintain the microfilm equipment and films including repair, replacement, or conversion to an equivalent service or tool;
- The Society receives income annually from both the Gilroy Museum Fund and the Lindeleaf Fund held at the Gilroy Foundation. These monies have allowed them to pay a half time Museum Manager on a contractual basis since August of 2021.
- The Society and the City, as part of volunteer recruitment will promote museum volunteers and museum programs through the City of Gilroy Recreation Activity Guide and their respective websites, newsletters, and social media outlets;
- Create Museum emails, letters, flyers and schedules for publicity and Museum volunteers as needed. Any museum flyers or promotional material should be reviewed and approved by City staff before distribution. This includes all events taking place at the museum and flyers or announcements with the City of Gilroy logo on it.
- Maintain and ensure the public areas of the Gilroy Museum are clean and free of debris. Comply with City's rules and regulations and all applicable laws.

### **3. City Covenants.**

City agrees, at its sole costs and expense, to do the following:

- Provide the Gilroy Museum building, landscaping, garbage collection and custodial duties (i.e., clean restroom, restock supplies), electricity, internet service, burglar alarm, telephone and telephone line, air conditioning and heat;
- Provide facility repair and maintenance, and weekly custodial services in the lavatory area including basic restroom and cleaning supplies;
- Provide a staff liaison responsible for all museum matters including City volunteers, facility repair requests and other necessary functions.
- Provide Wi-Fi and technology services including City networked equipment (three computers, monitors, printers, and one copy machine), software and information technology support for the software programs, computer hardware and disk storage space for archival collection storage and information back-ups;
- Provide the volunteers with Workmen's Compensation insurance for any injuries incurred while volunteering, just as they do for other City volunteers;
- Provide a public meeting space at the Gilroy Museum once a month for Gilroy Museum Management meetings;
- Advertise special events in the City of Gilroy Recreation Activity Guide or the City's social media outlets;
- Provide tables and chairs to support special events;
- City and Society agree that the Gilroy Museum Endowment Trust Agreement is appended to this document and is incorporated herein.

### **4. Indemnification.**

To the fullest extent permitted by law, Society agrees to defend, through counsel approved by City (which approval shall not be unreasonably withheld), indemnify and hold harmless City, its officers, representatives, agents and employees against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys' fees, arising or resulting directly or indirectly from any act or omission of Society's assistants, employees or agents, including all claims relating to the injury or death of any person or damage to any property.

### **5. Insurance.**

Society agrees to, at no cost to City, obtain and maintain throughout the term of this Agreement Commercial Liability Insurance on a per occurrence basis, including coverage for owned and non-owned automobiles, with a minimum combined single limit coverage of \$1,000,000 per occurrence for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof. As a condition precedent to City's obligations under this Agreement, Society will furnish written evidence of such coverage (naming City, its officers and employees as additional insured on the Comprehensive Liability insurance policy via a specific endorsement) and

requiring thirty (30) days written notice of policy lapse or cancellation, or of a material change in policy terms.

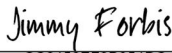
**6. Assignment.**

Society may not assign, transfer or encumber this Agreement or the License, nor grant any other right of use or occupancy of the Property by any party other than Society without the prior written consent of City, which may be withheld in City 's sole and absolute discretion.

**7. Miscellaneous.**

- a. If any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall not be affected, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law. This Agreement may be modified only in writing by City and Society.
- b. This Agreement and the rights and obligations of the parties shall be interpreted, construed, and enforced in accordance with the laws of the state of California.
- c. Notwithstanding anything to the contrary contained in this Agreement, the expiration or revocation of this Agreement shall not relieve Society from Society's obligations accruing prior to the expiration or revocation and such obligations shall survive any such expiration or revocation.
- d. The person signing this Agreement on behalf of Society represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement.

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

DocuSigned by:  
  
 CC6456EE9B054DC...  
 Jimmy E. Forbis, Jr.  
 City Administrator  
 City of Gilroy, "City" \_\_\_\_\_ 12/27/2022  
 Date

DocuSigned by:  
  
 B173E27B449347A...  
 Connie Rogers, President Gilroy  
 Historical Society, "Society" \_\_\_\_\_ 12/22/2022  
 Date

Approved as to form:

DocuSigned by:  
  
 1979C9EB5B68470...  
 City Attorney \_\_\_\_\_

Attest:

DocuSigned by:  
  
 1E54AA19B46C4BB...  
 Thai Nam Pham, City Clerk \_\_\_\_\_ 12/27/2022  
 Date

## THE GILROY MUSEUM ENDOWMENT TRUST AGREEMENT

This Trust Agreement is by and between the City of Gilroy, a municipal corporation, as the Settler and as the Trustee, and the Gilroy Historical Society, a non-profit organization as the Special Advising Trustee.

### ESTABLISHMENT OF THE TRUST

The Gilroy Museum Endowment Trust (the "Trust") is established upon the execution of this Trust Agreement, and upon the funding of the Trust.

### TERM

The Gilroy Museum Endowment Trust shall continue so long as the Gilroy Museum is in existence as an asset belonging to the City of Gilroy, but not longer than December 31, 2057.

### FUNDING OF THE TRUST

The core funds for the trust will come from the sale of the Kaiser Wilhelm II vase currently held in the collection of the Gilroy Museum. The proceeds of the sale of the Kaiser Wilhelm II vase and such other items which may be sold in the future due to de-accession from the Gilroy Museum collection may, at the City's direction, be deposited into said Trust upon receipt of such proceeds by the City of Gilroy. In the future, the Gilroy Historical Society, other organizations or individuals may contribute to the Core Fund of the Trust.

### ENDOWMENT

The principle amount of all contributions to the Trust (the Core Fund) shall be held by the Trustee without being depleted. Any interest or other earnings on the Core Fund may be spent in accord with this Trust Agreement.

### TRUSTEE

The City of Gilroy will serve as the Trustee of the Trust. The Trust funds shall be annually accounted for separately from other City funds.

Should the City lose the desire or the ability to manage the Trust, the Trust responsibility will be transferred to the Gilroy Historical Society as successor Trustee, and if the Gilroy Historical Society no longer exists or does not have the desire or ability to act as Trustee, a successor Trustee shall be appointed by the City of Gilroy.

### EARNINGS ON THE CORE FUND

Any interest earned on the Core Fund shall be annually posted to the Trust account. Such interest earnings may be spent in the subsequent two years in accord with the criteria of the Trust. If any earnings are not spent within two years, such earnings shall be added to the Core

Fund. If a long term master development program has been adopted for the Gilroy Museum by the City of Gilroy, the annual earnings may be set aside for up to six years to fund such long term program.

The Trustee will deposit the Core Fund and interest earnings into an interest bearing federally insured bank account, or the City of Gilroy may deposit the monies in the City's pooled investment account and annually post the proportional interest earned to the Trust.

USE OF EARNINGS

The income of this Trust shall be spent solely for the benefit of the Gilroy Museum's special programs, special projects, collections, enhancement, direct care of the Museum's collections and any long term master development program that has been adopted by the City of Gilroy. Income of this Trust may not be used for maintenance, repairs, salaries, travel, stipends or any operational expense of the Gilroy Museum.


Should the Gilroy Museum cease to function and the collection is retired, the Trust income may be used for local Gilroy history programs and projects provided by any Gilroy foundation or entity interested in Gilroy history as determined by the Trustee.

PROCEDURE FOR DISBURSEMENTS

The Gilroy Historical Society Board of Directors, or the governing board of a successor organization that has been approved by the City of Gilroy, by February of each year will make a recommendation for the use and disbursement of any earnings from this Trust. Such recommendation shall be made to the Gilroy City Council, who acts on behalf of the Trustee. The City Council shall make the final determination for the use of earnings as allowed by this Trust Agreement. If at any time the City Council appoints a Commission or Advisory Board for the Gilroy Museum, the Gilroy Historical Society shall also forward its recommendation to such Commission or Board for review.

  
\_\_\_\_\_  
Jonnie Rogers  
President of the Gilroy Historical Society

Board of Directors

  
\_\_\_\_\_  
Al Pinheiro, Mayor of the City of  
Gilroy

Sept. 5, 2007  
Dated

September 4, 2007  
Dated



# City of Gilroy

## STAFF REPORT

**Agenda Item Title: Annual Military Equipment Use Report 2025, per CA Assembly Bill No. 481**

Meeting Date: May 18, 2026  
From: Matt Morley, City Administrator  
Department: Police Department  
Submitted by: Scot Smithee, Interim Chief of Police  
Prepared by: Lamonte Toney, Police Captain

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### **RECOMMENDATION**

Consent approval of Annual Military Equipment Use Report 2025.

### **EXECUTIVE SUMMARY**

The Gilroy Police Department is presenting the Annual Military Equipment Use Report 2025 in compliance with California Assembly Bill 481, which requires law enforcement agencies to obtain governing body approval for the acquisition and use of specified military equipment and to provide annual reporting on that equipment's use, costs, oversight, and community impact. The Department's Military Equipment Use Policy was previously approved by the City Council in 2022 and remains subject to annual review.

The Annual Military Equipment Use Report summarizes the Department's use of approved military equipment from January 1, 2025, through December 31, 2025, including equipment such as armored rescue vehicles, command vehicles, less-lethal systems, precision rifles, and unmanned aircraft systems. The report outlines how the equipment was used, associated costs, inventory levels, complaints or concerns received, policy compliance, and future acquisition considerations.

The Gilroy Police Department maintains that specialized equipment is essential to safely and effectively respond to critical incidents, protect officers and community members, support de-escalation efforts, and preserve life. The Department emphasizes that the

possession of military equipment does not automatically warrant its deployment and that all uses are governed by department policy, applicable law, and the totality of circumstances surrounding each incident.

There are no new financial impacts associated with existing military equipment during this reporting period. Ongoing costs are primarily related to maintenance and are expected to be funded through the Department's existing budget. Staff recommends City Council approve the Annual Military Equipment Use Report 2025.

## **BACKGROUND**

On September 30, 2021, California Governor Gavin Newsom approved Assembly Bill 481, requiring law enforcement agencies to obtain approval from the applicable governing body (Mayor and City Council) to adopt a military equipment use policy. The Gilroy Police Department presented its Military Use Policy at City Council meetings on April 4, 2022, and May 2<sup>nd</sup>, 2022, with final approval coming at the May 16, 2022, meeting.

Assembly Bill 481 allows the governing body to approve the funding, acquisition, and use of military equipment within its jurisdiction only if it determines that the military equipment meets specified standards. The Military Equipment Use Policy is subject to City Council review to determine whether the standards set forth in Assembly Bill 481 have been met based on an Annual Military Equipment Use Report. Gilroy Police Department's Annual Military Equipment Use Report is due annually in May.

Finally, Assembly Bill 481 requires the Department to publish the Military Equipment Use Policy and the Annual Military Equipment Use Report on its website.

### *Assembly Bill 481*

California Government Code section 7072 states the following:

(a) A law enforcement agency that receives approval for a military equipment use policy pursuant to Section 7071 shall submit to the governing body an annual military equipment report for each type of military equipment approved by the governing body within one year of approval, and annually thereafter for as long as the military equipment is available for use. The law enforcement agency shall also make each annual military equipment report required by this section publicly available on its internet website for as long as the military equipment is available for use. The annual military equipment report shall, at a minimum, include the following information for the immediately preceding calendar year for each type of military equipment:

- (1) A summary of how the military equipment was used and the purpose of its use.
- (2) A summary of any complaints or concerns received concerning the military equipment.
- (3) The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response.
- (4) The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.
- (5) The quantity possessed for each type of military equipment.
- (6) If the law enforcement agency intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

(b) Within 30 days of submitting and publicly releasing an annual military equipment report pursuant to this section, the law enforcement agency shall hold at least one well-publicized and conveniently located community engagement meeting, at which the general public may discuss and ask questions regarding the annual military equipment report and the law enforcement agency's funding, acquisition, or use of military equipment.

In addition to maintaining the highest levels of public safety, the Gilroy Police Department is committed to transparency, public trust, community partnerships, and compliance with the law. As such, the Department has authored the following Annual Military Equipment Use Report in accordance with annual reporting requirements outlined in California Government Code section 7072.

## **ANALYSIS**

The Gilroy Police Department is committed to using best practices and contemporary law enforcement equipment to enhance our ability to provide our community the highest level of public safety. To accomplish our mission effectively and safely, the Gilroy Police Department possesses and utilizes certain specialized equipment (Military equipment) to safeguard the citizens of Gilroy and protect our first responders. While our inventory of military equipment varies, the mere possession of this equipment does not warrant its use. The merits and the totality of the circumstances of each unique incident are

considered before military equipment is utilized in compliance with department policy and law.

The term "military equipment," as used in Assembly Bill 481, does not necessarily indicate the equipment is or has been used by the military. Many items defined as "military equipment" by the bill are often used by law enforcement to preserve life and enhance public and officer safety while remaining prepared to handle the various lethal and non-lethal challenges facing our communities. The Gilroy Police Department's use of military equipment is consistent with overall best practices employed by police departments nationwide.

Apparatus used by the Gilroy Police Department that are considered military equipment under Assembly Bill 481 include but are not limited to, emergency response equipment such as command vehicles and armored rescue vehicles, less-lethal shotguns, less-lethal 40mm projectile launchers, precision weapons such as rifles, unmanned aircraft systems, and other select items. The continued access to and use of this equipment is vital in ensuring our officers have the appropriate tools to de-escalate situations, preserve life, ensure safety for all people, and protect civil liberties.

The Gilroy Police Department recognizes that critical incidents are unpredictable and can be very dynamic in nature. A variety of equipment options can greatly assist incident commanders, officers, and specific units in bringing those incidents to a swift resolution, in a safe manner. The use of military equipment is restricted to certain instances and, in some cases, only by certain units. The use of the Department's military equipment is continuously evaluated, and the use of such equipment by department personnel is influenced by the totality of the circumstances, public safety, officer safety, civil rights, State law, and information available at the time of use.

It is incumbent upon incident commanders, supervisors, individual officers, and specific units to recognize the circumstances wherein military equipment should be employed to enhance public and officers' safety and bring a critical incident to a safe resolution.

This Annual Military Equipment Use Report 2025 summarizes military equipment usage guidelines, inventory, fiscal impact, complaints, and reported concerns from January 1, 2025, through December 31, 2025.

## **ALTERNATIVES**

There are no reasonable alternatives to the items listed in the Annual Military Equipment Use Report 2025. GPD has not discovered alternative products that can achieve the same objectives of civilian and officer safety. Each item's necessity is further described in the attached annual report.

## **FISCAL IMPACT/FUNDING SOURCE**

There are no new financial considerations for existing military equipment and munitions during this reporting period, January 1, 2025, through December 31, 2025. All equipment listed in the attached annual report is owned and used by GPD. The remainder of non-consumable military equipment will consist of ongoing maintenance costs. Funding for military equipment (purchase, maintenance, etc.) is anticipated to be sourced from the existing police budget.

### **Attachments:**

1. Annual Military Equipment Use Report 2025

# **Gilroy Police Department**

## Annual Military Equipment Use Report

### January 1, 2025 – December 31, 2025

## Contents

Executive Summary.....	4
Introduction.....	6
Definitions.....	7
Summary of Military Equipment Usages.....	10
Inventory by Equipment Type.....	16
Fiscal Impact.....	19
Department Transparency.....	23
Community Complaints/Concerns/Comments.....	23
Response to Procedure Violations.....	23
Internal Audits.....	24
Summary of Military Equipment.....	25
Unmanned Aircraft Systems (UAS).....	26
Brinc Lemur 2.....	27
DJI Avata 2.....	27
DJI Matrice 30T.....	28
DJI Mavic 2 Enterprise.....	28
DJI Mavic Mini 2.....	29
Robots.....	30
Robotex Avatar Tactical Robot.....	31
Transcend Vantage Patrol Robot.....	31
Recon Robotics Throwbot 2.....	32
Armored Vehicles.....	33
Bearcat G2.....	34
Mobile Command Vehicle (MCV).....	35
Hostage Negotiation Team (HNT) Truck.....	37
40mm Launchers and Munitions.....	39
Defense Technology 40mm Single Shot Launcher #1425.....	40
Defense Technology 40mm Tactical 4-Shot Launcher, #1440.....	40
Defense Technology 40mm Exact Impact Sponge Round #6325.....	42

Less Lethal Shotgun and Munitions.....	43
Mossberg Model 590, 12-gauge Shotgun.....	44
Combined Tactical Systems Super-Sock Bean Bag.....	45
Combined Tactical Systems LC5 Launching Cup.....	46
Diversionsary Devices.....	48
Combined Tactical Systems, 7290 Flash-Bang.....	49
Combined Tactical Systems, 7290M Mini Flash-Bang.....	49
Rifles and Munitions.....	51
Colt M4 Commando.....	52
Colt M4 Carbine.....	52
Remington 700.....	53
Colt M16A1.....	53
Springfield M14.....	54
Chemical Agent and Smoke Canisters.....	55
Defense Technology, Maximum HC Smoke Large Cannister, #1073.....	56
Combined Tactical Systems, White Smoke Tactical Canister Grenade, #8210.....	56
Combined Tactical Systems, Riot CS Smoke Grenade, #8230.....	57
Combined Tactical Systems, Riot CS Smoke Grenade, #6230.....	58
Combined Tactical Systems, Baffled Riot CS Smoke Grenade, #5230B.....	58
Penn Arms, 37mm Single Shot Launcher, #SL1-37.....	59
Sage Control Ordinance, 37mm Rifled Barricade Penetrating, #BP5OC.....	59
Sage Control Ordinance, 37mm Rifled Barricade Penetrating, #BP5CS.....	60
Sage Control Ordinance, 37mm Impact/Chemical, #KO3OC.....	60
PepperBall Launchers and Projectiles.....	62
PepperBall FTC Launcher.....	63
PepperBall Live Projectile.....	63
PepperBall Inert Projectile.....	64
Conclusion.....	65

## Executive Summary

On September 30, 2021, California Governor Gavin Newsom approved Assembly Bill 481, requiring law enforcement agencies to obtain approval from the applicable governing body (Mayor and City Council) by adopting a military equipment use policy. The Gilroy Police Department must seek City Council approval of its Military Equipment Use Policy at a regular open meeting before taking specific actions relating to the funding, acquisition, and use of military equipment.

Assembly Bill 481 allows the governing body to approve the funding, acquisition, and use of military equipment within its jurisdiction only if it determines that the military equipment meets specified standards. The Military Equipment Use Policy is subject to City Council review to determine whether the standards outlined in Assembly Bill 481 have been met, based upon an Annual Military Equipment Use Report.

Finally, Assembly Bill 481 requires the Department to publish the Military Equipment Use Policy and the Annual Military Equipment Use Report on its website.

### *Assembly Bill 481*

California Government Code section 7072 states the following:

(a) A law enforcement agency that receives approval for a military equipment use policy pursuant to Section 7071 shall submit to the governing body an annual military equipment report for each type of military equipment approved by the governing body within one year of approval, and annually thereafter for as long as the military equipment is available for use. The law enforcement agency shall also make each annual military equipment report required by this section publicly available on its internet website for as long as the military equipment is available for use. The annual military equipment report shall, at a minimum, include the following information for the immediately preceding calendar year for each type of military equipment:

- (1) A summary of how the military equipment was used and the purpose of its use.
- (2) A summary of any complaints or concerns received concerning the military equipment.
- (3) The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response.
- (4) The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.
- (5) The quantity possessed for each type of military equipment.

(6) If the law enforcement agency intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

(b) Within 30 days of submitting and publicly releasing an annual military equipment report pursuant to this section, the law enforcement agency shall hold at least one well- publicized and conveniently located community engagement meeting, at which the general public may discuss and ask questions regarding the annual military equipment report and the law enforcement agency's funding, acquisition, or use of military equipment.

In addition to maintaining the highest levels of public safety, the Gilroy Police Department is committed to transparency, public trust, community partnerships, and compliance with the law. As such, the Department has authored the following Annual Military Equipment Use Report in accordance with annual reporting requirements outlined in California Government Code section 7072.

## Introduction

The Gilroy Police Department is committed to using best practices and contemporary law enforcement equipment to enhance our ability to provide our community with the highest level of public safety. To accomplish our mission effectively and safely, the Gilroy Police Department possesses and utilizes specific specialized equipment (Military equipment) to safeguard the citizens of Gilroy and protect our first responders. While our inventory of military equipment varies, the mere possession of this equipment does not warrant its use. The merits and the totality of the circumstances of each unique incident are considered before military equipment is utilized in compliance with department policy and law.

The term "military equipment," as used in Assembly Bill 481, does not necessarily indicate the equipment is or has been used by the military. Many items defined as "military equipment" by the bill are often used by law enforcement to preserve life and enhance public and officer safety while remaining prepared to handle the various lethal and non-lethal challenges facing our communities. The Gilroy Police Department's use of military equipment is consistent with overall best practices police departments employ nationwide.

Apparatus used by the Gilroy Police Department that are considered military equipment under Assembly Bill 481 include, but are not limited to, emergency response equipment such as command vehicles and armored rescue vehicles, less-lethal shotguns, less-lethal 40mm projectile launchers, precision weapons such as rifles, unmanned aircraft systems, and other select items. The continued access to and use of this equipment is vital in ensuring our officers have the appropriate tools to de-escalate situations, preserve life, ensure safety for all people, and protect civil liberties.

The Gilroy Police Department recognizes that critical incidents are unpredictable and can be very dynamic in nature. Various equipment options can greatly assist incident commanders, officers, and specific units in safely bringing those incidents to a swift resolution. The use of military equipment is restricted to certain instances and, in some cases, only by specific units. The use of the Department's military equipment is continuously evaluated, and the use of such equipment by department personnel is influenced by the totality of the circumstances, public safety, officer safety, civil rights, State law, and information available at the time of use.

It is incumbent upon incident commanders, supervisors, individual officers, and specific units to recognize the particular circumstances in which military equipment should be employed to enhance the safety of the public and officers and to bring a critical incident to a safe resolution.

This Annual Military Equipment Use Report outlines a summary of military equipment usage guidelines, inventory, fiscal impact, complaints, and reported concerns from January 1, 2025, through December 31, 2025.

## Definitions

Pursuant to [California Assembly Bill 481](#), the following definitions are applicable only to the Gilroy Police Department's current military equipment inventory and potential military equipment acquisitions for operational needs. For a more detailed list of "military equipment" definitions, refer to California Government Code sections 7070(c)(1) through (16).

**"Governing body"** means the Gilroy City Council and Mayor.

**"Military equipment"** means any wide variety of items as defined by California Government Code section 7070, subsections (c)(1) through (c)(16) to include:

1. **Unmanned Aircraft System (UAS):** An unmanned aircraft along with the associated equipment to control it remotely.
2. **Robots:** A remotely controlled unmanned machine that operates on the ground, which is utilized to enhance the safety of the community and officers.
3. **Armored Vehicles:** Commercially produced wheeled armored personnel vehicle utilized for law enforcement purposes.
4. **NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK):** The ROOK is a custom "armored critical incident vehicle" built on the chassis of a CAT Bulldozer, manufactured by Ring Power.
5. **Mobile Command Vehicle (MCV):** A vehicle used as a mobile office that provides shelter, access to Department computer systems, and restroom facilities during extended events.
6. **Hostage Negotiation Team (HNT) Truck:** A vehicle used as a mobile office that provides shelter, access to Department computer systems, and restroom facilities on extended events.
7. **Long Range Acoustic Device (LRAD):** A high intensity directional acoustic array for long- range, crystal-clear hailing and notification. The LRAD is only authorized for use as a communication device.
8. **40mm Launchers and Munitions:** 40mm Launchers are utilized by department personnel as a less lethal tool to launch impact rounds.
9. **Less Lethal Shotguns and Munitions:** A shotgun used to deploy the less lethal shotgun munitions.

10. **Combined Systems LC5 Launching Cup:** A cup that attaches to a less lethal shotgun allowing officers to launch canisters of chemical agent or smoke canisters.
11. **Diversiónary Devices:** A device used to distract dangerous persons.
12. **Rifles:** Guns that are fired from shoulder level, having a longer, grooved barrel intended to make bullets spin and thereby have greater accuracy over a long distance.
13. **Chemical Agent and Smoke Canisters:** Canisters that contain chemical agents that are released when deployed.
14. **Explosive Breaching Tools:** Equipment used to provide an explosive charge to safely gain entry into structures during high-risk operations.
15. **PepperBall Launchers and Projectiles:** A device that discharges PAVA powder projectiles.
16. **“Military equipment”** does not include general equipment not designated as prohibited or controlled by the federal Defense Logistics Agency.

**“Military Equipment Use Policy”** refers to Gilroy Police Department Policy Manual Section 708 and means a publicly released, written document governing the use of military equipment by the Department that addresses, at a minimum, all of the following:

1. A description of each type of military equipment, the quantity sought, its capabilities, expected lifespan, and product descriptions from the manufacturer of the military equipment.
2. The purposes and authorized uses for which the Department proposes to use each type of military equipment.
3. The fiscal impact of each type of military equipment, including the initial costs of obtaining the equipment and estimated annual costs of maintaining the equipment.
4. The legal and procedural rules that govern each authorized use.
5. The training, including any course required by the Commission on Peace Officer Standards and Training (POST), that must be completed before any sworn member is allowed to use each specific type of military equipment to ensure the full protection

of the public's welfare, safety, civil rights, and civil liberties and full adherence to the Military Equipment Use Policy.

6. The mechanisms to ensure compliance with the Military Equipment Use Policy, including which independent persons or entities have oversight authority, and, if applicable, what legally enforceable sanctions are put in place for violations of the policy.
7. The procedures by which members of the public may register complaints or concerns or submit questions about the use of each specific type of military equipment, and how the Department will ensure that each complaint, concern, or question receives a response in a timely manner.

## Summary of Military Equipment Usages

The City of Gilroy provides law enforcement services twenty-four hours a day, seven days a week, serving a city population of approximately 60,000. The Department is committed to de-escalating situations, and using force is reserved for instances where less intrusive options are not feasible. In 2025, the Gilroy Police Department responded to approximately 64,424 calls for service. Officers used force on only sixty-four (64) occasions of those calls for service, representing 0.099% of the total calls for service. Of the force options utilized, military equipment in the form of projectiles and/or chemical irritants was only used during four (4) or less than 0.0062% of all contacts. These statistics illustrate the relatively few instances of force used by Gilroy police officers in relation to overall contacts. Moreover, the force used involving military equipment is an even smaller subset of the overall force used during this time.

While the Gilroy Police Department's inventory of military equipment is varied, the mere possession of the equipment does not warrant its use for every incident. The Gilroy Police Department recognizes that critical incidents are unpredictable and can be very dynamic in nature. Various military equipment options can greatly assist incident commanders, officers, and specific units in swiftly and safely resolving those incidents. The use of military equipment is restricted to certain instances and, in some cases, only by specific units.

This section outlines the military equipment usage from January 1, 2025, to December 31, 2025. Certain items of military equipment, particularly consumables (ammunition, diversionary devices, pepper balls, chemical agents, etc.), are regularly used throughout the year for training to maintain proficiency. Training usage is not captured in this section. This section only provides data for the operational use of military equipment listed within this Annual Military Equipment Use Report.

## Outreach and Community Engagement

The Gilroy Police Department is committed to improving the trust and confidence between the Department and the community it serves. As the Department strives to enhance community relationships and continues to be a progressive leader among law enforcement agencies nationwide, we want to ensure the public can access how its Police Department operates and engages with the public. The Gilroy Police Department regularly utilizes select military equipment, including Unmanned Aircraft Systems, Armored Rescue Vehicles, the Mobile Command Vehicle, and Crisis Negotiation Team Vehicles, during outreach and community events for public awareness, transparency, and education. Military equipment may also be displayed during community events to provide a safe environment for the public to enjoy the great amenities the City of Gilroy offers.

The following is the data for Military Equipment Use by category from January 1, 2025, through December 31, 2025:

## Unmanned Aircraft Systems (UAS)

Unmanned Aircraft Systems were utilized for a total of two hundred and fifty (250) hours.

Authorized usages:

- Collection of evidence in the form of aerial photography/video in support of an investigation (i.e., shooting scenes, homicide scenes).
- Support of SWAT and Patrol during high-risk, tactical, or other public safety life-preserving missions (i.e., interior visual assessments of structures or outdoor areas to gain intelligence prior to officers entering a dwelling or contacting a potentially armed or resistive subject that may be hiding).
- Delivery of items (i.e., HNT phone) during critical incidents to engage in de-escalation and/or crisis intervention techniques to resolve incidents peacefully.
- Conduct aerial searches for missing persons, criminal activity, and for the safety of officers, related to calls for service.
- Provide aerial observation to assist in managing natural disasters (i.e., fires, floods, storms).

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Robots

Robots were utilized a total of zero (0) time.

Authorized usages:

- Support of SWAT and Patrol during high-risk, tactical, or other public safety life preservation missions to include:
- Opening doors to clear buildings for public safety and life preservation missions.
- Provide interior visual assessments of structures or outdoor areas to gain intelligence before officers enter a dwelling or contact a potentially armed or resistive subject that may be hiding).
- Delivery of items (i.e., HNT phone) during critical incidents to engage in de-escalation and/or crisis intervention techniques to resolve incidents peacefully.

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Armored Vehicle

The BearCat was utilized a total of twenty (20) times for police operations and fifteen (15) times for community engagement events.

Authorized usages:

- Support SWAT and Patrol during critical incidents by providing greater safety to community members and officers beyond the protection level of a shield and/or personal body armor.
- Community engagement events offer transparency and allow the community to better understand what equipment we have and how it is used.

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Mobile Command Vehicle (MCV)

The Mobile Command Vehicle was utilized seventeen (17) times for police operations.

Authorized usages:

- Utilized as a command post for critical incidents during complex events.
- Natural disasters (i.e., mutual aid for large-scale fires or flooding).
- Other large-scale events to provide high visibility and public safety.

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Hostage Negotiation Team (HNT) Vehicle

The Hostage Negotiation Team Vehicle was utilized zero (0) times. The vehicle is currently not operational, due to the cost of the required repairs and the age/condition of the vehicle.

Authorized usages:

- Utilized as a mobile office for critical incidents during complex events.
- Provide shelter and an access point for computer systems for negotiation team members.

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## 40mm Launchers and Munitions

The 40mm Launcher was utilized during two (2) events.

- 40mm Impact-related rounds – one (1) round was utilized during one (1) event.
- 40mm OC-related rounds – utilized during zero (0) event.
- 40mm related CS-related rounds – 5 canisters were utilized during one (1) event.
- 40mm pyrotechnic-related rounds - utilized during zero (0) event.
- 40mm warning/signaling-related rounds – utilized during zero (0) event.

#### Authorized usages:

- Safely address an individual who displays self-destructive, dangerous, or combative behavior.
- Safely address an armed, potentially armed, or violent individual.
- During riot/crowd control and civil unrest incidents where the use of the 40mm is considered objectively reasonable to defend against a threat to life or serious bodily injury to any individual, including any peace officer, or to bring an objectively dangerous and unlawful situation safely and effectively under control (in compliance with Assembly Bill 48).
- Circumstances to gain a tactical advantage during critical incidents or high-risk entries where public safety and/or officer safety is at risk. (i.e., breaking out a vehicle window to get an unobstructed view of an armed barricaded individual).
- Potentially vicious animal (i.e., an aggressive animal trying to harm member(s) of the community or an officer).

#### Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

### **Combined Tactical Systems LC5 Launching Cup**

The Combined Tactical Systems LC5 Launching Cup was utilized zero (0) times.

Authorized usages are covered under **Chemical Agents and Smoke Canister**.

#### Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

### **Less Lethal Shotguns and Munitions**

Less Lethal Shotguns were utilized during one (1) event.

#### Authorized usages:

- Safely address an individual who displays self-destructive, dangerous, or combative behavior.
- Safely address an armed, potentially armed, or violent individual.
- During riot/crowd control and civil unrest incidents where the use of the beanbag shotgun is considered objectively reasonable to defend against a threat to life or

serious bodily injury to any individual, including any peace officer, or to bring an objectively dangerous and unlawful situation safely and effectively under control (in compliance with Assembly Bill 48).

- Circumstances where a tactical advantage can be obtained (e.g., making high-risk entries, including disabling surveillance cameras).
- Potentially vicious animal (i.e., an aggressive animal trying to harm member(s) of the community or an officer)

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Rifles and Munitions

Rifles were utilized zero (0) times.

Authorized usages:

- In accordance with California Penal Code section 835a and GPD Policy Manual Section 300 (Use of Force)

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Diversionsary Devices

Diversionsary Devices were utilized a total of eighteen (18) times.

Authorized usages:

- Support SWAT during call-outs and high-risk warrant services
- Distract dangerous suspects during assaults
- Hostage rescue incidents
- High-risk room entries

Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Chemical Agents and Smoke Canisters

Chemical Agents and Smoke Canisters were utilized during one (1) event.

- CS Canister/Grenade – 5 canisters used (1 event)
- OC Canister/Grenade - utilized zero (0) times
- Smoke Canister/Grenade - utilized zero (0) times
- OC Fogger - utilized zero (0) times
- OC Stream - utilized zero (0) times

## Authorized usages:

- Safely address an individual who displays self-destructive, dangerous, or combative behavior.
- During riot/crowd control and civil unrest incidents where the use of chemical agents is considered objectively reasonable to defend against a threat to life or serious bodily injury to any individual, including any peace officer, or to bring an objectively dangerous and unlawful situation safely and effectively under control (in compliance with Assembly Bill 48).
- Circumstances to gain a tactical advantage during critical incidents or high-risk entries where public safety and/or officer safety is at risk.
- Potentially vicious animal (i.e., an aggressive animal trying to harm member(s) of the community or an officer).

## Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

**PepperBall Launchers and Projectiles**

PepperBall Launchers were utilized during one (1) event.

## Authorized usage:

- Safely address an individual who displays self-destructive, dangerous, or combative behavior.
- Safely address an armed, potentially armed, or violent individual.
- During riot/crowd control and civil unrest incidents where the use of the 40mm is considered objectively reasonable to defend against a threat to life or serious bodily injury to any individual, including any peace officer, or to bring an objectively dangerous and unlawful situation safely and effectively under control (in compliance with Assembly Bill 48).
- Circumstances to gain a tactical advantage during critical incidents or high-risk entries where public safety and/or officer safety is at risk (i.e., deploying into a structure/vehicle where a barricaded subject is, resulting in a peaceful surrender).
- Potentially vicious animal (i.e., an aggressive animal trying to harm member(s) of the community or an officer).

## Unauthorized usages:

- There have been zero (0) reported violations of the military equipment use policy.

## Inventory by Equipment Type

January 1, 2025, through December 31, 2025

Note: The inventory of certain items of consumable military equipment (i.e., ammunition, diversionary devices, chemical agents, etc.) frequently fluctuates throughout the year due to operational usage, training usage, operational wear, and/or manufacturer-recommended replacement guidelines. While the Gilroy Police Department strives to provide accuracy in its inventory reporting, this report reflects approximations of certain consumable items of military equipment during the time period listed above.

<b>Unmanned Aircraft System (UAS)</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
Lemur 2 / Brinc	1
Avata 2 / DJI	2
Matrice 30T / DJI	2
Mavic 2 Enterprise / DJI	1
Mavic Mini 2 / DJI	4

<b>Robots</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
Avatar Tactical Robot / Robotex	1
Vantage Patrol Robot / Transcend	1
Throwbot 2 / Recon Robotics	1

<b>Armored Vehicles</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
Bearcat G2 / Lenco	1

<b>Mobile Command Vehicle (MCV)</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
M2, Custom Built / Freightliner	1

<b>Hostage Negotiation Team (HNT) Truck</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
Communication Truck, Custom Built / Kodiak	1

<b>40mm Launchers and Munitions</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
<b>40mm Launchers</b>	
40mm Single Shot Launcher #1425 / Defense Technology	7
40mm Tactical 4-Shot Launcher #1440 / Defense Technology	2
<b>40mm Munitions</b>	
40mm Exact Impact Sponge Round #6325 / Defense Technology	156 rounds

<b>Less Lethal Shotguns and Munitions</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
<b>Less Lethal Shotgun</b>	
Model 590, 12-Gauge Shotgun / Mossberg	10
<b>Less Lethal Munitions</b>	
12-Gauge Super-Sock Beanbag Round / Combined Systems, Inc.	170 rounds

<b>Combined Systems LC5 Launching Cup</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
LC5 Launching Cup / Combined Systems, Inc.	2

<b>Diversionsary Devices</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
7290 Flash-Bang / Combined Systems, Inc.	0
7290M Mini Flash-Bang / Combined Systems, Inc.	46

<b>Rifles and Munitions</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
<b>Rifles</b>	
M4 Commando / Colt	15
M4 Carbine / Colt	5
700 / Remington	5
M16A1 / Colt	16
M14 / Springfield	1

<b>Chemical Agents and Smoke Canisters</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
Maximum HC Smoke Large-Style Canister, #1073 / Defense Technology	0 canisters
White Smoke Tactical Canister Grenade, #8210 / Combined Tactical Systems	4 canisters
Riot CS Smoke Grenade, #8230 / Combined Tactical Systems	33 canisters
Riot CS Smoke Grenade, #6230 / Combined Tactical Systems	1 canisters
Baffled Riot CS Smoke Grenade, #5230B / Combined Tactical Systems	20 canister
37mm Single Shot Launcher #SL1-37 / Penn Arms	6
37mm Rifled Barricade Penetrating, #BP50C / Sage Control Ordinance	0 canisters
37mm Rifles Barricade Penetrating, #BP5CS / Sage Control Ordinance	0 canisters
37mm Impact/Chemical, #K03OC / Sage Control Ordinance	0 canisters

<b>PepperBall Launchers and Projectiles</b>	
<b>Equipment Name and Model / Manufacturer</b>	<b>Quantity</b>
FTC Launcher / PepperBall	13
Live Projectile / PepperBall	250 projectiles
Inert Projectile / PepperBall	200 projectiles

## Fiscal Impact

January 1, 2025 – December 31, 2025

Currently, the Gilroy Police Department maintains a workforce comprised of 69 full-time equivalent (FTE) sworn peace officer positions and 38 FTE professional staff positions. The department's adopted budget for FY 2025 was approximately \$33,563,733. The portion of the budget allocated for military equipment expenditures represents only a small fraction of the Department's operating costs. However, the funds spent on military equipment are integral to providing the necessary resources and materials to keep the community and officers safe. The significance and enhanced capability of the current military equipment inventory is immense and cannot be understated from a public safety perspective.

The following table summarizes equipment-related expenditures for the calendar year 2025 and the projection of expenses for the calendar year 2026. Equipment expenditures include the acquisition of new equipment, the replacement of damaged equipment, and the ongoing maintenance of the controlled equipment.

### Military Equipment Expenditures by Category and Year

Category	2025 Annual Cost/Maintenance (approximate)	2026 Projected Annual Cost/Maintenance (approximate)
Unmanned Aircraft System (UAS) Maintenance	\$8,645	\$3,842
Robot Maintenance	\$0	\$0
Armored Vehicle Maintenance	\$331,565 (purchased)	\$1000
Mobile Command Vehicle (MCV)	\$0	\$12,500
Hostage Negotiation Team (CNT) Truck	\$0	\$0
40mm Launchers and Munitions	\$2,800	\$2,800
Less Lethal Shotgun and Munitions Maintenance	\$1,500	\$1,500
Combined Systems LC5 Launching Cup	\$0	\$0
Diversionsary Devices	\$5,271	\$5,271
Rifles and Munitions Maintenance	\$1,250	\$5000
Chemical Agent and Smoke Canisters	\$0	\$6000

PepperBall Launchers and Projectiles Maintenance	\$600	\$500
TOTAL	\$351,631	\$38,413

## **JANUARY 1, 2025 - DECEMBER 31, 2025**

### **CONSUMABLE MILITARY EQUIPMENT ACQUISITIONS**

Projected consumable military equipment acquisitions are anticipated to be consistent with current replenishment schedules and quantities for consumables. A variety of commercial factors (i.e., supply and demand, inflation, supply chain issues, etc.) may influence the fiscal impact of future military equipment acquisitions, and ongoing military equipment consumables can vary according to inventory levels that fluctuate as a result of training, operational usage, or manufacturer recommended replacement guidelines.

Categories of consumable military equipment are listed below:

- Chemical Agent and Smoke Canisters
- Specialty Munitions (40mm Munitions and Less Lethal Munitions)
- Diversionary Devices
- PepperBall Projectiles

Funding for most of the consumable military equipment is anticipated to be sourced from the existing police budget.

### **NON-CONSUMABLE MILITARY EQUIPMENT ACQUISITIONS**

Projected non-consumable military acquisitions are anticipated to be limited at this time. Any unanticipated replacements of existing non-consumable military equipment will be initiated on a case-by-case basis dependent on operational need, operational wear, or end of serviceable lifespan and will be consistent with the Council-approved policy for acquisitions of military equipment. Categories of non-consumable military equipment are listed below:

- Unmanned Aircraft System (UAS)
- Robots
- Armored Vehicle
- Mobile Command Vehicle (MCV)
- Hostage Negotiation Team (HNT) Truck
- 40mm Launchers
- 37mm Launchers
- Less Lethal Shotguns
- Combined Systems LC5 Launching Cup
- Rifles
- PepperBall Launchers

## **Projected Acquisitions**

The Department does not currently anticipate the acquisition or purchase of any non-consumable military equipment. However, operational needs may change, and the Department reserves the ability to pursue acquisitions should an immediate or unforeseen need arise.

The remainder of non-consumable military equipment will consist of ongoing maintenance costs. Funding for non-consumable military equipment is anticipated to be sourced from the existing police budget.

## Department Transparency

### Community Complaints/Concerns/Comments

In some instances, the application and use of military equipment may raise questions and/or concerns among community members. It is vitally important that the Department address these questions.

The Gilroy Police Department is committed to full and fair investigations of community member complaints. As such, the Department has sound internal procedures for thorough and impartial investigations. Resolving complaints in a fair, impartial, and expeditious manner will ensure the department's consistently high level of integrity and efficiency.

The following is a summary of formal investigations, including officer-involved shootings and the use of military equipment, as investigated by the Gilroy Police Department's Internal Affairs Division from January 1, 2025, through December 31, 2025.

#### Complaints or Concerns:

There were **zero (0)** complaints or concerns related to the use of military equipment.

#### Officer-Involved Shootings (OIS):

There were **zero (0)** OIS incidents that occurred involving the use of military equipment.

### Response to Procedure Violations

California Assembly Bill 481, enacted California Government Code section 7072(a)(3), requires local law enforcement agencies to provide information regarding military equipment use procedure violations and responses to those violations. In accordance with the law, the Gilroy Police Department has actively tracked this information.

There were **zero (0)** reported violations of the military equipment use policy.

## Internal Audits

California Assembly Bill 481 requires local law enforcement agencies to include the results of any internal audits or inspections conducted and any responsive actions in its annual military equipment use report. When an audit is conducted, inspectors shall refer to the department's military equipment use policy for established guidelines regarding funding, acquisition, or use of military equipment.

The Gilroy Police Department's Administrative Services Captain has been assigned the duty of auditing its military equipment use. The Captain has developed a tracking and auditing process to ensure compliance, consistency, accountability, and transparency, as outlined in GPD Policy Manual Section 708 (Military Equipment Use).

## Internal Audit Results

The Administrative Services Captain conducted an annual audit on department-approved military equipment use from March 1, 2026, through March 31, 2026. The details and results of each audit are listed below:

**AUDIT**—The Administrative Services Captain completed an audit of department military equipment. The audit scope included inspecting equipment type and quantity, verifying serial numbers, and noting discrepancies compared to the approved GPD Military Equipment Use policy. The audit methodology included onsite inspections and statistical sampling, supported by generally accepted government auditing standards.

**FINDINGS**—During the Military Equipment Use Audit, the Administrative Services Captain did not find any complaints related to the department's military equipment use policy. All military equipment was collected, inventoried, and identified. Seven additional Pepperball launchers were located and accounted for in the inventory. These were older model Pepperball launchers that are no longer utilized in service.

## Summary of Military Equipment

The inventory of military equipment, particularly consumable material (diversionary devices, various munitions, chemical agent and smoke canisters, etc.) fluctuates regularly. Fluctuation is based on a variety of factors, including but not limited to operational usage, operational deterioration, training, maintenance, and expiration and replenishment guidelines. The Gilroy Police Department is committed to transparency in disclosing its military equipment inventory and related information to our community and elected officials in compliance with the law.

The following are the various types, descriptions, and guidelines for usage of military equipment currently employed by the Gilroy Police Department.

(NOTE: The manufacturer descriptions and source photos contained within are referenced via publicly accessible website source citations. The website source citations utilized in this report are for equipment descriptive purposes only and are not an endorsement of a particular product or vendor by The City of Gilroy or The Gilroy Police Department. Additionally, the language used by the manufacturer to describe such equipment use is included in this report as required by California Government Code section 7070(d)(1), however, the descriptions may not align with the actual methods of use in accordance with Gilroy Police Department Policy, as well as local, state, and federal law.)

## Unmanned Aircraft Systems (UAS)

**Unmanned Aircraft Systems (UAS):** An unmanned aircraft system of any type that can sustain direct flight, whether remotely controlled or via pre-programming, and all the attached systems designed for gathering information via photography, recording, or any other means.

**Capability:** The Gilroy Police Department uses Unmanned Aircraft Systems (UAS) of varying sizes and capabilities to enhance public safety. The UAS can be deployed when its view would assist officers or incident commanders with the following situations, which include but are not limited to major collision investigations, search for missing persons, situational awareness during calls for service, natural disaster management, crime scene photography, SWAT, tactical or other public safety and life- preservation missions, and in response to specific requests from local, state, or federal fire authorities for fire response and/or prevention. The UAS are used in compliance with all federal, state, and local laws.

**Usage:** It is the policy of the Gilroy Police Department to utilize UAS only for official law enforcement purposes, and in a manner that respects the privacy of our community, pursuant to state and federal law. Additionally, only assigned operators who have completed the required training shall be permitted to operate any UAS during approved missions.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 706 (Vehicle Use), FAA Regulation [14 CFR Part 107 Small Unmanned Aircraft Systems](#), and Penal Code section 13652, initiated by [California Assembly Bill 48](#). More information about the rules for public safety agencies can be found on the FAA website at [https://www.faa.gov/uas/public\\_safety\\_gov/](https://www.faa.gov/uas/public_safety_gov/). The use of UAS is governed by federal, state and local laws and regulations. The Federal Aviation Administration (FAA) governs all aircraft rules and regulations, including those applicable to UAS, for flight within the US National Airspace.

**Training Requirements:** All department UAS operators are licensed by the Federal Aviation Administration for UAS operation and each UAS operator must attend regular department trainings.

The Department currently possesses the following Unmanned Aircraft Systems:

### Brinc Lemur 2

QUANTITY	1
LIFESPAN	3-5 years
INITIAL COST	\$24,000/unit



**Manufacturer:** Brinc

**Manufacturer Description:** The Brinc Lemur is a next-generation tactical drone engineered specifically for public safety operations, including law enforcement, search and rescue, and emergency response missions. Designed and manufactured in the United States, the LEMUR 2 integrates advanced hardware and software to enhance situational awareness, facilitate communication, and improve operational safety in high-risk environments.

(Description Source: <https://brincdrones.com/lemur-2/>)

### DJI Avata 2

QUANTITY	2
LIFESPAN	3-5 years
INITIAL COST	\$1,050/unit



**Manufacturer:** DJI

**Manufacturer Description:** The DJI Avata 2 is DJI's latest FPV (First-Person View) drone, designed to deliver an immersive and intuitive flying experience for both beginners and seasoned pilots. Paired with the new DJI Goggles 3 and RC Motion 3 controller, the Avata 2 offers enhanced imaging, safety features, and extended flight capabilities.

(Description Source: [https://www.dji.com/avata-2?utm\\_source=chatgpt.com](https://www.dji.com/avata-2?utm_source=chatgpt.com))

### DJI Matrice 30T

QUANTITY	2
LIFESPAN	3-5 years
INITIAL COST	\$18,250/unit



**Manufacturer:** DJI

**Manufacturer Description:** The DJI Matrice 30T is a drone that is aimed at professionals and search and rescue teams. It has a 46-minute flight time, a thermal sensor, and a laser range finder. It also has a 48MP 1/2" CMOS zoom camera with 5x-16x optical zoom and 200x digital zoom. It can also be equipped with an optional thermal camera.

(Description Source: <https://enterprise.dji.com/matrice-30>)

### DJI Mavic 2 Enterprise

QUANTITY	1
LIFESPAN	3-5 years
INITIAL COST	\$5,000/unit



**Manufacturer:** DJI

**Manufacturer Description:** Designed to empower a new generation of workers, the Mavic 2 Enterprise is the ultimate expression of a tool that delivers beyond expectation to meet current workplace challenges and future demands. The DJI Mavic 2 Enterprise Dual features visible & thermal imagery, integrated radiometric FLIR thermal sensor, adjustable parameters for emissivity & reflective surfaces, and multiple display modes (FLIR MSX, Infrared & Visibility). This is a remotely operated battery-powered aircraft designed to be operated within sight of the

operator or a spotter. Each aircraft is equipped with a camera capable of relaying a real-time image back to the operator.

(Description source: <https://www.dji.com/mavic-2-enterprise>)

**DJI Mavic Mini 2**

<b>QUANTITY</b>	4
<b>LIFESPAN</b>	3-5 years
<b>INITIAL COST</b>	\$500/unit



**Manufacturer:** DJI

**Manufacturer Description:** This is a remotely operated battery-powered aircraft designed to be operated within sight of the operator or a spotter. Each aircraft is equipped with a camera capable of relaying a real-time image back to the operator.

(Description Source: <https://www.dji.com/mini-2>)

## Robots

**Robots:** A machine that operates on the ground and can be controlled remotely, as well as all the supporting or attached systems designed for gathering information through photographs, recordings, or other means.

**Capability:** Robots can protect against suspected and known explosive hazards. They are also used in tactical support of special operations and can gather visual/audio data, deliver a Hostage Negotiation Team phone, open doors, and clear buildings.

**Usage:** It is the policy of the Gilroy Police Department to utilize Robots only for official law enforcement purposes, and in a manner that respects the privacy of our community. Additionally, only assigned operators who have completed the required training shall be permitted to operate any Robots.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 706 (Vehicle Use). It is the policy of the Gilroy Police Department to utilize a robot only for official law enforcement purposes pursuant to state and federal law, including the provisions of Penal Code section 13652, initiated by [California Assembly Bill 48](#).

**Training Requirements:** Robot operators shall receive department training in the safe handling of the robots and show competence in the operation of the equipment.

The Department currently possesses the following Robots:

**Robotex Avatar Tactical Robot**

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	8-10 years
<b>INITIAL COST</b>	\$25,000/unit



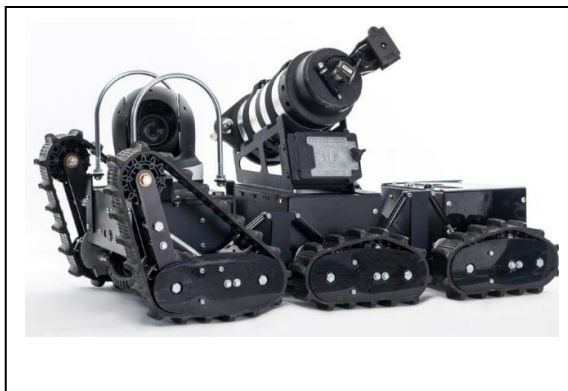
**Manufacturer:** Robotex

**Manufacturer Description:** The AVATAR enhances the capabilities of SWAT and tactical response teams by allowing them to quickly and safely inspect dangerous situations, there is no longer a need to send personnel in before you’ve had a chance to assess the situation. The AVATAR Robots are regarded by tactical teams as a standard operational tool, like a firearm, vehicle, or piece of body armor.

(Description source: <https://www.acornpd.com/robotex-avatar-tactical-robot>)

**Transcend Vantage Patrol Robot**

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	8-10 years
<b>INITIAL COST</b>	\$25,000/unit



**Manufacturer:** Transcend

**Manufacturer Description:** Transcend’s Vantage robot is the first technological breakthrough in law enforcement robotics in the last 30 years. Its double patented automatic stair and obstacle mobility technology has given officers an unprecedented tool for successful mobile reconnaissance. It’s ability to deploy hot gas in a safe and fully contained enclosure has been a game changer for many situations, especially barricaded subjects. The Vantage can be used by anyone without prior training to climb stairs, overcome clothes and random obstacles. Its

communication signals can penetrate a vast array of wall materials at distance and it's designed to be affordable for years to come.

(Description source: <https://www.transcendrobotics.com/vantage>)

## Recon Robotics Throwbot 2

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	8-10 years
<b>INITIAL COST</b>	\$8,500/unit



**Manufacturer:** Recon Robotics

**Manufacturer Description:** The Throwbot<sup>®</sup> 2 (TB2) robot is a throwable micro-robot platform that enables operators to obtain instantaneous video and audio reconnaissance within indoor or outdoor environments. Designed to withstand repeated drops of up to 30 feet (9 m) onto concrete, the Throwbot<sup>®</sup> 2 robot can be thrown into hazardous situations in order to allow operators to quickly make informed decisions when seconds count. This micro-robot is designed to be able to crawl over a variety of terrain, clearing obstacles up to 2" (5 cm) tall. Conversion kits are available which can increase the ability of the Throwbot<sup>®</sup> 2 robot to cross obstacles up to 4" (10 cm) tall or to carry and tow a combined 4 lbs (1.8 kg) of payloads using integrated mount points or a Picatinny Rail accessory.

(Description source: <https://reconrobotics.com/products/throwbot-2-robot/>)

## Armored Vehicles

**Armored Vehicle:** Commercially-produced, wheeled, armored personnel vehicle utilized for law enforcement purposes.

**Capability:** Armored vehicles are utilized in response to critical incidents to enhance officer and community safety, improve scene contamination and stabilization, and assist in resolving critical incidents.

**Usage:** Armored vehicles shall only be authorized by a watch commander or SWAT commander based on the specific circumstances of a critical incident. Armored vehicles shall only be used by officers trained in their deployment and in a manner consistent with Department policy and training.

**Legal Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions outlined in GPD Policy Manual Section 706 (Vehicle Use). The Gilroy Police Department utilizes armored vehicles only for official law enforcement purposes and pursuant to state and federal law.

**Training Requirements:** All drivers/operators shall attend formalized instruction and be trained in vehicle operations and practical driving instruction.

The Department currently possesses the following Armored Vehicles:

### Lenco BearCat G2

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	25 years
<b>INITIAL COST</b>	\$331,565/unit



**Manufacturer:** Lenco

**Manufacturer Description:** The Lenco BearCat G2 is the standard tactical armored vehicle for special operations units within the US Law Enforcement community. The G2 has excellent on-road driving characteristics and maneuverability in tight urban settings. The large floor plan seats 10 – 12 fully equipped officers with a long list of tactical features only found on the Lenco BearCat line of armored SWAT vehicles for Police and Government.

(Description Source: <https://www.lencoarmor.com/model/bearcat-g2-police-government/>)

## Mobile Command Vehicle (MCV)

**Mobile Incident Command Vehicle:** A completely self-contained command post designed to provide shelter, access to department computers, and restroom facilities for extended events. This vehicle can also be used to facilitate mobile booking for incidents that may involve mass arrests, and other uses include pre-planned or significant events, which require on-site planning and incident command personnel.

**Capability:** As a mobile base of operation, this vehicle contains specialized command, control, and communications equipment which can be used during critical incidents, large events, natural disasters, and community events.

**Usage:** The MCV is to be utilized for planned or unplanned events. Only officers trained in the deployment and operations of the MCV, in a manner consistent with Department policy and training, are authorized to operate it.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 706 (Vehicle Use). It is the policy of the Gilroy Police Department to use the MCV only for official law enforcement purposes, and in accordance with California state law regarding the operation of motor vehicles.

**Training Requirements:** The driver/operator shall receive training in the safe handling of the vehicle on a closed training course. Once the operator has shown competence in vehicle handling, the driver/operator will drive the vehicle throughout the city with an experienced driver.

The Department currently possesses the following Mobile Command Vehicles:

**Mobile Command Vehicle (MCV)**

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	20 years (Chassis) 6 years (IT System)
<b>INITIAL COST</b>	\$699,186/unit



**Manufacturer:** Freightliner

**Manufacturer Description:** The MCV is a Freightliner MT-55 custom built by LDV Inc. It is a fully functioning Mobile Public Safety Answering Point (PSAP) and is a backup to our existing Dispatch Center. The MCV is a shared asset used by the Morgan Hill Police Department and the Gilroy Police Department during critical incidents, pre-planned large events, searching for missing persons, natural disasters, and community events.

(Description Source: <https://www.ldvusa.com/category/emergency-response-vehicles/ldv-mobile-command-center/>)

## Hostage Negotiation Team (HNT) Truck

**Hostage Negotiation Team Vehicle:** A completely self-contained command post designed to provide shelter, access to Department computers, and a mobile office for extended events. The vehicle is currently not operational, due to the cost of repairs and the age of the vehicle.

**Capability:** As a mobile base of operation, this vehicle contains specialized command and communications equipment which can be used during critical incident callouts where SWAT/HNT have been called.

**Usage:** The HNT truck may be used by officers and staff who have been properly trained in the safe handling of the vehicle. The driver of the vehicle shall have a valid California driver's license.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 706 (Vehicle Use) and shall be in accordance with California state law regarding the operation of motor vehicles.

**Training Requirements:** The driver/operator shall receive training in the safe handling of the vehicle on a closed training course. Once the operator has shown competence in vehicle handling, the driver/operator will drive the vehicle throughout the city with an experienced driver.

The Department currently possesses the following Hostage Negotiation Team Truck:

**Hostage Negotiation Team (HNT) Truck (Out-of-Service)**

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	20 years
<b>INITIAL COST</b>	No Cost/unit



**Manufacturer:** Kodiak

**Manufacturer Description:** The HNT Truck was custom-built for the State of California in 1991 from a Kodiak Communication Truck and transferred to GPD in 2013.

(Description Source unavailable due to customization)

## 40mm Launchers and Munitions

**40mm Launchers:** A single-shot or multi-shot impact weapon launcher capable of firing an array of 40mm rounds.

**Capability:** 40mm launchers can fire a variety of ammunition with a maximum effective range of one hundred thirty-one feet (131 feet).

**Usage:** The use of the 40mm may be deployed to limit the escalation of conflict where employment of lethal force is prohibited or undesirable. The range of the weapon system helps to maintain space between officers and a suspect and reduce the immediacy of the threat, which is the principle of de-escalation. This system has additional uses which include but are not limited to self-destructive, dangerous, and/or combative individuals, riot/crowd control and in civil unrest incidents, circumstances where a tactical advantage can be obtained, against potentially-vicious animals, and in training exercises or displayed during community events.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the Gilroy Police Department to utilize 40mm munitions only for official law enforcement purposes, and pursuant to state and federal law.

**Training Requirements:** Sworn members utilizing 40mm less lethal chemical agent or impact rounds are trained in their use by a P.O.S.T.-certified less lethal and chemical agent instructors.

The Department currently possesses the following 40mm launchers:

**Defense Technology 40mm Single Shot Launcher #1425**

<b>QUANTITY</b>	7
<b>LIFESPAN</b>	25 years
<b>INITIAL COST</b>	\$1,000/unit



**Manufacturer:** Defense Technology

**Manufacturer Description:** Manufactured exclusively for Defense Technology®, the 1425 40LMTS is a tactical single shot launcher that features the Rogers Super Stoc™ expandable gun stock and an adjustable Integrated Front Grip (IFG) with light rail. The ambidextrous Lateral Sling Mount (LSM) and QD mounting systems allow both a single- and two-point sling attachment. Users have the option of customizing the 40LMTS with an array of enhanced optics and sighting systems through the launcher’s Picatinny rail mounting system. The 40LMTS will fire standard 40mm less lethal ammunition, up to 4.8” in cartridge length, but it is NOT designed to fire 40mm high velocity HE ammunition.

(Description Source: [https://www.defense-technology.com/wp-content/uploads/2020/06/DT\\_40MM\\_Single\\_Launcher\\_Sell\\_Sheet.pdf](https://www.defense-technology.com/wp-content/uploads/2020/06/DT_40MM_Single_Launcher_Sell_Sheet.pdf))

**Defense Technology 40mm Tactical 4-Shot Launcher, #1440**

<b>QUANTITY</b>	2
<b>LIFESPAN</b>	25 years
<b>INITIAL COST</b>	\$1,850/unit



**Manufacturer:** Defense Technology

**Manufacturer Description:** The Defense Technology® #1440 is a Tactical 40mm 4-Shot Launcher that features an expandable ROGERS Super Stoc™ and an adjustable Picatinny mounted front grip. The Tactical 4-Shot will fire standard 40mm Less Lethal ammunition, up to 4.8 inches in cartridge length. Lightweight and tactical, this weapon is NOT designed to fire 40mm High Velocity ammunition. The Picatinny Rail Mounting System will accept a wide array of enhanced optics/sighting systems.

(Description Source: <https://www.defense-technology.com/wp-content/uploads/2020/06/40mm-Tactical-4-Shot-Launcher.pdf>)

The Department currently possesses the following 40mm munitions:

### Defense Technology 40mm Exact Impact Sponge Round #6325

<b>QUANTITY</b>	156
<b>LIFESPAN</b>	6 years
<b>INITIAL COST</b>	\$18/unit



**Manufacturer:** Defense Technology

**Manufacturer Description:** The Exact Impact 40mm Sponge Round is a point-of-aim, point-of-impact direct-fire round. This lightweight, high-speed projectile consisting of a plastic body and sponge nose that is spin stabilized via the incorporated rifling collar and the 40mm launcher's rifled barrel. The round utilizes smokeless powder as the propellant, and, therefore have velocities that are extremely consistent.

(Description Source: <https://www.defense-technology.com/product/exact-impact-40-mm-standard-range-sponge-round/>)

## Less Lethal Shotgun and Munitions

**Less Lethal Shotgun:** The less lethal shotgun is a standard Mossberg Model 590, 12-gauge shotgun that has been outfitted with an orange-colored stock and foregrip to distinguish from lethal weapons.

**Capability:** The less lethal shotgun can fire a 12-gauge Super-Sock Beanbag Round with a maximum effective range of seventy-five (75) feet. The range of the weapon system helps to maintain space between officers and a suspect reducing the immediacy of the threat, which is a principle of de-escalation.

**Usage:** The use of the less lethal shotgun may be deployed to limit the escalation of conflict where employment of lethal force is prohibited or undesirable. The range of the weapon system helps to maintain space between officers and a suspect and reduce the immediacy of the threat, which is the principle of de-escalation. Situations for use of the less lethal weapon system may include, but are not limited to self-destructive, dangerous, and/or combative individuals, riot/crowd control and civil unrest incidents, circumstances where a tactical advantage can be obtained, potentially vicious animals, and training exercises or approved demonstrations.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the Gilroy Police Department to utilize the less lethal shotgun only for official law enforcement purposes, and pursuant to state and federal law.

**Training Requirements:** All GPD officers are required to complete department training on the Mossberg Model 590 less lethal shotgun system. GPD SWAT operators receive additional department training on the use of less lethal shotgun operations.

The Department currently possesses the following Less Lethal Shotgun(s):

### Mossberg Model 590, 12-gauge shotgun

<b>QUANTITY</b>	10
<b>LIFESPAN</b>	25 years
<b>INITIAL COST</b>	\$620/unit



**Manufacturer:** Mossberg

**Manufacturer Description:** The Mighty 590. With decades of military and law enforcement duty and countless performance and success stories under its belt, it's no surprise that the 590 chosen for duty around the globe is also the ideal choice for home defense needs. With a range of customized stock and sight features right out of the box, and three gauge offerings, the ruggedly-built 590 lineup offers the variety of capacities, finishes, and configurations that will best fit your needs.

(Description source: <https://www.mossberg.com/firearms/shotguns/590.html>)

The Department currently possesses the following Less Lethal Shotgun ammunition:

**Combined Tactical Systems Super-Sock Bean Bag**

<b>QUANTITY</b>	170
<b>LIFESPAN</b>	N/A
<b>INITIAL COST</b>	\$7/unit



**Manufacturer:** Combined Tactical Systems, Inc.

**Manufacturer Description:** The Model 2581 Super-Sock is in its deployed state immediately upon exiting the barrel. It does not require a minimum range to “unfold” or “stabilize.” The Super-Sock is an aerodynamic projectile, and its accuracy is relative to the shotgun, barrel length, environmental conditions, and the operator. The Super-Sock is first in its class providing the point control accuracy and consistent energy to momentarily incapacitate violent, non-compliant subjects. Effective range is 75ft.

(Description source: <https://www.combinedsystems.com/product/2581-12ga-super-sock-bean-bag-priced-individually-per-cartridge-must-order-in-quantities-of-5/>)

## Combined Tactical Systems LC5 Launching Cup

**Combined Tactical Systems LC5 Launching Cup:** A cup that attaches to the department's less lethal shotguns, which allows officers to launch canisters of chemical agents or smoke.

**Capability:** The Combined Tactical Systems LC5 Launching Cup is capable of being attached to almost any 12-gauge shotgun, including GPD's Mossberg 590 12-gauge less lethal shotguns, and firing all Combined Tactical Systems 5 series munitions.

**Usage:** The use of the Combined Tactical Systems LC5 Launching Cup may be deployed to limit the escalation of conflict where employment of lethal force is prohibited or undesirable. The range of the weapon system helps to maintain space between officers and a suspect and reduce the immediacy of the threat, which is the principle of de-escalation. This system has additional uses which include but are not limited to self-destructive, dangerous, and/or combative individuals, riot/crowd control and civil unrest incidents, circumstances where a tactical advantage can be obtained, potentially vicious animals, and training exercises or approved demonstrations.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the Gilroy Police Department to utilize this equipment only for official law enforcement purposes, and pursuant to state and federal law.

**Training Requirements:** Officers utilizing the launching cups are trained by California P.O.S.T.-certified chemical agent instructors.

The Department currently possesses the following Launching Cup(s):

**Combined Tactical Systems LC5 Launching Cup**

<b>QUANTITY</b>	2
<b>LIFESPAN</b>	25 years
<b>INITIAL COST</b>	\$275/unit



**Manufacturer:** Combined Tactical Systems, Inc.

**Manufacturer Description:** The LC5 Launching Cups are designed for the 5200 series grenades. The cups can be attached to virtually any 12ga shotgun, and the munition launched with our model 2600 launching cartridge. These can be fired from most 12ga smooth bore shotguns.

(Description Source: <https://www.combinedsystems.com/product/lc5-and-lc6-launching-cups/>)

## Diversionsary Devices

**Diversionsary Devices:** Canisters that emit a loud noise and bright light that is used to distract dangerous persons.

**Capability:** A Diversionsary device is ideal for distracting dangerous suspects during assaults, hostage rescue, room entry or other high-risk arrest situations. To produce atmospheric over-pressure and brilliant white light and, as a result, a diversionsary device can cause short-term (6 - 8 seconds) physiological/psychological sensory deprivation to give officers a tactical advantage.

**Usage:** Diversionsary devices are used during training and tactical events when a diversion or distraction are believed to be an effective tool to bring an event to a safe resolution.

Diversionsary devices shall only be used by officers who have been trained in their proper use, in hostage and barricaded subject situations, in high-risk (search/arrest) warrant services where there may be extreme hazards to officers, during other high-risk situations where their use would enhance officer safety, and during training exercises.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the Gilroy Police Department to utilize diversion devices only for official law enforcement purposes, and pursuant to state and federal law.

**Training Requirements:** Prior to using this equipment, officers must attend diversionsary device training that is conducted by California POST certified instructors.

The Department currently possesses the following Diversionary Devices:

### Combined Tactical Systems, 7290-2 Flash-Bang

<b>QUANTITY</b>	0
<b>LIFESPAN</b>	N/A
<b>INITIAL COST</b>	\$52/unit



**Manufacturer:** Combined Tactical Systems, Inc.

**Manufacturer Description:** This is a non-bursting, non-fragmenting multi-bang device that produces a thunderous bang with an intense bright light. Ideal for distracting dangerous suspects during assaults, hostage rescue, room entry or other high risk arrest situations.

(Description Source: <https://www.combinedsystems.com/product/7290-2-flash-bang-aluminum-body-low-roll-doublebang-priced-individually-must-order-in-quantities-of-12/#:~:text=7290%2D2%20%E2%80%93%20This%20is%20a,other%20high%20risk%20arrest%20situations.>)

### Combined Tactical Systems, 7290M Mini Flash-Bang

<b>QUANTITY</b>	46
<b>LIFESPAN</b>	N/A
<b>INITIAL COST</b>	\$42/unit



**Manufacture:** Combined Tactical Systems, Inc.

**Manufacture Description:** The CTS 7290M Mini Flash-Bang is the newest generation in the evolution of the Flash-Bang. Our Model 7290M Flash-Bang exhibits all the same attributes of its larger counterpart but in a smaller and lighter package. Weighing in at just 15 ounces the new 7290M is approximately 30% lighter than the 7290 but still has the same 180db output of the 7290 and produces 6-8 million candela of light. The patented design of the 7290M, incorporates a porting system that eliminates movement of the body at detonation even if the top or bottom of the device should be in contact with a hard surface. In addition, internal adjustments have greatly reduced smoke output.

(Description Source: <https://www.combinedsystems.com/product/7290m-mini-bang-steel-body-priced-individually-must-order-in-quantities-of-12/>)

## Rifles and Munitions

**Rifles:** The rifle is a gun that is fired from shoulder level, having a longer, grooved barrel intended to make bullets spin and thereby have greater accuracy over a long distance.

**Capability:** The rifle provides officers the ability to engage hostile suspects at distances generally greater than the effective distance of their handguns. Additionally, rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor. However, rifles are not appropriate for every situation.

**Usage:** To be used as precision weapons to address a threat with more precision and/or greater distances than a handgun, if present and feasible.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the Gilroy Police Department to utilize rifles only for official law enforcement purposes, and pursuant to state and federal law regarding the use of force.

**Training Requirements:** Prior to using a rifle, officers must be certified by POST instructors in the operation of the rifle. Additionally, all members that operate any rifle are required to pass a range qualification annually.

The Department currently possesses the following rifles:

### Colt M4 Commando

<b>QUANTITY</b>	15
<b>LIFESPAN</b>	10 years
<b>INITIAL COST</b>	\$1,998/unit



**Manufacturer:** Colt

**Manufacturer Description:** A rifle that fires an intermediate-power cartridge (5.56mm) which is more powerful than a standard pistol but less powerful than a standard rifle. It is a short-barreled rifle (10.5”) which allows a trained officer better control inside of structures with greater accuracy than a handgun.

(Description Source: <https://www.colt.com/>)

### Colt M4 Carbine

<b>QUANTITY</b>	5
<b>LIFESPAN</b>	10 years
<b>INITIAL COST</b>	\$1,062/unit



**Manufacturer:** Colt

**Manufacturer Description:** A rifle that fires an intermediate-power cartridge (5.56mm) which is more powerful than a standard pistol but less powerful than a standard rifle. It is a short-barreled

rifle (14.5”) which allows a trained officer better control inside of structures with greater accuracy than a handgun.

(Description Source: <https://www.colt.com/>)

## Remington 700

<b>QUANTITY</b>	5
<b>LIFESPAN</b>	10 years
<b>INITIAL COST</b>	\$2,160/unit



**Manufacturer:** Remington

**Manufacturer Description:** A bolt-action rifle with precision optics that fires a .308 Winchester cartridge. The .308 rifle allows SWAT Snipers to accurately engage hostile suspects at great distances. The .308 rifles are used exclusively by officers assigned to the SWAT Sniper Team. These rifles are typically deployed with the SWAT Sniper Team during high-risk SWAT operations and special events or instances wherein Sniper Over Watch Teams are needed.

(Description Source: <https://www.remarms.com/rifles/bolt-action/model-700/>)

## Colt M16A1

<b>QUANTITY</b>	16
<b>LIFESPAN</b>	10 years
<b>INITIAL COST</b>	No Cost/unit



**Manufacturer:** Colt

**Manufacturer Description:** The M16A1 rifle is a lightweight, air cooled, gas operated magazine fed, and shoulder fired weapon that can be fired in semi-automatic.

(Description Source: <https://www.colt.com/detail-page/col-crm16a1-556-20-30rd>)

## Springfield M14

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	10 years
<b>INITIAL COST</b>	No Cost/unit



**Manufacturer:** Springfield

**Manufacturer Description:** The M14 served with distinction as the standard issued rifle of the United States military after the revered M1 Garand. The windage and elevation adjustable rear sight makes zeroing the rifle a pleasure, while the two-stage military trigger, detachable box magazine, op-rod, and roller cam bolt provide functional ease of operation and faithful reliability.

(Description Source: <https://www.springfield-armory.com/m1a-series-rifles/m1a-standard-issue-rifles>)

## Chemical Agent and Smoke Canisters

**Chemical Agent and Smoke Canisters:** Canisters that contain chemical agents that are released when deployed

**Capability:** Chemical agent and smoke canisters have a vast variety of individual capabilities and applications. Chemical agent and smoke canisters carry the agent into the environment in a variety of methods, including but not limited to a micro-pulverized solid (powder), a liquid mist (fogger), a liquid or foam stream, burning pellets (smoke), pyrotechnic devices, and vapor aerosols. Exposure to chemical agents normally causes no lasting effects. This equipment has various indoor and outdoor capabilities and uses. Chemical agents shall be used with caution and only by trained personnel.

**Usage:** Chemical agent and smoke canisters are used to limit the escalation of conflict where employment of lethal force is prohibited or undesirable. Situations for use of the less lethal weapon systems may include, but are not limited to, self-destructive individuals, dangerous and/or combative individuals, riot/crowd control and civil unrest incidents, circumstances where a tactical advantage can be obtained, potentially vicious animals, and in training exercises or displayed during community events.

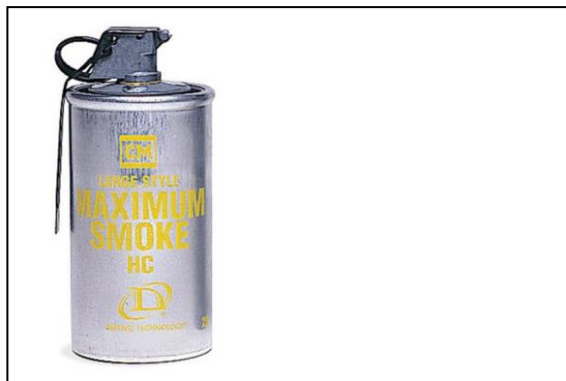
**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the Gilroy Police Department to utilize chemical agents only for official law enforcement purposes, in accordance with the department's Use of Force Policy, and pursuant to state and federal law.

**Training Requirements:** GPD Officers utilizing chemical agent and smoke canisters are certified by California POST less lethal and chemical agent instructors.

The Department currently possesses the following chemical agent and smoke canisters:

### Defense Technology, Maximum HC Smoke Large Canister, #1073

QUANTITY	0
LIFESPAN	5 years
INITIAL COST	\$38/unit



**Manufacturer:** Safariland, LLC / Defense Technology

**Manufacturer Description:** The Maximum Smoke Grenade is designed specifically for outdoor use in crowd control situations with a high volume continuous burn that expels its payload in approximately 1.5 – 2 minutes through four gas ports located on the top of the canister. This grenade can be used to conceal tactical movement or to route a crowd. The volume of smoke and agent is vast and obtrusive. This launchable grenade is 6.0 in. by 2.6 in. and holds approximately 2.9 oz. of active agent.

(Description Source: <https://www.defense-technology.com/product/maximum-smoke-hc-large-style-canister/>)

### Combined Tactical Systems, White Smoke Canister Grenade, #8210

QUANTITY	4
LIFESPAN	5 years
INITIAL COST	\$24/unit



**Manufacturer:** Combined Tactical Systems

**Manufacturer Description:** Small diameter pyrotechnic irritant smoke grenade for outdoor use to disperse crowds. Emits smoke for up to 30 seconds and is small enough to carry in a pocket. Can be hand thrown or launched.

(Description Source: <https://www.combinedsystems.com/product/8210-white-smoke-tactical-canister-grenade/>)

### Combined Tactical Systems, Riot CS Smoke Grenade, #8230

<b>QUANTITY</b>	33
<b>LIFESPAN</b>	5 years
<b>INITIAL COST</b>	\$32/unit



**Manufacturer:** Combined Tactical Systems

**Manufacturer Description:** The smallest diameter burning grenade that discharges a high volume of smoke and chemical agent through multiple emission ports. Specifically for outdoor use and it should not be deployed on rooftops, in crawl spaces or indoors due to fire producing capability. Can be hand thrown or launched.

(Description Source: <https://www.combinedsystems.com/product/8230-outdoor-tactical-grenade-cs/>)

**Combined Tactical Systems, Riot CS Smoke Grenade, #6230**

<b>QUANTITY</b>	1
<b>LIFESPAN</b>	5 years
<b>INITIAL COST</b>	\$40/unit



**Manufacturer:** Combined Tactical Systems

**Manufacturer Description:** Pyrotechnic canister grenade emitting smoke through multiple emission ports for 30 to 40 seconds. May be launched or hand thrown.

(Description Source: <https://www.combinedsystems.com/product/6230-cs-canister-grenade/>)

**Combined Tactical Systems, Baffled Riot CS Smoke Grenade, #5230B**

<b>QUANTITY</b>	20
<b>LIFESPAN</b>	5 years
<b>INITIAL COST</b>	\$40/unit



**Manufacturer:** Combined Tactical Systems

**Manufacturer Description:** Pyrotechnic grenade designed for indoor use delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire.

(Description Source: <https://www.combinedsystems.com/product/5230b-cs-baffled-canister-grenade-pyro-low-flame-potential-2/>)

**Penn Arms, 37mm Single Shot Launcher, #SL1-37**

<b>QUANTITY</b>	6
<b>LIFESPAN</b>	25 years
<b>INITIAL COST</b>	\$1575/unit



**Manufacturer:** Penn Arms

**Manufacturer Description:** A single shot break open frame launcher with smooth bore barrel. Features include: double-action trigger, trigger lock push button and hammer lock safeties, 47mm 1:47 twist rifled 12 inch barrel, combination weaver rail with ghost ring and bead sight, overall length of 29 inches (742.95mm) with fixed stock, unloaded wight 5.906 lbs (2.67 kg), utilizes 37mm munitions.

(Description Source: <https://www.combinedsystems.com/product/l137-1-single-launcher-fixed-stock-w-iron-sights-l1-37/>)

**Sage Control Ordinance, 37mm Rifled Barricade Penetrating, #BP5OC**

<b>QUANTITY</b>	0
<b>LIFESPAN</b>	5 years
<b>INITIAL COST</b>	\$20/unit



**Manufacturer:** Sage Control Ordinance

**Manufacturer Description:** The BP5 is a non-pyrotechnic barricade penetrating munition capable of delivering micro-pulverized chemical agents through barricades from a rifled 37mm launcher. The BP5 achieves superior accuracy and penetration through a combination of barrel rifling and projectile design. The projectile is made of frangible plastic and is filled with a micro-

pulverized powdered chemical agent. The BP5 is designed to penetrate windows, doors, and other barriers. The micro-pulverized powder payload is released upon impact.

(Description Source: <http://www.sageinternational.com/SCOI/ammunition.html>)

### Sage Control Ordinance, 37mm Rifled Barricade Penetrating, #BP5CS

QUANTITY	0
LIFESPAN	5 years
INITIAL COST	\$20/unit



**Manufacturer:** Sage Control Ordinance

**Manufacturer Description:** The BP5 is a non-pyrotechnic barricade penetrating munition capable of delivering micro-pulverized chemical agents through barricades from a rifled 37mm launcher. The BP5 achieves superior accuracy and penetration through a combination of barrel rifling and projectile design. The projectile is made of frangible plastic and is filled with a micro-pulverized powdered chemical agent. The BP5 is designed to penetrate windows, doors, and other barriers. The micro-pulverized powder payload is released upon impact.

(Description Source: <http://www.sageinternational.com/SCOI/ammunition.html>)

### Sage Control Ordinance, 37mm Impact/Chemical, #K03OC

QUANTITY	0
LIFESPAN	5 years
INITIAL COST	\$20/unit



**Manufacturer:** Sage Control Ordinance

**Manufacturer Description:** The K03 is a direct-fire crush nose chemical impact baton round that is designed to be used in situations where a combination of kinetic energy and chemical agents is preferred for the incapacitation of hostile and/or non-compliant individuals. Upon impact, the K03 projectile imparts blunt trauma and additionally releases a micro-pulverized CS or OC powder payload as the baton nose is crushed.

(Description Source: <http://www.sageinternationaltd.com/SCOI/ammunition.html>)

## PepperBall Launchers and Projectiles

**PepperBall Launcher:** A device that discharges PAVA powder projectiles.

**Capability:** A PepperBall Launcher can quickly and accurately deploy small, non-lethal projectiles (“Pepper Balls”) from an effective distance of 150 feet, that produce a chemical that can rapidly produce sensory irritation or disabling physical effects in humans, which disappear within a short time following termination of exposure.

**Usage:** PepperBall equipment is used to limit the escalation of conflict where employment of lethal force is prohibited or undesirable. Situations for use of the less lethal weapon systems may include but, are not limited to self-destructive individuals, dangerous and/or combative individuals, riot/crowd control and civil unrest incidents, circumstances where a tactical advantage can be obtained, potentially vicious animals, and in training exercises or displayed during community events.

**Legal and Procedural Rules:** The use of this equipment shall comply with the authorizations and prohibitions set forth in GPD Policy Manual Section 308 (Use of Force). It is the policy of the GPD to utilize PepperBall Launchers only for official law enforcement purposes, and pursuant to state and federal law.

**Training Requirements:** GPD officers utilizing PepperBall launchers and projectiles are trained in their use by California POST certified less lethal and chemical agent instructors.

The Department currently possesses the following PepperBall equipment:

### PepperBall FTC Launcher

<b>QUANTITY</b>	13
<b>LIFESPAN</b>	20 years
<b>INITIAL COST</b>	\$600/unit



**Manufacturer:** PepperBall

**Manufacturer Description:** Compact and lightweight, the PepperBall FTC is the industry gold standard for crowd-control and other applications where accuracy and reliability is a factor. The FTC features a modular design with a rapid feeding loader and firing rate of 10-12 RPS.

(Description Source: <https://store-c19drjba2a.mybigcommerce.com/content/PEP-21006-FTC-Specs.pdf><https://shop.pepperball.com/products/pepperball-vks%E2%84%A2-carbine>)

### PepperBall Live Projectile

<b>QUANTITY</b>	250
<b>LIFESPAN</b>	3 years
<b>INITIAL COST</b>	\$2/unit



**Manufacturer:** PepperBall

**Manufacturer Description:** The live PepperBall® round contains 2.0% PAVA. It is effective for direct impact and area saturation when there is no line of sight. PAVA is based on one of the hottest of the six capsaicinoids found in pepper plants. PepperBall products contain only safe,

pure, non-oil based PAVA and are non-flammable. Ingredient consistency ensures each projectile operates with quality and effectiveness.

(Description Source: <https://pepperball.com/projectiles/pepperball-live/>)

### PepperBall Live Projectile

<b>QUANTITY</b>	200
<b>LIFESPAN</b>	3 years
<b>INITIAL COST</b>	\$0.69/unit



**Manufacturer:** PepperBall

**Manufacturer Description:** The inert PepperBall® round contains harmless, scented powder. This projectile is best suited for training, qualifications, and direct impact when chemical exposure is not desired.

(Description Source: <https://pepperball.com/projectiles/pepperball-inert/>)

## Conclusion

The acquisition and use of military equipment in our communities may impact the public's safety and welfare. The public has a right to know about any funding, acquisition, or use of military equipment by local government officials, as well as a right to participate in the local government's decision to fund, acquire, or use such equipment. When making decisions regarding how military equipment is funded, acquired, or used, the Gilroy Police Department gives strong consideration to the public's welfare, safety, civil rights, and civil liberties.

In a continued effort for greater transparency, the Gilroy Police Department places high regard to meaningful public input in the use of military equipment in our community, in an effort to increase the safety of the public. Any member of the public can submit a question or concern regarding military equipment use by contacting the Gilroy Police Department's Administrative Division via email at [complaintscompliments@cityofgilroy.org](mailto:complaintscompliments@cityofgilroy.org). The Department will strive to provide a timely response to the community's questions and concerns regarding the use of military equipment.

Any member of the public can submit a complaint to any member of the Department and in any form (i.e., in person, telephone, email, etc.). Once the complaint is received, it should be routed to the Administrative Division.



# City of Gilroy

## STAFF REPORT

**Agenda Item Title:** Acceptance of Cash and Investment Report as of March 31, 2026

Meeting Date: May 18, 2026

From: Matt Morley, City Administrator

Department: Finance

Submitted by: Cindy Murphy, Finance Director

Prepared by: Harjot Sangha, Assistant City Administrator

**STRATEGIC PLAN GOALS:** Develop a Financially Resilient Organization

### RECOMMENDATION

Accept and file the cash and investment report as of March 31, 2026.

### BACKGROUND

The quarterly investment reports are prepared pursuant to the City's investment policy to keep the City Council apprised of the City's investment activities.

### ANALYSIS

As of March 31, 2026, the City's cash and investments totaled \$201.5 million, of which primary investments include: \$25.2 million in the Local Agency Investment Fund (LAIF), \$99.9 million in US Treasury securities, \$32.8 million in other Federal Agency non-amortized, and \$28.4 million in the California CLASS PRIME Fund.

In addition, there is approximately \$15.0 million in cash, of which \$14.0 million is held by Fiscal Agents in the Trustee capacity for various bond issues, including bond proceeds, debt service reserves, bond principal and interest payments, and other post-employment benefits (OPEB) and pensions. \$6.8 million of this balance held by fiscal agents consists of the City of Gilroy's share of the Acquisition and Construction Funds

for the SCRWA Plant Expansion Project, and the remaining portion primarily consists of the Section 115 Trusts for OPEB and pension (\$6.9 million). The fiscal year-to-date interest earnings are \$5.5 million, including accrued interest and amortization of the discount on the securities held, with an effective rate of return of 4.0%, excluding monies held with fiscal agents.

### **ALTERNATIVES**

None.

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

There are no direct fiscal impacts to receiving and filing the quarterly cash and investment report. This activity is included in the Finance Department's annual work plan.

### **Attachments:**

- 1) Cash and Investment Report as of March 31, 2026

CITY OF GILROY  
INVESTMENT REPORT

MARCH 2026



## TABLE OF CONTENTS

1.	PORTFOLIO SUMMARY REPORT.....	1 - 3
2.	INVESTMENTS BY ISSUER REPORT.....	4 - 6
3.	INVESTMENT ACTIVITY.....	7 - 8
4.	QUARTERLY MOVEMENT OVER THE LAST TWELVE MONTHS.....	9
5.	MOVEMENT OVER THE LAST TWO YEARS - GRAPHICAL PRESENTATION.....	10
6.	INVESTMENT PORTFOLIO - GRAPHICAL PRESENTATION.....	11 - 12
7.	INTEREST EARNINGS: FISCAL YEARS 2016 - 2026.....	13





**City of Gilroy  
Portfolio Management  
Portfolio Summary  
March 31, 2026**

City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020  
(408)846-0218

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
LAIF	25,246,672.24	25,246,672.24	25,246,672.24	13.54	1	1	3.866	3.920
Federal Agency Non-Amortized	32,850,000.00	32,840,523.00	32,850,000.00	17.62	651	588	3.911	3.965
Treasury Notes Securities	99,743,400.00	99,836,052.44	99,897,477.37	53.59	440	227	3.770	3.822
California Class	28,429,772.65	28,429,772.65	28,429,772.65	15.25	1	1	3.645	3.696
<b>Investments</b>	<b>186,269,844.89</b>	<b>186,353,020.33</b>	<b>186,423,922.26</b>	<b>100.00%</b>	<b>351</b>	<b>225</b>	<b>3.789</b>	<b>3.841</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	15,031,266.61	15,031,266.61	15,031,266.61		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>201,301,111.50</b>	<b>201,384,286.94</b>	<b>201,455,188.87</b>		<b>351</b>	<b>225</b>	<b>3.789</b>	<b>3.841</b>

<b>Total Earnings</b>	<b>March 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	607,317.98	5,518,596.98
<b>Average Daily Balance</b>	<b>203,146,144.22</b>	<b>196,534,977.85</b>
<b>Effective Rate of Return</b>	<b>3.54%</b>	<b>3.74%</b>
6 Month T-Bill Benchmark:	3.60%	

- NOTES:
1. Fiscal Year To Date Effective Rate of Return without Monies held with Fiscal Agents = 4.04%
  2. The Maturity Aging Factor of the City's Portfolio = 7.50 months.
  3. The unrealized loss resulting from an increase in Market Values obtained from U.S. Bank of all Securities (excluding LAIF) = \$70,902
  4. The LAIF balance shown includes \$5,992,335 in bond proceeds from the Gilroy Library 2010 Bonds that can be used exclusively for the construction of the library.

This is to certify that this schedule of investments is in compliance with the City of Gilroy's investment policy and that there are adequate funds available to meet the City's budgeted and actual expenses for the next six months.

  
Harjot Sangha, Finance Director

05/08/2026

Reporting period 07/01/2025-03/31/2026

**City of Gilroy  
Portfolio Management  
Portfolio Details - Investments  
March 31, 2026**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
<b>LAIF</b>												
SYSLAIF01	LAIF01	LAIF - City of Gilroy			10,134,188.30	10,134,188.30	10,134,188.30	3.920	3.866	3.920	1	
SYSLAIF03	LAIF03	LAIF - Industrial Dev. Auth.			9,120,148.77	9,120,148.77	9,120,148.77	3.920	3.866	3.920	1	
LAIF05	LAIF05	LAIF LIBRARY			5,992,335.17	5,992,335.17	5,992,335.17	3.920	3.866	3.920	1	
<b>Subtotal and Average</b>			<b>40,617,639.98</b>		<b>25,246,672.24</b>	<b>25,246,672.24</b>	<b>25,246,672.24</b>		<b>3.866</b>	<b>3.920</b>	<b>1</b>	
<b>Federal Agency Non-Amortized</b>												
3130B8D25	USB-32	Federal Home Loan Bank Board		10/31/2025	12,850,000.00	12,834,323.00	12,850,000.00	3.755	3.703	3.755	391	04/27/2027
3130BA3N5	USB-38	Federal Home Loan Bank Board		03/26/2026	20,000,000.00	20,006,200.00	20,000,000.00	4.100	4.044	4.101	715	03/16/2028
<b>Subtotal and Average</b>			<b>16,720,967.74</b>		<b>32,850,000.00</b>	<b>32,840,523.00</b>	<b>32,850,000.00</b>		<b>3.911</b>	<b>3.965</b>	<b>588</b>	
<b>Treasury Notes Securities</b>												
91282CBW0	USB-27	U. S. TREASURY NOTES		01/31/2025	20,000,000.00	19,952,800.00	19,946,790.75	0.750	4.158	4.216	29	04/30/2026
91282CLB5	USB-30	U. S. TREASURY NOTES		04/30/2025	9,910,000.00	9,930,910.10	9,927,107.65	4.375	3.781	3.833	121	07/31/2026
91282CLS8	USB-31	U. S. TREASURY NOTES		07/31/2025	20,246,400.00	20,282,033.66	20,257,959.72	4.125	3.964	4.019	213	10/31/2026
91282CMH1	USB-33	U. S. TREASURY NOTES		10/31/2025	8,328,000.00	8,353,733.52	8,364,040.64	4.125	3.537	3.586	305	01/31/2027
91282CLB5	USB-34	U. S. TREASURY NOTES		10/31/2025	9,369,000.00	9,388,768.59	9,390,871.53	4.375	3.600	3.650	121	07/31/2026
91282CMY4	USB-35	U. S. TREASURY NOTES		02/02/2026	6,783,000.00	6,780,151.14	6,796,857.69	3.750	3.503	3.552	394	04/30/2027
91282CNP2	USB-36	U. S. TREASURY NOTES		02/02/2026	13,676,000.00	13,681,333.64	13,730,407.89	3.875	3.517	3.566	486	07/31/2027
91282CMH1	USB-37	U. S. TREASURY NOTES		02/04/2026	11,431,000.00	11,466,321.79	11,483,441.50	4.125	3.512	3.561	305	01/31/2027
<b>Subtotal and Average</b>			<b>99,882,159.96</b>		<b>99,743,400.00</b>	<b>99,836,052.44</b>	<b>99,897,477.37</b>		<b>3.770</b>	<b>3.822</b>	<b>227</b>	
<b>California Class</b>												
CLASS PRIME	CLASS	California Class			28,429,772.65	28,429,772.65	28,429,772.65	3.696	3.645	3.696	1	
<b>Subtotal and Average</b>			<b>28,343,697.89</b>		<b>28,429,772.65</b>	<b>28,429,772.65</b>	<b>28,429,772.65</b>		<b>3.645</b>	<b>3.696</b>	<b>1</b>	
<b>Total and Average</b>			<b>203,097,287.94</b>		<b>186,269,844.89</b>	<b>186,353,020.33</b>	<b>186,423,922.26</b>		<b>3.789</b>	<b>3.841</b>	<b>225</b>	

**City of Gilroy Portfolio  
Management Portfolio  
Details - Cash March 31,  
2026**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity
<b>Monies Held by Fiscal Agents</b>											
WASTEWATER BOND	CONSTRUCTION	U. S. BANK		07/01/2025	6,758,583.25	6,758,583.25	6,758,583.25	0.000	0.000		1
LEASE REV 2020A	INT FUND	U. S. BANK		07/01/2025	127.60	127.60	127.60	0.000	0.000		1
LEASE REV 2022A	INTE FUND	U. S. BANK		07/01/2025	157.87	157.87	157.87	0.000	0.000		1
LEASE REV 2020A	PRIN FUND	U. S. BANK		07/01/2025	456.23	456.23	456.23	0.000	0.000		1
LEASE REV 2022A	PRINC FUND	U. S. BANK		07/01/2025	825.00	825.00	825.00	0.000	0.000		1
WASTEWATER BOND	PYMT FUND	U. S. BANK		07/01/2025	632.11	632.11	632.11	0.000	0.000		1
CFD HWY 152	RESERVE FUND	U. S. BANK		07/01/2025	291,331.95	291,331.95	291,331.95	0.000	0.000		1
LEASE REV 2020A	REVENUE FUND	U. S. BANK		07/01/2025	240.48	240.48	240.48	0.000	0.000		1
CFD HWY 152	SPECIAL TAX	U. S. BANK		07/01/2025	5,470.61	5,470.61	5,470.61	0.000	0.000		1
<b>Section 115 Trust Held by PARS</b>											
OPEB	OPEB	Public Agency Retirement Servi		07/01/2025	1,435,995.54	1,435,995.54	1,435,995.54	0.000	0.000		1
PENSION	PENSION	Public Agency Retirement Servi		07/01/2025	5,540,391.84	5,540,391.84	5,540,391.84	0.000	0.000		1
<b>Wells Fargo Checking</b>											
SYSWFB	WELLS FARGO	WELLS FARGO			776,371.79	776,371.79	776,371.79	0.000	0.000		1
<b>Other Banks-Misc.Account-Petty Cash</b>											
SYSUNDERCOV	UNDERCOV	CHASE BANK MUFG /		07/01/2025	698.30	698.30	698.30	0.000	0.000		1
SYS/MUFG	MUFG	UNION BANK PETTY		07/01/2025	0.00	0.00	0.00	0.000	0.000		1
SYSPETTY	PETTY	CASH		07/01/2025	2,101.16	2,101.16	2,101.16	0.000	0.000		1
SYS/USBANK	USB-CASH	U. S. BANK		07/01/2025	18,348.63	18,348.63	18,348.63	0.000	0.000		1
SYSBAIL	BAIL	WELLS FARGO		07/01/2025	0.00	0.00	0.00	0.000	0.000		1
SYSDISCOVERY	DISCOVERY	WELLS FARGO		07/01/2025	147,397.08	147,397.08	147,397.08	0.000	0.000		1
SYSICS	ICS	WELLS FARGO		07/01/2025	50,542.17	50,542.17	50,542.17	0.000	0.000		1
SYSWORKING	WORKING	WORKING CASH		07/01/2025	1,595.00	1,595.00	1,595.00	0.000	0.000		1
		<b>Average Balance</b>	<b>0.00</b>								<b>1</b>
<b>Total Cash and Investments</b>			<b>203,097,287.94</b>		<b>201,301,111.50</b>	<b>201,384,286.94</b>	<b>201,455,188.87</b>	<b>3.789</b>	<b>3.841</b>		<b>225</b>



**City of Gilroy  
Investments by Issuer  
Active Investments  
Sorted by Type  
March 31, 2026**

City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020  
(408)846-0218

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Call Date	Collateral
<b>CHASE BANK</b>											
SYSUNDERCOV	UNDERCOV	Other Banks-Misc.Account-Petty Cash	Fair	698.30		698.30	03/31/2026				1
<b>Subtotal and Average</b>				<b>698.30</b>		<b>698.30</b>					<b>1</b>
<b>California Class</b>											
CLASS PRIME	CLASS	California Class	Fair	28,429,772.65	3.696	28,429,772.65	03/31/2026	3.696			1
<b>Subtotal and Average</b>				<b>28,429,772.65</b>		<b>28,429,772.65</b>		<b>3.696</b>			<b>1</b>
<b>Federal Home Loan Bank Board</b>											
3130B8D25	USB-32	Federal Agency Non-Amortized	Fair	12,850,000.00	3.755	12,834,323.00	03/31/2026	3.755	04/27/2027	391	04/27/2026
3130BA3N5	USB-38	Federal Agency Non-Amortized	Fair	20,000,000.00	4.100	20,006,200.00	03/31/2026	4.101	03/16/2028	715	03/16/2027
<b>Subtotal and Average</b>				<b>32,850,000.00</b>		<b>32,840,523.00</b>		<b>3.965</b>			<b>588</b>
<b>LAIF - City of Gilroy</b>											
SYSLAIF01	LAIF01	LAIF	Fair	10,134,188.30	3.920	10,134,188.30	03/31/2026	3.920			1
<b>Subtotal and Average</b>				<b>10,134,188.30</b>		<b>10,134,188.30</b>		<b>3.920</b>			<b>1</b>
<b>LAIF - Industrial Dev. Auth.</b>											
SYSLAIF03	LAIF03	LAIF	Fair	9,120,148.77	3.920	9,120,148.77	03/31/2026	3.920			1
<b>Subtotal and Average</b>				<b>9,120,148.77</b>		<b>9,120,148.77</b>		<b>3.920</b>			<b>1</b>
<b>LAIF LIBRARY</b>											
LAIF05	LAIF05	LAIF	Fair	5,992,335.17	3.920	5,992,335.17	03/31/2026	3.920			1
<b>Subtotal and Average</b>				<b>5,992,335.17</b>		<b>5,992,335.17</b>		<b>3.920</b>			<b>1</b>
<b>MUFG / UNION BANK</b>											
SYS/MUFG	MUFG	Other Banks-Misc.Account-Petty Cash	Fair	0.00		0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>		<b>0.00</b>					<b>1</b>
<b>Public Agency Retirement Servi</b>											
OPEB	OPEB	Section 115 Trust Held by PARS	Fair	1,435,995.54		1,435,995.54	03/31/2026				1
PENSION	PENSION	Section 115 Trust Held by PARS	Fair	5,540,391.84		5,540,391.84	03/31/2026				1

**City of Gilroy  
Investments by Issuer  
Sorted by Type**

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Call Date	Collateral
<b>Subtotal and Average</b>				<b>6,976,387.38</b>		<b>6,976,387.38</b>				<b>1</b>	
<b>PETTY CASH</b>											
SYSPETTY	PETTY	Other Banks-Misc.Account-Petty Cash	Fair	2,101.16		2,101.16	03/31/2026				1
<b>Subtotal and Average</b>				<b>2,101.16</b>		<b>2,101.16</b>					<b>1</b>
<b>U. S. BANK</b>											
WASTEWATER BOND	CONSTRUCTION	Monies Held by Fiscal Agents	Fair	6,758,583.25		6,758,583.25	03/31/2026				1
LEASE REV 2020A	INT FUND	Monies Held by Fiscal Agents	Fair	127.60		127.60	03/31/2026				1
LEASE REV 2022A	INTE FUND	Monies Held by Fiscal Agents	Fair	157.87		157.87	03/31/2026				1
LEASE REV 2020A	PRIN FUND	Monies Held by Fiscal Agents	Fair	456.23		456.23	03/31/2026				1
LEASE REV 2022A	PRINC FUND	Monies Held by Fiscal Agents	Fair	825.00		825.00	03/31/2026				1
WASTEWATER BOND	PYMT FUND	Monies Held by Fiscal Agents	Fair	632.11		632.11	03/31/2026				1
CFD HWY 152	RESERVE FUND	Monies Held by Fiscal Agents	Fair	291,331.95		291,331.95	03/31/2026				1
LEASE REV 2020A	REVENUE FUND	Monies Held by Fiscal Agents Monies	Fair	240.48		240.48	03/31/2026				1
CFD HWY 152	SPECIAL TAX	Held by Fiscal Agents	Fair	5,470.61		5,470.61	03/31/2026				1
SYS/USBANK	USB-CASH	Other Banks-Misc.Account-Petty Cash	Fair	18,348.63		18,348.63	03/31/2026				1
<b>Subtotal and Average</b>				<b>7,076,173.73</b>		<b>7,076,173.73</b>					<b>1</b>
<b>U. S. TREASURY NOTES</b>											
91282CBW0	USB-27	Treasury Notes Securities	Fair	19,946,790.75	0.750	19,952,800.00	03/31/2026	4.216	04/30/2026		29
91282CLB5	USB-30	Treasury Notes Securities	Fair	9,927,107.65	4.375	9,930,910.10	03/31/2026	3.833	07/31/2026		121
91282CLS8	USB-31	Treasury Notes Securities	Fair	20,257,959.72	4.125	20,282,033.66	03/31/2026	4.019	10/31/2026		213
91282CMH1	USB-33	Treasury Notes Securities	Fair	8,364,040.64	4.125	8,353,733.52	03/31/2026	3.586	01/31/2027		305
91282CLB5	USB-34	Treasury Notes Securities	Fair	9,390,871.53	4.375	9,388,768.59	03/31/2026	3.650	07/31/2026		121
91282CMY4	USB-35	Treasury Notes Securities	Fair	6,796,857.69	3.750	6,780,151.14	03/31/2026	3.552	04/30/2027		394
91282CNP2	USB-36	Treasury Notes Securities	Fair	13,730,407.89	3.875	13,681,333.64	03/31/2026	3.566	07/31/2027		486
91282CMH1	USB-37	Treasury Notes Securities	Fair	11,483,441.50	4.125	11,466,321.79	03/31/2026	3.561	01/31/2027		305
<b>Subtotal and Average</b>				<b>99,897,477.37</b>		<b>99,836,052.44</b>		<b>3.822</b>			<b>226</b>
<b>WELLS FARGO</b>											
SYSWFB	WELLS FARGO	Wells Fargo Checking	Fair	776,371.79		776,371.79	03/31/2026				1
SYSBAIL	BAIL	Other Banks-Misc.Account-Petty Cash	Fair	0.00		0.00					1
SYSDISCOVERY	DISCOVERY	Other Banks-Misc.Account-Petty Cash	Fair	147,397.08		147,397.08	03/31/2026				1
SYSICS	ICS	Other Banks-Misc.Account-Petty Cash	Fair	50,542.17		50,542.17	03/31/2026				1
<b>Subtotal and Average</b>				<b>974,311.04</b>		<b>974,311.04</b>					

**City of Gilroy  
Investments by Issuer  
Sorted by Type**

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Call Date	Collateral
<b>WORKING CASH</b>											
SYSWORKING	WORKING	Other Banks-Misc.Account-Petty Cash	Fair	1,595.00		1,595.00	03/31/2026			1	
<b>Subtotal and Average</b>				<b>1,595.00</b>		<b>1,595.00</b>				<b>1</b>	
<b>Total and Average</b>				<b>201,455,188.87</b>		<b>201,384,286.94</b>		<b>3.555</b>		<b>208</b>	



**City of Gilroy  
Purchases Report  
Sorted by Type - Type  
January 1, 2026 - March 31, 2026**

City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020  
(408)846-0218

CUSIP	Investment #	Type	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
<b>NOT CALLABLE</b>													
91282CMY4	USB-35	NOT	TRC	USTN	6,783,000.00	02/02/2026	04/30 - 10/31	6,798,897.66	66,049.93	3.750	04/30/2027	3.552	6,796,857.69
91282CNP2	USB-36	NOT	TRC	USTN	13,676,000.00	02/02/2026	07/31 - 01/31	13,736,901.01	2,927.87	3.875	07/31/2027	3.566	13,730,407.89
91282CMH1	USB-37	NOT	TRC	USTN	11,431,000.00	02/04/2026	07/31 - 01/31	11,493,070.10	5,210.26	4.125	01/31/2027	3.561	11,483,441.50
3130BA3N5	USB-38	NOT	FAC	FHLB	20,000,000.00	03/26/2026	09/16 - 03/16	20,000,000.00		4.100	03/16/2028	4.101	20,000,000.00
				<b>Subtotal</b>	<b>51,890,000.00</b>			<b>52,028,868.77</b>	<b>74,188.06</b>				<b>52,010,707.08</b>
				<b>Total Purchases</b>	<b>51,890,000.00</b>			<b>52,028,868.77</b>	<b>74,188.06</b>				<b>52,010,707.08</b>



City of Gilroy  
 7351 Rosanna Street  
 Gilroy, CA 95020  
 (408)846-0218

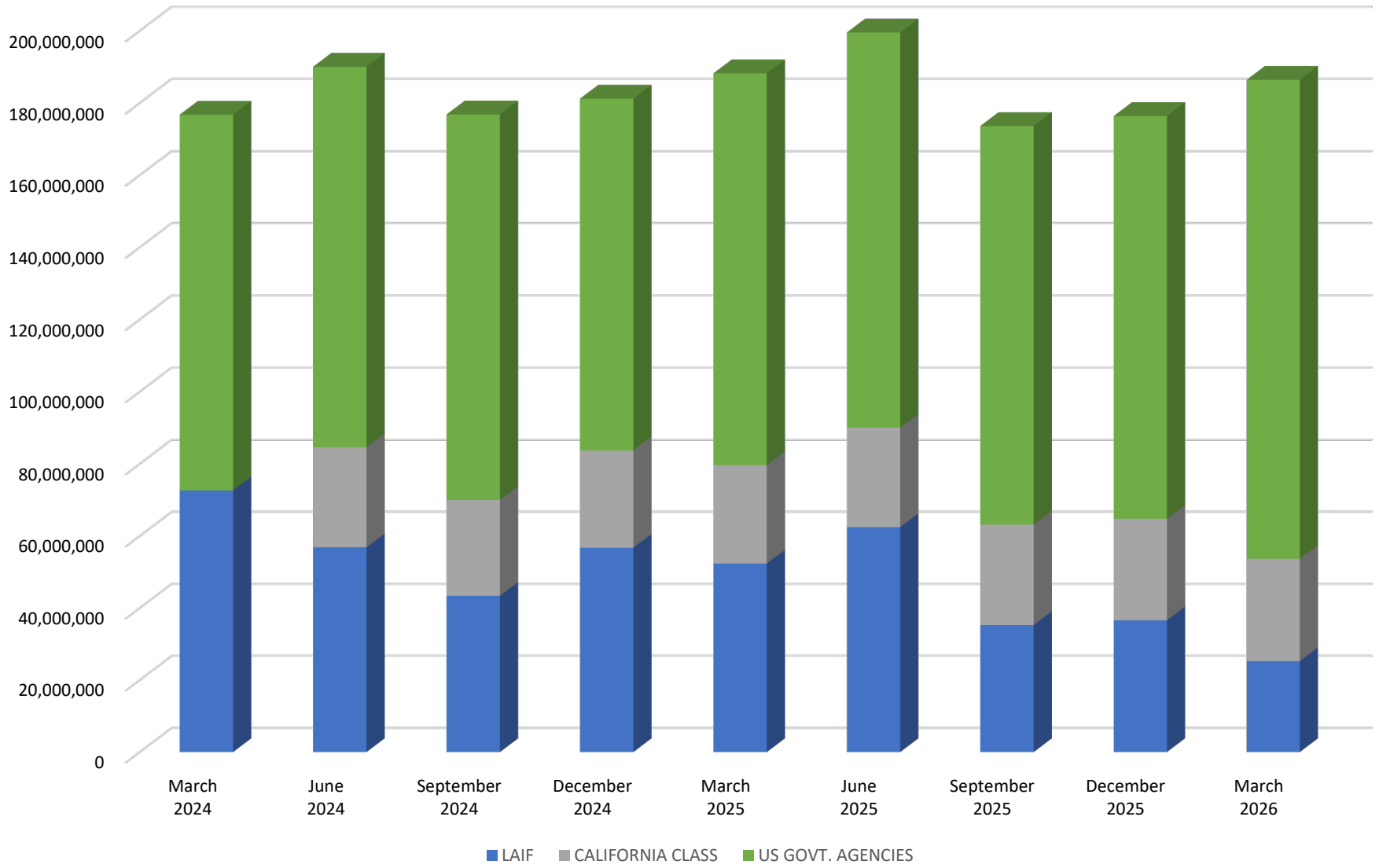
**City of Gilroy**  
**Maturity Report**  
**Sorted by Maturity Date**  
**Amounts due during January 1, 2026 - March 31, 2026**

CUSIP	Investment #	Type	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
91282CBH3	USB-25	NOT	TRC	USTN	10,092,000.00	01/31/2026	07/31/2024	0.375	10,092,000.00	18,922.50	10,110,922.50	18,922.50
91282CJV4	USB-26	NOT	TRC	USTN	9,694,000.00	01/31/2026	10/31/2024	4.250	9,694,000.00	205,997.50	9,899,997.50	205,997.50
<b>Total Maturities</b>					<b>19,786,000.00</b>				<b>19,786,000.00</b>	<b>224,920.00</b>	<b>20,010,920.00</b>	<b>224,920.00</b>

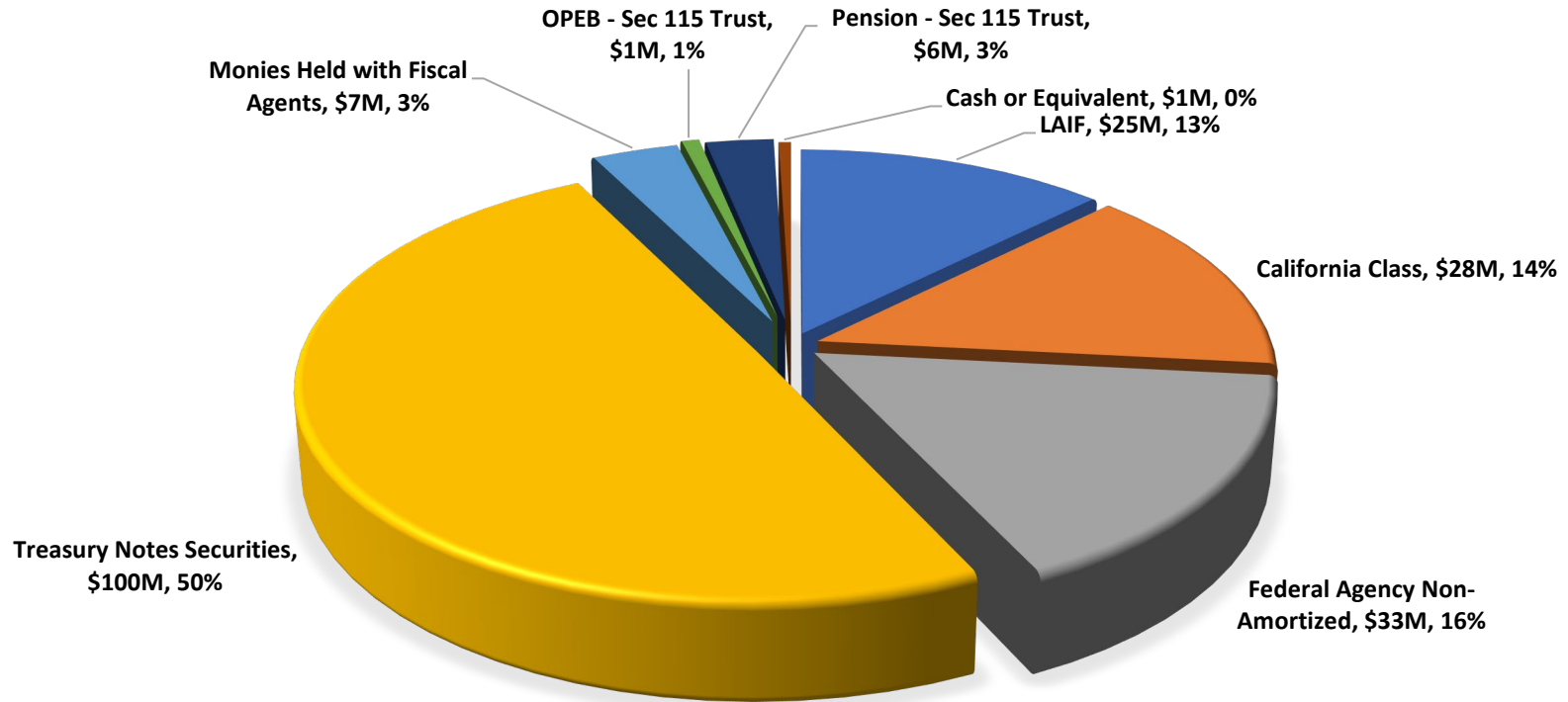
**Quarterly Movement of Investments over the Last 4 Quarters**

<b>DESCRIPTION</b>	<b>Jun 2025</b>	<b>Sep 2025</b>	<b>Dec 2025</b>	<b>Mar 2026</b>	<b>% of Total Mar</b>
<b>LAIF:</b>					
CITY OF GILROY	47,832,701	20,484,576	21,642,810	10,134,188	5.44%
GILROY INDUSTRIAL DEV AGENCY	8,830,459	8,927,205	9,024,725	9,120,149	4.89%
GILROY LIBRARY 2010 BOND	5,801,996	5,865,563	5,929,637	5,992,335	3.21%
<b>SUB TOTAL</b>	<b>62,465,156</b>	<b>35,277,345</b>	<b>36,597,172</b>	<b>25,246,672</b>	<b>13.54%</b>
CALIFORNIA CLASS	27,583,616	27,884,665	28,169,198	28,429,773	15.25%
<b>US GOVERNMENTAL AGENCIES:</b>					
FEDERAL AGENCY NON-AMORTIZED	21,250,000	21,250,000	24,100,000	32,850,000	17.62%
TREASURY NOTES SECURITIES	88,234,366	89,208,746	87,519,113	99,897,477	53.59%
<b>SUB TOTAL</b>	<b>109,484,366</b>	<b>110,458,746</b>	<b>111,619,113</b>	<b>132,747,477</b>	<b>71.21%</b>
<b>GRAND TOTAL (Book Value)</b>	<b>199,533,138</b>	<b>173,620,756</b>	<b>176,385,482</b>	<b>186,423,922</b>	<b>100.00%</b>

**City of Gilroy  
Investments From:  
March 31, 2024 to March 31, 2026**

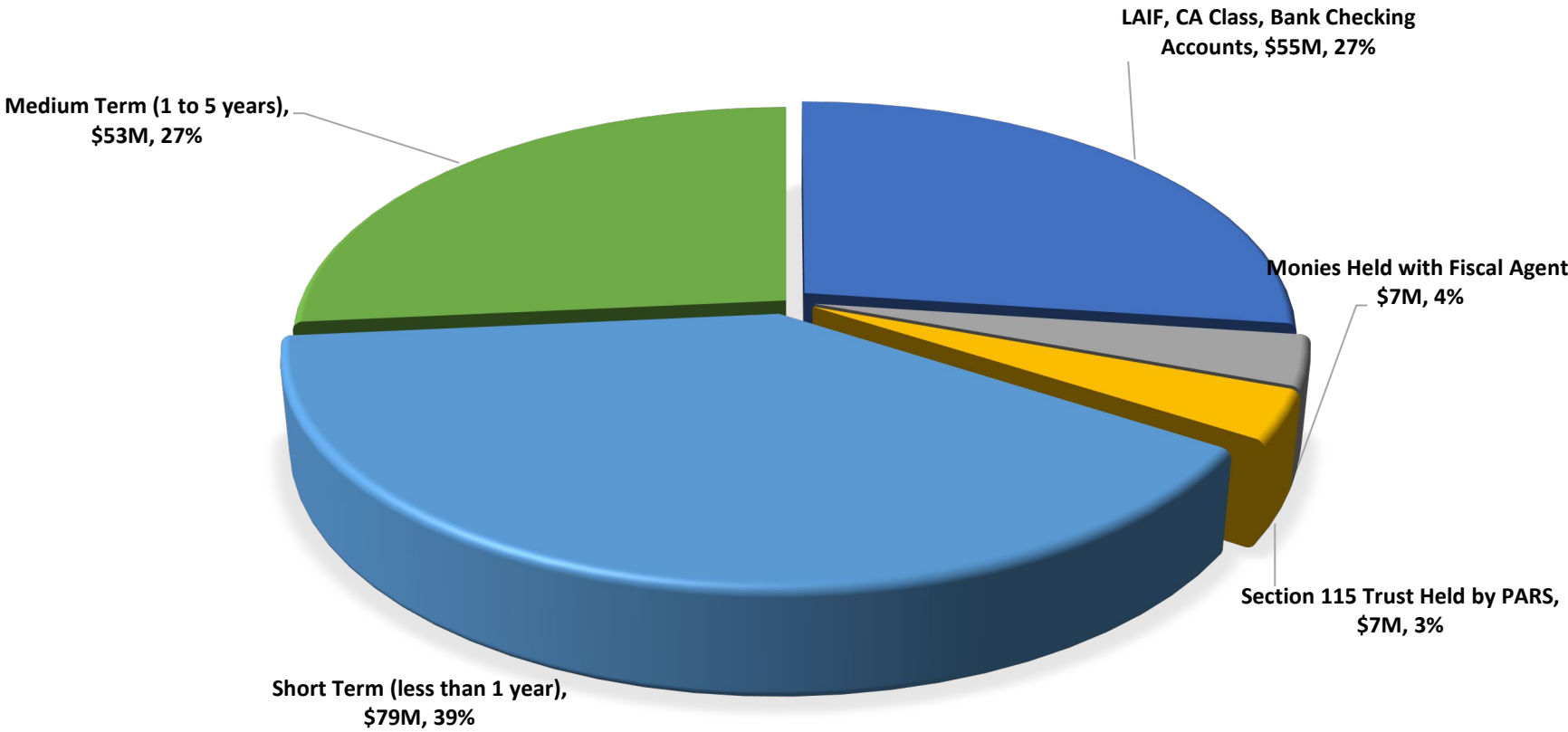


# Book Value by Investment Type As of March 31, 2026



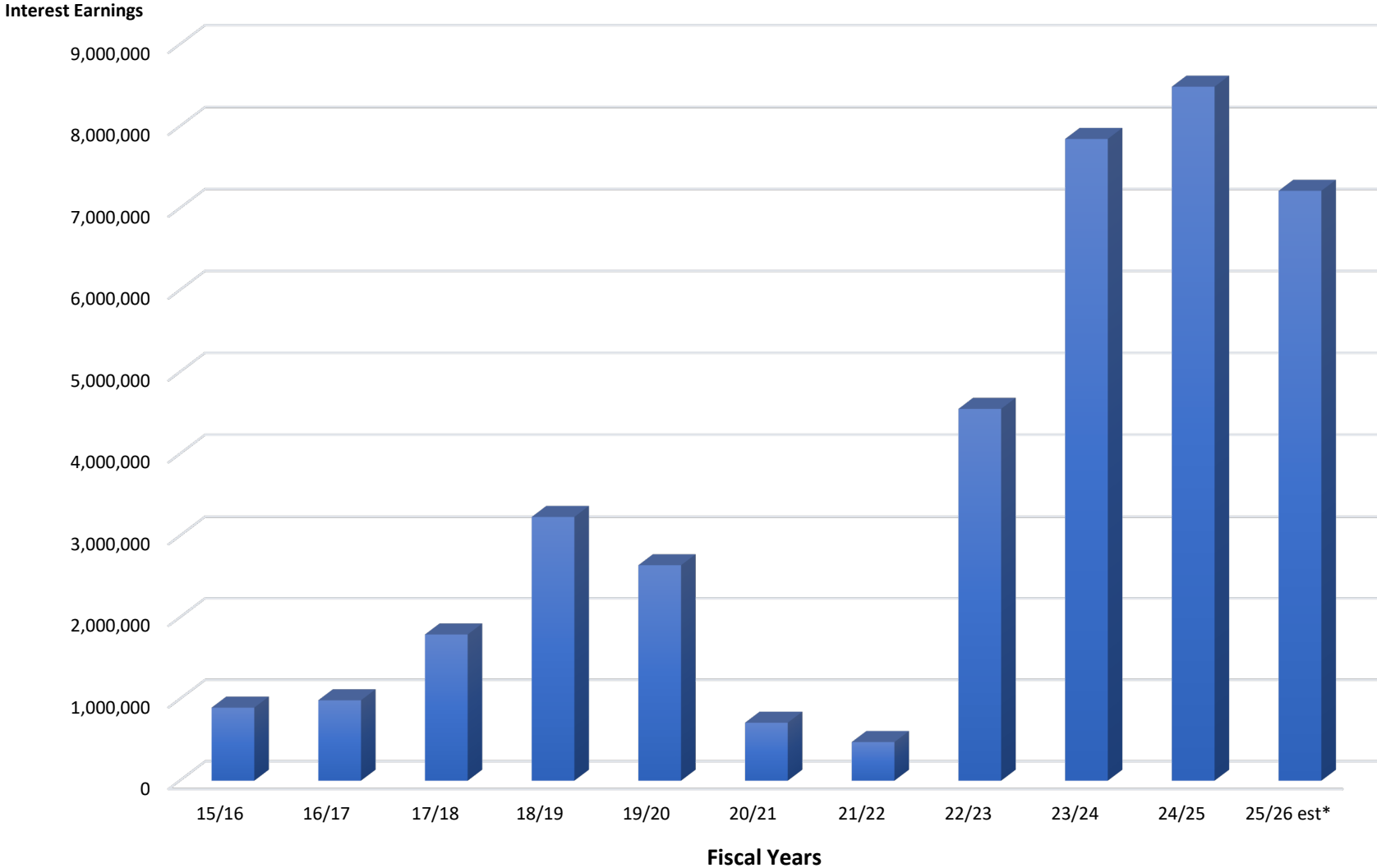
**Value of Portfolio: \$201,455,189**

# Portfolio By Maturity As of March 31, 2026



**Value of Portfolio: \$201,455,189**

# City of Gilroy Interest Earnings FY2016 - FY2026



\*Estimate of full year interest earnings for FY25/26



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Public Meeting Regarding the Renewal of the Gilroy Tourism Business Improvement District (GTBID)**

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Economic Development  
 Submitted by: Raissa de la Rosa, Economic Development Director  
 Prepared by: Victoria Valencia, Economic Development Manager, Raissa de la Rosa, Economic Development Director

**STRATEGIC PLAN GOALS:** Not Applicable

### RECOMMENDATION

Hold a public meeting on the renewal of the GTBID.

### EXECUTIVE SUMMARY

Council's April 20, 2026, approval of a Resolution of intention (Resolution No. 2026-20) to renew the Gilroy Tourism Business Improvement District (GTBID) authorized the release of a Draft Management District Plan and set the dates for a required Public Meeting and subsequent Public Hearing. Today's Public Meeting is an informational meeting of the City Council to preview what the renewed district will fund, the assessment methodology, any changes from the prior term, and to accept public comment. No action is taken at this meeting; it is simply part of the statutory process.

### BACKGROUND

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

by state law, and is set to conclude on December 31, 2027. This current renewal process will extend the life of the District for another ten-year period. The renewed GTBID adds a provision on size, applying a ten (10) rooms or more threshold for the participation in the assessment of lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Gilroy (City). If renewed, the GTBID would generate approximately \$324,000 annually.

### **Tourism Business Improvement Districts**

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

TBID benefits:

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

In California, TBIDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. The key difference between TBIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TBID.

## **ANALYSIS**

### **MANAGEMENT DISTRICT PLAN**

The Management District Plan (Attachment 1) includes the proposed boundary of the GTBID, a service plan and budget, and a proposed means of governance. The GTBID boundary is non-contiguous and will include all lodging businesses with ten (10) rooms

or more, existing and in the future, available for public occupancy located within city limits.

The current annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. During the GTBID’s ten (10) year term, the assessment rate may be increased by the Gilroy Visitors Bureau, Inc. dba the Gilroy Welcome Center’s (GWC) Board to a maximum rate of five percent (5%) of gross short-term sleeping room rental revenue for assessed lodging businesses. If the assessment rate is increased, it may subsequently be decreased, but shall not be decreased below a minimum of two percent (2%) of gross short-term sleeping room rental revenue. The maximum increase or decrease in any year shall be two percent (2%). In the life of the GTBID to date, the assessment rate has been 2% with no changes enacted. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The renewed GTBID will have a ten (10) year term, beginning January 1, 2028, or as soon as possible thereafter, and ending ten (10) years from its start date. As the current ten-year term does not expire until December 31, 2027, it should be noted that embarking on and approving the renewal process this early is inconsequential. The renewal will remain dormant until 2028 and allows for a seamless transition into the next term.

The City will continue to be responsible for collecting the assessment on a quarterly basis from each assessed business, which the City will forward to GWC, which will have the responsibility of managing GTBID programs as provided in the Management District Plan. The City is paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

**GTBID RENEWAL PROCESS**

<p>April 20, 2026</p>	<p><b>RESOLUTION OF INTENTION HEARING (COMPLETED)</b>                  Upon the submission of a written petition, signed by the business owners in the renewed GTBID who will pay more than fifty percent (50%) of the assessments proposed to be levied, the City Council (Council) initiated proceedings to renew the GTBID by the adoption of a resolution expressing its intention to renew the GTBID (Resolution No. 2026-20).</p>
<p>No later than May 1, 2026</p>	<p><b>NOTICE (COMPLETED)</b>                  The 94 Law requires the City to mail written notice to the owners of all businesses proposed to be assessed</p>

	within the GTBID. Mailing the notice begins a mandatory forty-five (45) day period in which assessed business owners may protest GTBID renewal.
May 18, 2026	<b>PUBLIC MEETING</b> Allows public testimony on the renewal of the GTBID and levy of assessments. No Council action required.
June 15, 2026	<b>FINAL PUBLIC HEARING</b> If written protests are received from the owners of businesses in the renewed GTBID which will pay fifty percent (50%) or more of the assessments proposed to be levied, and protests are not withdrawn so as to reduce the protests to less than fifty percent (50%), no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one (1) year from the date of the finding of a majority protest by the Council.  If the Council, following the public hearing, decides to establish the renewed GTBID, the Council shall adopt a resolution of formation. It is during this time of Council deliberation that Council may make changes to the proposed District that are allowable within the confines of the 94 Law.

## ALTERNATIVES

The Council could choose not to advance the renewal of the GTBID. Staff does not recommend this option.

## FISCAL IMPACT/FUNDING SOURCE

The City will receive a fee of two percent (2%) of the amount collected to cover its costs of administration. In addition, GTBID programs are intended to increase visitation to the City, resulting in a potential increase in transient occupancy tax and sales tax collections.

**PUBLIC OUTREACH**

Notice of the public hearing was mailed to owners of all businesses proposed to be assessed within the GTBID.

**NEXT STEPS**

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

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

**Attachments:**

1. 26-0420 - Management District Plan GTBID 10-31-25 Final

2028-2037



# GILROY TOURISM BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

*Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq.*

**October 31, 2025**

# Table of Contents

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



## I. OVERVIEW

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

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

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

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

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

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

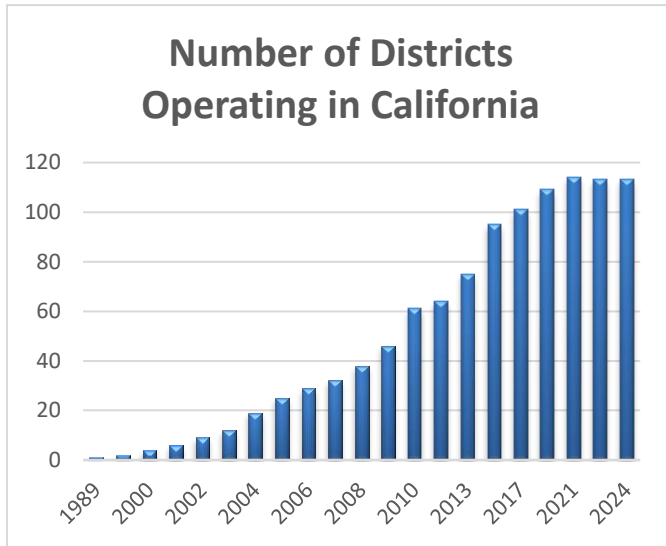
*Duration:* The renewed GTBID will have a ten (10) year life, beginning January 1, 2028 through December 31, 2037. After ten (10) years, the GTBID may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if assessed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

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

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

## II. BACKGROUND

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



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

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

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

There are many benefits to TBIDs:

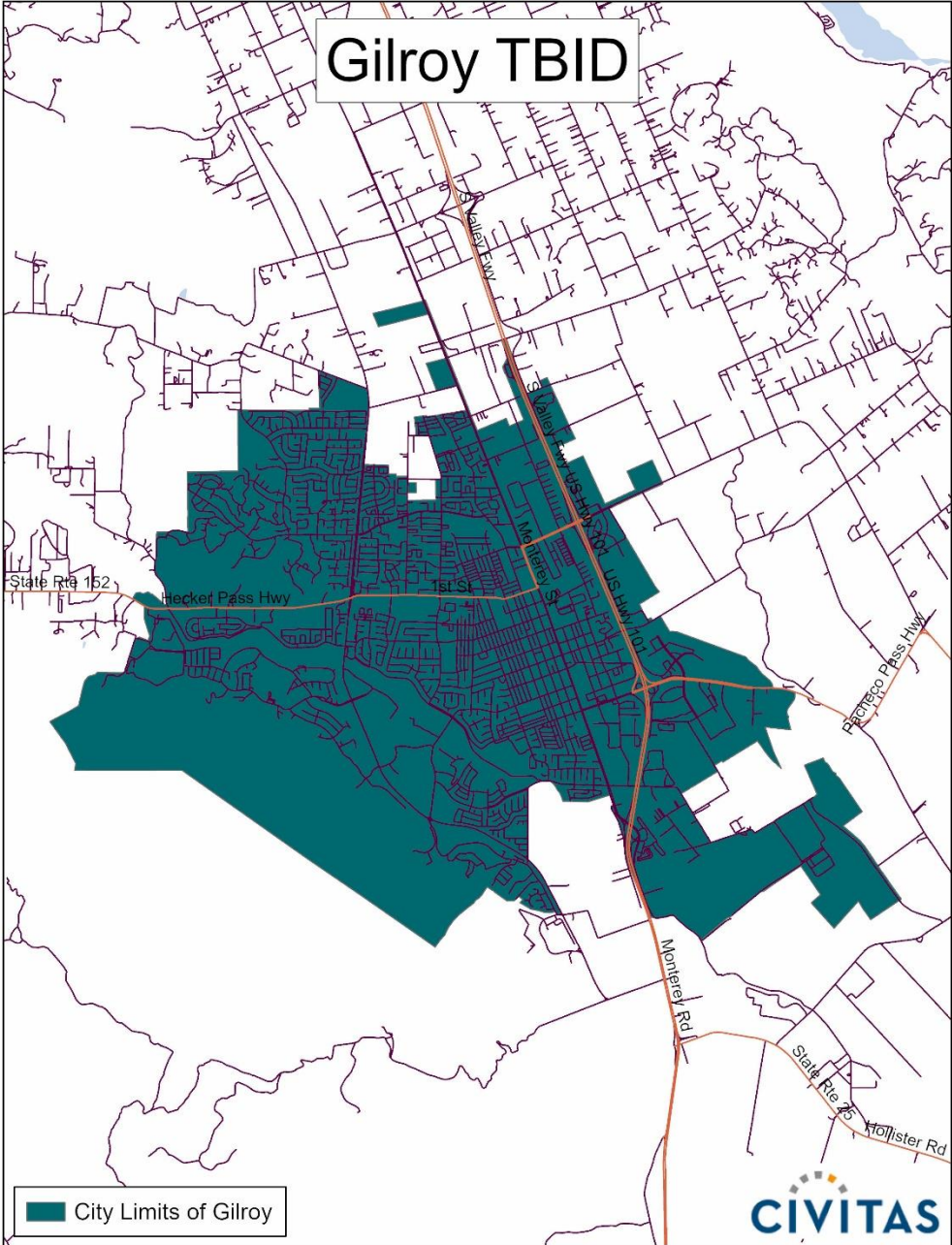
- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are **designed,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

### III. BOUNDARY

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

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

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



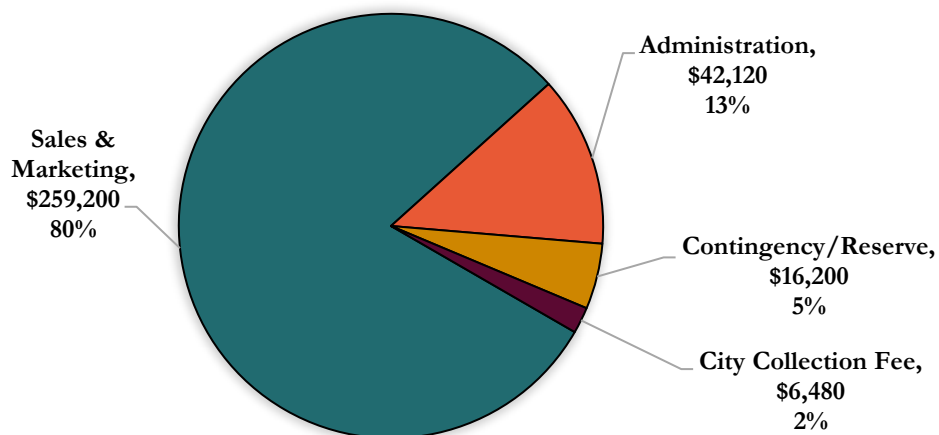
## IV. ASSESSMENT BUDGET AND SERVICES

### A. Annual Service Plan

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

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

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



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

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

## **Sales and Marketing**

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

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

## **Administration and Operations**

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

## **City Collection Fee**

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

## **Contingency/Reserve**

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

## **B. Annual Budget**

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

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

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

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

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

**C. California Constitutional Compliance**

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

**1. Specific Benefit**

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

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

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

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

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

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

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

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

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

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

---

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

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

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

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

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

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

#### **D. Assessment**

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

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

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

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

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

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

Bonds shall not be issued.

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

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

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

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

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

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

## V. GOVERNANCE

### A. Owners' Association

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

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

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

### C. Annual Report

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

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

### D. Annual Review

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

# APPENDIX 1 – LAW

CURRENT THROUGH ALL LEGISLATION OF THE 2024 REGULAR AND SPECIAL SESSIONS

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

**CHAPTER 1. General Provisions**

**ARTICLE 1. Declarations**

**36600. Citation of part**

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

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

The Legislature finds and declares all of the following:

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

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

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

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

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

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

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

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

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

### **36604. Severability**

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

## **ARTICLE 2. Definitions**

### **36606. “Activities”**

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

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

#### **36606.5. “Assessment”**

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

### **36607. “Business”**

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

### **36608. “City”**

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

### **36609. “City council”**

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

#### **36609.4. “Clerk”**

“Clerk” means the clerk of the legislative body.

#### **36609.5. “General benefit”**

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

### **36610. “Improvement”**

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

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

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

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

### **36612. “Owners’ association”**

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

### **36614. “Property”**

“Property” means real property situated within a district.

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

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

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

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

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

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

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

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

**36615.5. “Special benefit”**

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

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

**36616. “Tenant”**

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

**ARTICLE 3. Prior Law**

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

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

**CHAPTER 2. Establishment**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **CHAPTER 3. Assessments**

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

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

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

- (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
- (b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.
- (c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

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

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

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

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

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

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

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

- (a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:
  - (1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
  - (2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.
- (b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

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

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

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

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

**CHAPTER 3.5. Financing**

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

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

**CHAPTER 4. Governance**

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

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

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

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

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

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

**CHAPTER 5. Renewal**

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

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

**CHAPTER 6. Disestablishment**

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

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

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

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

## APPENDIX 2 – ASSESSED BUSINESSES\*

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

\*Jurisdiction list as of October 20, 2025



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Public Hearing Pursuant to Government Code Section 3502.3 (AB 2561) to Receive a Report on City of Gilroy Vacancies, and Recruitment and Retention Efforts

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Human Resources/Risk Management  
 Submitted by: LeeAnn McPhillips, Interim Human Resources Director/Risk Manager.  
 Prepared by: LeeAnn McPhillips, Interim Human Resources Director/Risk Manager.

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

1. Receive the informational report on City of Gilroy Vacancies, and Recruitment and Retention Efforts Pursuant to Government Code Section 3502.3 (AB 2561).
2. Open Public Hearing; and
3. Close Public Hearing.

### EXECUTIVE SUMMARY

Assembly Bill ("AB") 2561, codified in Government Code Section 3502.3, passed in 2024 with a January 1, 2025, effective date, and requires public agencies to hold an annual public hearing to address the status of job vacancies prior to the adoption of the final budget. City of Gilroy adopts a biennial budget, and this is the City's off-cycle year; thus, no budget adoption is scheduled; however, staff is bringing this item before the Council as an annual requirement to meet the statutory requirement of conducting the public hearing at least once per fiscal year. During this public hearing, the City must present information on the status of job vacancies and the City's recruitment and retention efforts. If necessary, the City will identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.

The City's employee bargaining units have been informed of the May 18, 2026, public hearing and shall be entitled to make a presentation at the hearing related to vacancies within their respective bargaining unit. This report is for informational purposes only as the recommended action is for the Council to receive the report as required by law.

## **BACKGROUND**

AB 2561 amends the Meyers-Milias-Brown Act ("MMBA") and was introduced last year to address the issue of job vacancies in local government, which adversely affects the delivery of public services and employee workload. Among other requirements, the bill mandates that public agencies conduct a public hearing to present the status of vacancies, recruitment, and retention efforts during a public hearing before the agency's governing body prior to the adoption of the agency's final budget and identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process. City of Gilroy adopts a biennial budget, and this is the City's off-cycle year; thus, no budget adoption is scheduled; however, staff is bringing this item before the Council as an annual requirement to meet the statutory requirement of conducting the public hearing at least once per fiscal year.

In compliance with the new legal obligations, the City is required to present the following information at the public hearing:

1. The status of vacancies at the City of Gilroy.
2. Information on the City of Gilroy's recruitment and retention efforts.
3. Obstacles in the City of Gilroy's policies, procedures, and recruitment activities that create challenges in the hiring process.

If the number of vacancies within a single bargaining unit meets or exceeds 20% of the total number of authorized full-time positions, the staff presentation will also include the following information:

1. The total number of job vacancies within the bargaining unit.
2. The total number of applicants for vacant positions within the bargaining unit.
3. The average number of days to complete the hiring process from when a position is posted.
4. Opportunities to improve compensation and other working conditions.

## **ANALYSIS**

### **Vacancy Rate Data:**

As of May 1, 2026, there are no bargaining units in Gilroy with a vacancy rate exceeding

20%. Below are the full-time position vacancy rates by bargaining unit and overall.

Bargaining Unit	Full-Time Positions	Vacancies	Vacancy Rate
AFSCME, Local 101	123	14	11.38%
Gilroy Police Officers Association (GPOA)	70	4	5.71%
Gilroy Management Association (GMA)	45	4	8.89%
IAFF, Gilroy Firefighters, Local 2805	40	0	0.00%
Unrepresented Employees	21	3	14.29%
TOTAL	299	25	8.36%

Gilroy's vacancy rate is similar to other agencies and down a bit from the 2025 rate of 10%. Other agencies have vacancy rates ranging from 6 - 20% overall. Vacancy rates can greatly vary by bargaining unit and agency. Also, when evaluating vacancy rate data, smaller agencies or smaller bargaining groups can appear to have a higher vacancy rate even with a small number of vacancies due to the small size of the overall headcount in the agency or bargaining unit.

While AB 2561 is a new law that went into effect on January 1, 2025, providing publicly available information regarding Gilroy's recruitment efforts is not new to our agency. At each Personnel Commission meeting, staff provides a current Recruitment and Employment Status Report to the Commission. This regular report includes information on all current recruitment processes, the status of each process, and the status of hires and separations.

**Vacancies by Bargaining Unit and Recruitment Status:**

The chart below is a summary of current vacancies and the status of the recruitment process. The City's recruitment and selection efforts are dynamic and are being worked on daily, so keep in mind this information is a snapshot in time and can change quickly.

<b>AFSCME, Local 101</b>	<b>Gilroy Police Officers Association (GPOA)</b>	<b>Gilroy Management Association (GMA)</b>	<b>IAFF, Gilroy Firefighters, Local 2805</b>	<b>Unrepresented Employees</b>
Accounting Assistant (2) – screening 150 applications	Detention Services Officer (1) – in background	Community Resilience Coordinator (1) – to be posted	n/a – no vacant positions	Human Resources Director/Risk Manager (1) – interviews 5.15.26
Community Engagement Coordinator – GPD (1) – candidate in background check	Police Officer (3) – 2 in background	Fire Division Chief (1) – on hold – savings for STR construction		Management Assistant (1) – newly approved position to be posted
Code Enforcement Officer (1) – to be posted		Police Crime Analyst (1) – candidate in final pre-hire steps		Utilities Director (1) – interviews 5.22.26
Engineer I (1) – department interviews		Senior Civil Engineer – Utilities (1) – accepting applications		
Maintenance Worker I (4) – candidates in background check				
Operations Services Supervisor – STSWD (1) – screening applications				
Police Records Technician (1) – reviewing list				
Public Safety Communicator (2) – screening applications				
Senior Maintenance Worker – Water (1) – posting due to recent promotion				

**Turnover Data:**

The chart below summarizes turnover data by bargaining unit for FY 26 (July 1, 2025 – April 30, 2026):

Turnover Type/Bargaining Group	AFSCME, Local 101	Gilroy Police Officers Association (GPOA)	Gilroy Management Association (GMA)	IAFF, Gilroy Firefighters, Local 2805	Unrepresented Employees	Totals
Retirement	2	0	1	0	4	7
Voluntary Resignation	8	1	2	0	0	11
Involuntary Separation*	4	3	2	0	0	9
Total	14	4	5	0	4	27

\*Includes release from probation, termination, or resignation in lieu of release/termination

Twenty-seven full-time positions turned over thus far in FY 26 (July 1, 2025 – April 30, 2026). Based on the average number of full-time employees in FY 26 (approximately 274), the City's FY 26 employee turnover rate is about 10%. However, only 4% is attributable to voluntary turnover such as a resignation to take a position with another employer. 2.6% of the turnover is due to retirements and 3.3% is tied to involuntary separations such as release from probation, termination, or a resignation in lieu of release/termination. The average public agency turnover rate in California ranges from 10-20% annually putting Gilroy at the lower end of the average rate. Some California public agencies have a voluntary turnover rate at 13% annually and the rate can run much higher for hard to fill positions. Retirements remain one of the top drivers of the public sector employment turnover rate. According to a 2025 Mercer study of 2,617 organizations (public and private sector), the average voluntary turnover rate in the United States is 13%, excluding retirees. This is down from 2023 and 2024 which reported an average turnover rate of 17.3% and 13.5% respectively.

**Recruitment and Retention Efforts:**

The Human Resources (HR) Team has implemented various programs and efforts to achieve efficiency, effectiveness, and provide excellent service in the recruitment and selection process. These efforts are summarized below:

- **Easy Application Process & Improved Candidate Experience:** Gilroy utilizes an online platform for the recruitment process - NeoGov Insight. This software allows the team to organize and track the various steps of the hiring process so there is a smooth process for candidates, hiring managers, and the HR team. Further, the system offers an easy-to-navigate online system for applicants to submit an online application. Once a candidate establishes a profile in NeoGov, the candidate can access it, update it, and use it to apply for additional positions with the City of Gilroy or other agencies using the same system. The system has a built-in communication tool that allows staff to send notifications to candidates at various steps of the process along with reminder

notifications. NeoGov is the primary system used by most government agencies so candidates looking for government positions are familiar with the system and can use it with ease. Candidates can set up preferences in their profile to be notified when certain positions are open for recruitment by certain agencies. Further, Gilroy works hard to ensure a positive environment for candidates going through the hiring process steps. We strive to welcome candidates and give them positive encouragement when participating in the hiring process. We make ride-alongs and sit-alongs available for certain positions and encourage candidates to get to know what it would be like to work for the City of Gilroy. At times, an option for a Zoom interview is afforded to candidates when they are unable to take a block of time away from work or when a candidate may have a long distance to travel to Gilroy for an interview.

- Reduced Recruitment Timelines: Each recruitment process has a recruitment plan and schedule with deadlines. The HR team evaluates how long certain positions need to be posted to achieve a high-quality applicant pool. For some positions, HR has been able to reduce the posting period down to five-seven days while achieving a strong applicant pool. Further, for many positions, written tests have been eliminated in favor of interviews and practical exercises and Gilroy uses various schools and testing centers where candidates can schedule tests to fit their schedule. As an example, the Peace Officer Standards & Training (POST) written exam and agility exam for Police Officers is offered at various community colleges in the region on a variety of dates. Candidates applying for Police Officer can schedule the exams when they best fit their schedule and then upload their test results via the NeoGov Insight portal. The portal is accessible 24/7 so candidates can complete the application process at any time and/or respond to any emails or notifications at any time. By planning out the recruitment schedule in advance, candidates can plan in advance for interview dates and hiring managers can block calendars to ensure we keep the process moving forward. Gilroy has an expedited re-hire process for seasonal/summer recreation employees, many of whom are college students that return to Gilroy for the summer months. Gilroy has also had some employees who left employment to try another job or due to relocation and have returned to City of Gilroy employment via an expedited rehire process.
- Review of Job Classifications & Recruitment Request Forms: Prior to commencing a recruitment process, HR works with the hiring manager to review the job description to ensure duties and requirements are current. Having an accurate job description will help match qualified candidates for the position. Further, hiring managers can access an easy-to-fill-out Recruitment Request Form to capture all information needed to start the recruitment process. HR works with the hiring manager to identify the added value/ideal candidate qualifications and skills sets to target in the recruitment. First-year projects are identified when appropriate to market the job and the cool things the new hire will get to work on if hired to the position.
- Advertising & Outreach: HR posts jobs in various locations to attract candidates. The most popular places candidates find out about our jobs is the City of Gilroy website, City of Gilroy social media, GovernmentJobs.com which is a site tied to the NeoGov Insight applicant tracking system, and referral by current and former City of Gilroy employees. In addition, ads are posted on various job boards tied to professional organizations related to the position as well as sites that outreach to underrepresented groups. Gilroy's

Communications & Engagement Team also market Gilroy's jobs on various social media sites which seems to really increase our local applicant pool. Lastly, from time-to-time members of the Gilroy team (HR and Departments) attend job fairs and other events to market the City of Gilroy as an employer.

- Employee Referral Program: Last year Gilroy implemented an Employee Referral Program to encourage our employees to take part in the recruitment process by identifying strong candidates for positions across all city departments. Employees can earn \$500 if a referred candidate is hired to a full-time position and another \$500 if the candidate passes probation. Approximately 20 employees have received referral bonuses.
- Use of Search Firms: When needed, the City of Gilroy utilizes the assistance of search firms for hard-to-fill positions and/or high-level management positions. For example, a search firm assisted us in finding our new City Administrator who began work on February 9th as well as our Economic Development Director who began work on February 2. Currently, a search firm with specific experience in the Utilities industry is assisting with filling the Utilities Director position. We also used a search firm for the Police Chief and Human Resources Director/Risk Manager recruitments. Search firms selected have a strong network of candidates and teams that dedicate themselves to marketing and outreach positions.
- Competitive Wages & Benefits: Through our collective bargaining process, Gilroy strives to offer competitive salaries and benefits that will attract and retain high-quality employees.
- Positive Work Environment/Culture & Quality of Life: Gilroy offers a positive work environment for our employees where we encourage employees to take ownership of their position, provide excellent customer service, have fun doing their job, and continuously learn and grow in their role and prepare for their next role. The positive culture is something that requires continuous care and work by everyone on the Gilroy team. This is a priority in the organization and starts at the top and also starts day one with the onboarding process. The team in all departments works hard to ensure warm welcome and training for new hires. In addition, ongoing training and development opportunities, stretch assignments, and rotation of work are some of the ways Gilroy works on retaining employees once hired. Efforts are not a one size fits all and managers adjust their efforts based on the employee's goals and capabilities. Fun events organized by the Employee Appreciation Committee build camaraderie across all city departments. Lastly, with employees being our most important asset to delivering top-notch services to the community, we recognize that employees are "human" and are looking for ways to balance work-life and home-life so things like alternate work schedules are very valuable to our employees and aid with retention. Offering wellness programs and benefits that allow employees to care for their minds and bodies is another way we improve the quality of life for Gilroy employees. Specialized public safety employee wellness programs, our Annual Health & Wellness Fair, and our employee assistance program offerings all contribute to this effort. A positive and supportive work environment can be just as important as competitive wages.
- Building Our Bench: Given the challenges of filling certain jobs and the smaller available workforce, we have implemented programs to build our own bench. A few examples are our college summer internship program, Police Cadet program, and our internal stretch

assignments and training opportunities. Our college intern program led to three recent full-time new hires following a competitive hiring process:

- Human Resources & Risk Management Technician - Summer Intern 2025
- Community Coordinator - Summer Intern 2019; Youth Task Force Intern 2020-2021
- Police Records Technician - Youth Task Force Intern 2025-2026

For Summer 2026, we are in the process of bringing on ten college summer interns in various departments.

Gilroy's Police Cadet Program offers a paid part-time position to students working on a college degree with the goal of them becoming future full-time Gilroy Police Department employees. The job skills learned as a part-time Police Cadet help to prepare the employee for a wide variety of job opportunities. Currently, we have two college students working as part-time Police Cadets.

Lastly, through stretch assignments, training programs, leadership academies, and mentorship, employees have the opportunity to advance to various positions within the organization. Since the last report, the following are examples of internal advancements that have taken place in the organization:

- Operations Services Supervisor to Water Systems Superintendent
- Engineer II to Senior Civil Engineer
- Three Fire Engineers and one Firefighter to Fire Captain
- Police Sergeant to Police Captain
- Police Corporal to Police Sergeant
- Police Officer to Police Corporal
- Fire Captain advanced to Fire Division Chief
- Accounting Assistant advanced to Management Analyst Trainee
- Finance Director advanced to Assistant City Administrator
- Two Maintenance Workers to Water Operators
- One Senior Maintenance Worker to Supervising Water Quality Specialist

Even with all the efforts described above, there is always more to do to recruit and retain great employees. This is a continuous effort not only by human resources but by all managers and employees throughout the organization.

## **ALTERNATIVES**

Not applicable.

## **FISCAL IMPACT/FUNDING SOURCE**

There is no fiscal impact tied to this report other than the staff time to prepare the report.

**PUBLIC OUTREACH**

Notice of the public hearing was provided in accordance with the Brown Act through the City Council agenda posting process.

**NEXT STEPS**

Not applicable.

**Attachments:**

None



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Consideration of Downtown Plywood and Vacancy Regulations**

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Bryce Atkins, Deputy Director of Community Development

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

### RECOMMENDATION

Council provide direction regarding desired regulations for downtown plywood use and vacancies.

### BACKGROUND

In 2023, the City Council established the Downtown Committee to focus on economically enhancing and revitalizing Downtown Gilroy. From its inception, the Committee identified plywood coverings on vacant storefronts and long-term vacant buildings as major visual and economic deterrents. These elements harm the downtown's image, economic activity, and community safety.

To address these challenges, the Downtown Committee formed two specialized subcommittees:

- **Plywood Removal Subcommittee (PRS):** Tasked with developing strategies and regulations to minimize or eliminate unsightly plywood coverings on vacant storefronts, while promoting aesthetically pleasing and transparent alternatives.
- **Vacancy Ordinance Subcommittee (VOS):** Focused on addressing prolonged vacancies in downtown buildings through new regulations and incentives to promote occupancy.

In 2024, the PRS and VOS presented their joint report and recommendations to the City Council, who directed staff to add the two items to the Community Development Department's work plan. In subsequent updates to the City Council, staff noted that these items fell under the discretionary category – City initiatives for the public good that are typically Council- or community-driven but not mandated or core services. Staff also estimated completion by June 2025 (FY 2025 Q4), balancing priorities, daily operations, and mandated and core items against limited resources.

In spring 2025, during budget and workplan development, a long-term Code Enforcement Officer retired – just as the GilroyConnect (SeeClickFix) platform launched – requiring staff to defer these items to FY 2026.

On November 3, 2025, staff returned to Council to provide an update on the initiative and to receive Council direction to revive and strengthen Chapter 5D. The Council provided direction to pursue updating Chapter 5D, considering the Downtown Committee's recommendations, to seek input from property and business owners, and to return with a discussion of a possible vacancy tax.

## **ANALYSIS**

Based upon the direction received from Council, staff has prepared draft ordinance language incorporating the Downtown Committee recommendations, which is attached to this staff report. In summary, it incorporates the following changes to Chapter 5D of the Gilroy City Code:

1. Removes the sunset section of Chapter 5D. Upon the effective date of the proposed ordinance, Chapter 5D will become active again as a result of this removal. There will be no sunset provision going forward, allowing for active enforcement until the Council approves a change to this chapter.
2. Includes the registration fee. The initial and annual renewal registration fee language is already contained in Chapter 5D and will become active again following the removal of the sunset section. The registration fee amount has been increased to \$1,500 per year. The 10% per month interest provision for late payments is proposed to remain.
3. Amends the chapter language regarding the collection of delinquent fees, fines, interest, and penalties to allow for any and all legal remedies, and specifically identifies the ability to assess the amounts owed to the City as a special assessment to the property tax bill of the property where the violations occurred.
4. Adds the requirement of a building report card that would be placed on the property with required information, including name, telephone number, address, date the building became vacant, and any identified code violations for the building.
5. Adds a section focused on the use of plywood and the regulations surrounding it. These provisions include the following:

- a. Prohibited materials
  - b. Appropriate decorative artwork required
  - c. 90-day and one-year limitations for decoration and removal, respectively, as well as fine amounts proposed
6. Amends the definition of vacant commercial space to include a building where at least 35% of the total floor area within the building is not lawfully occupied.
  7. Identifies that delinquent fees, fines, interest, and penalties may be collected via special assessments on annual property tax rolls or via liens on the property when sold.

### **Comparison to the Downtown Committee Recommendations**

The proposed changes broadly meet the recommendations of the Downtown Committee to the City Council, with a few exceptions:

1. For displays and plywood, the recommendation was to have a code enforcement officer send a certified letter to the responsible person once the 90 days were reached. However, if included as part of the triggering language for the requirement to effectuate installations of compliant displays, a responsible person could use the claim that a letter was not received to appeal an issued citation, thereby arguing that the requirement to make the installation was not valid. Code Enforcement will issue the certified letter as part of its administrative procedures to enforce the reactivated Chapter 5D of the City Code, as recommended, but the draft ordinance is proposed to not list this step in the City Code to trigger the display installation requirement.
2. Removed the language of a design being “respectful”, as this term is subjective and hard to enforce. Further administrative rules and regulations to identify objective criteria to meet the intent will be created and maintained pursuant to Chapter 5D.3.
3. In-use and occupancy descriptions in the existing Chapter 5D meet the intent of the language on occupancy in the recommendation of the Downtown Committee and are proposed by staff to remain as-is in the revitalized code.
4. The Downtown Committee’s recommended vacant building definition of 35% of a building being unoccupied or not open for business or open to the public was modified slightly. While the intent is clear, it leaves room for interpretation regarding how the 35% is measured and raises concerns about how to account for occupants that are either non-customer-facing or back-office in nature. However, the 35% floor space provision was incorporated into the definitions of vacant commercial spaces (Chapter 5D.4) and includes language about floor space not being lawfully occupied. This is consistent with the code language from the recommended comparison city’s code that uses 35% as the measure, from the Downtown Committee’s referenced policies.

## **Vacancy Tax**

Staff is recommending to Council to defer any decision on a vacancy tax until a future ballot. As previously reported, the San Francisco vacancy tax has been legally challenged, and a decision was rendered against it. The City and County of San Francisco has appealed the decision, but no resolution has been reached. It was previously recommended by our City Attorney's Office to delay pursuing a vacancy tax until the matter is decided.

Further, Council would still need to determine how the funds from such a tax would be used, whether to pursue it as a general or special tax, and the voting threshold for adoption.

Additionally, staff is recommending against such a measure for the upcoming ballot due to the number of ballot measures the City is presenting to voters, including the Transient Occupancy Tax increase and the Sales and Use Tax increase, as well as any other ballot measures from other local and regional agencies.

Staff proposes to commence enforcement of a restored and enhanced Chapter 5D, and if the result does not achieve a level of improvement that is acceptable to the Council, the matter of a vacancy tax may be taken up again in the future.

## **Property and Business Owner Input**

Staff conducted two meetings for property and business owners, one in-person and one held virtually. Staff also set up an online survey to receive input about the proposed vacancy and plywood measures.

There were 11 attendees across both meetings. Overall, comments were negative towards a vacancy tax, but were largely supportive of code compliance and fees for regulating plywood use. Use of a registration system with fees for vacant buildings was met with concerns from participants at both meetings.

Through the engagement process with property and business owners, a few trends in responses are evident. Overall, comments are positive about pursuing a means to control plywood use, keeping it to the minimum necessary, and improving the condition of downtown and the perception of security, attracting new businesses that will fill vacancies and encouraging foot traffic in downtown. Regarding the fees and fines for plywood, no specific comments opposing the amounts proposed by the Downtown Committee were raised.

Alternatively, input on vacancy regulations was mixed, particularly regarding the associated fees and fines. Some comments were supportive in noting that some property owners have indeed held property without pursuing tenants to fill the vacancies. While there may be several incentives possible for this, the overall sentiment is that it damages downtown development and vitality. There were supportive comments from some attendees, suggesting that property owners who leave their buildings vacant for extended periods should face fees and fines to encourage the

acquisition of tenants. There were also comments arguing the opposite, that there were concerns that even actively marketed properties can take time, including over a year, to attract a tenant in the downtown. Comments were raised that the fee amounts are punitive and too costly for property owners who are actively trying to fill their buildings.

A few attendees suggested a progressive fee structure for vacancy registration. This would facilitate a small fee initially when a property is vacant to cover some of the costs of the program, but as years pass, the fee amount increases to help encourage leasing and finding tenants, as well as addressing the cost of code enforcement inspections of longer-term vacancies that may have more deterioration or code compliance issues due to the longer-term vacancy.

There was also a discussion about granting an exemption for properties that are actively being marketed or are under construction/improvement.

Input received regarding the vacancy tax has been mostly negative, with only a few supportive comments. However, based on the comments, there may have been a blurring of concepts between a registration fee and a tax structure.

City staff also created an online survey for business property owners to provide input on a potential vacancy tax, plywood regulations, and general comments and responses to the proposed programs. Overall results are mixed, with some in favor of the vacancy tax and others opposed, and a similar mix of responses regarding the anticipated effectiveness of these measures in resolving the problem.

As part of the process, other suggestions were raised that are not directly linked to plywood and vacancy regulations, but present possible opportunities to help address the overall conditions in downtown and business encouragement to fill vacancies outside of such regulations. Those comments have been shared with economic development and other associated departments for consideration in the City's ongoing service and operations.

### **Staff Recommendations**

Staff is recommending the following to Council:

1. Direct the incorporation of the Downtown Committee recommendations into Chapter 5D, with the following exceptions:
  - a. Amend the vacancy registration and renewal fee structure to be a progressive fee structure based on the length of time the building has been vacant. Proposed fees would be based on contiguous vacancy, and are recommended to have the following structure, loosely based on amounts provided in the Downtown Committee's recommendations:
    - i. Year 1 (or portion thereof) initial registration: \$750
    - ii. Year 2 and each year thereafter: \$1,500

- b. Remove the 35% reference inclusion for determining a vacant building. The description in the existing Chapter 5D, specifically sections 5D.4 and 5D.6, provides that the provisions of the chapter apply to any portion of a commercial space, defined as any non-residential structure in the downtown districts, and the criteria for what is considered occupancy. The example code language for the 35% being open for business or the public can be a point of dispute for how to interpret it.
2. Direct staff not to pursue a vacancy tax at this time, due to the reasons described earlier in this report.

## **ALTERNATIVES**

Council may:

1. Provide direction to cease the pursuit of the proposed vacancy and plywood regulations. Council may choose not to enact any changes to the City code for these issues. Staff would continue to implement a focus on downtown code compliance to address blight and other adopted codes that affect the safety and maintenance of downtown properties.
2. Direct staff to pursue only one of the initiatives. If Council determines to pursue only one of the initiatives, staff would recommend pursuing the plywood regulations as part of an enhanced focus on code compliance downtown, which may help address concerns about the aesthetic of downtown affecting tenant interest in filling vacancies.
3. Direct staff to adjust the amounts of the registration fees or fines to be charged. This is an option for the Council to determine in its discretion. The proposed amounts are based on the recommendations of the Downtown Committee.
4. Direct staff to pursue the vacancy tax. This is not recommended due to the competitive status with other ballot measures, the discussions needed on the terms of the tax, and the pending legal challenge that may affect the viability of a potential Gilroy vacancy tax.

## **FISCAL IMPACT/FUNDING SOURCE**

There will be a small advertising fee associated with the legal advertisement for the public hearing related to the adoption of the ordinance. Staff time will be used to implement the identified proposed programs, as well as any additional regulations that Council may direct. There are currently no additional financial costs or budgetary actions required for this item.

## **PUBLIC OUTREACH**

This item has been discussed as part of the City Council's strategic planning process, the November 3, 2025, regular meeting, and was included on the publicly posted agenda for this meeting. Additionally, there have been two input meetings with business

and property owners, and a survey was advertised by mail to all business and property owners in the City's downtown.

Depending upon Council direction, there will be a legal advertisement issued to announce the public hearing for any ordinance amendment, as well as outreach to property and business owners regarding the implementation of any changes Council enacts.

#### **NEXT STEPS**

Staff will develop a draft ordinance and return to the City Council for the ordinance's introduction and adoption to implement any direction received.

#### **Attachments:**

1. Draft Gilroy City Code Chapter 5D with Edits

## Chapter 5D

### VACANT COMMERCIAL SPACE IN THE DOWNTOWN HISTORIC AND DOWNTOWN EXPANSION DISTRICTS

Sections:

5D.1 Purpose.

5D.2 Scope.

5D.3 Administration.

5D.4 Definitions.

5D.5 General minimum maintenance requirements.

5D.6 Vacant commercial space registration.

5D.7 Window displays for commercial spaces not occupied for ninety (90) days.

5D.8 Regulations on the use of plywood.

~~5D.89~~ Fees for vacant commercial space registration.

~~5D.109~~ Delinquent ~~registration fees, fines, interest, and penalties~~—Collection.

~~5D.110~~ Duty to amend registration statement.

~~5D.121~~ Inspections.

~~5D.132~~ Enforcement.

~~5D.13 Sunset.~~

#### 5D.1 Purpose.

Commercial buildings that are vacant for an extended period of time may adversely affect surrounding businesses, detract from the appearance of a vibrant downtown, and may contribute to blighted conditions that negatively impact the entire community. The purpose of this chapter is to minimize these adverse effects by preserving and improving the appearance of downtown Gilroy by requiring ground-floor windows of vacant commercial buildings in the Downtown Historic and Downtown Expansion Districts to be aesthetically pleasing when viewed from the street and sidewalk. (Ord. No. 2012-02, § 1, 2-6-12)

#### 5D.2 Scope.

The provisions of this chapter shall apply to all structures in the Downtown Historic District and the Downtown Expansion District, unless otherwise stated, including, but not limited to, properties that have been the subject of a foreclosure sale wherein title has been transferred to the beneficiary of a deed of trust involved in the foreclosure, and to any properties transferred under a deed in lieu of foreclosure or sale. All responsible persons shall comply with the requirements of this chapter. (Ord. No. 2012-02, § 1, 2-6-12)

#### 5D.3 Administration.

This chapter will be administered by, and may be enforced by, the community development director or his or her designee, who may adopt administrative rules and regulations consistent with its terms. (Ord. No. 2012-02, § 1, 2-6-12)

#### **5D.4 Definitions.**

For the purposes of this chapter:

“City” means the City of Gilroy.

“Commercial space” means any portion of a structure in the Downtown Historic District or Downtown Expansion District that is not intended for residential use.

“Downtown Historic District” and “Downtown Expansion District” mean the respective zoning districts of the city, as defined in the Gilroy Zoning Ordinance.

“Occupied”. A commercial space is deemed to be “occupied” when a permitted, nonresidential tenant or user resides in or is physically located in, and is lawfully and actively operating in, the space for at least thirty (30) days and meets the proof of physical occupancy criteria as set forth in Section 5D.6(~~fg~~).

“Responsible person” means any person, firm, association, corporation, business entity, trustee, or receiver, or agent thereof, which owns, leases, rents or has lawful possession of a structure in the Downtown Historic District or in the Downtown Expansion District.

“Vacant commercial space” means any portion of a street-level commercial space that is not occupied and has not been occupied for a period of ninety (90) consecutive days at the time the ordinance codified in this chapter becomes effective or any time thereafter, or a building where at least 35% of the total floor area within the building is not lawfully occupied. (Ord. No. 2012-02, § 1, 2-6-12)

#### **5D.5 General minimum maintenance requirements.**

Responsible persons shall at all times maintain all structures they own, lease, rent or lawfully possess in the Downtown Historic District and Downtown Expansion District pursuant to the Gilroy City Code, the Gilroy Zoning Ordinance and the current construction codes contained in Chapter 6, as amended by the city council. (Ord. No. 2012-02, § 1, 2-6-12)

#### **5D.6 Vacant commercial space registration.**

(a) At least one (1) responsible person for each vacant commercial space must register that space with the city in accordance with this chapter within ten (10) consecutive days of the date the space becomes vacant commercial space.

(b) In order to register a vacant commercial space, as required by this chapter, a responsible person must submit to the community development director, or his or her designee, all of the following information in writing:

- (1) The street address and assessor’s parcel number of the vacant commercial space;
- (2) The name, address, and daytime and evening telephone numbers of each responsible person for the vacant commercial space, including any owner or tenant;

(3) The period of time the vacant commercial space is estimated to remain vacant; and

(4) Any other information requested by the community development director or his or her designee for the administration of this chapter.

(c) The registration of a vacant commercial space subject to this chapter must be renewed annually no later than January 1st of each year that the space was vacant.

(d) The registration of a vacant commercial space subject to this chapter must be renewed within ninety (90) consecutive days of its change of ownership.

(e) Initial and renewal registrations must be submitted on forms to be provided by the community development director, which forms shall be filled out completely and signed by at least one (1) responsible person.

(f) Building Report Card. Upon completion of registration, the department shall produce a sign no less than 18" x 24" posted on the front of the exterior building or structure so it is legible from the public-right-of-way with the following information: (i) name and twenty-four hour contact telephone number and address of the owner, responsible party, or property management company; and (ii) the statement that "THIS PROPERTY MANAGED BY" with the appropriate name inserted and "TO REPORT PROBLEMS OR CONCERNS CALL" with the twenty-four hour telephone number listed. The sign shall also identify the date the structure became vacant and identify any building or city code compliance violations requiring correction.

~~(fg)~~ Upon satisfactory proof to the community development director, or his or her designee, that a vacant commercial space is and has been occupied for at least thirty (30) consecutive days, the vacant commercial space will be unregistered. Proof of physical occupation may include, but is not limited to, proof of the presence of usable furniture, office equipment, retail inventory or other equipment and inventory in the street-level commercial space that is consistent with the structure's intended use, and the regular presence of persons using the street-level commercial space for its intended use. Proof of physical occupancy must also include documentation of occupancy, which may include, but is not limited to, an executed lease agreement, or valid state and local business licenses indicating the subject space is the official business address of the person or business claiming occupancy.

~~(gh)~~ The determination of the number of vacant commercial spaces a structure contains for purposes of registration will be made by the community development director or his or her designee. The number of vacant commercial spaces will be determined by the physical areas that have separate entrances to the commercial space from a public entry or a joint tenant corridor and/or entry to the commercial space.

~~(hi)~~ The provisions of this chapter shall not apply to a vacant commercial space if the following apply:

- (1) The window display area space is the subject of a current, valid building permit for repair or rehabilitation and the responsible person provides proof, such as receipts, invoices or executed contracts, that the repair or rehabilitation is proceeding without significant delay. (Ord. No. 2012-02, § 1, 2-6-12)

### **5D.7 Window displays for commercial spaces not occupied for (90) ninety days.**

Whether or not a vacant commercial space is registered pursuant to this chapter, if any commercial space in the Downtown Historic District or Expansion District has been unoccupied for more than ninety (90) consecutive days at the time this chapter becomes effective or any time thereafter, then responsible persons shall immediately construct and/or install at least one (1) of the following types of displays on or inside all ground-floor windows that face sidewalks, streets, alleys, or public open spaces:

(a) Faux window dressings containing goods or services with the visual characteristics of a vibrant business using background panels or other methods to screen views of the unoccupied space from the street, sidewalk and public areas;

(b) Works of art or other displays of cultural, historical, or educational value, using background panels or other methods to screen views of the unoccupied space from the street, sidewalk and public areas;

(c) Window paintings featuring visually appealing scenes depicting or suggesting business or cultural activities;

(d) Drywall, sheeting, plastic, butcher paper, plain paper or other raw coverings are strictly prohibited. All windows, openings, doors, facades, awnings, must be finished in appearance or in compliance with at least one of the above methods; or

~~(de)~~ Other measures consistent with these examples, if approved in writing by the community development director or his or her designee, in his/her discretion. (Ord. No. 2012-02, § 1, 2-6-12)

(f) Any decorative artwork and mural designs proposed for use must be appropriate for all ages in the community. The community development department will provide examples of appropriate designs to interested, responsible persons.

### **5D.8 Regulations on the use of plywood.**

(a) Plywood may be utilized if the building façade needs to be removed, or as a temporary measure to restrict unpermitted entry when doors, windows, or other potential entry points are exposed and need to be secured.

(b) Plywood must be decorated in compliance with the requirements provided in Chapter 5D.7. Such decoration shall be completed within 90 days of installation.

(c) Plywood must be removed after one-year from installation.

(1) No additional permits will be approved until any active permit is completed, the temporary front is removed, and all applicable fines are paid.

(2) Properties may request a one-year extension if there are extenuating circumstances. The community development director, or their designee, may approve such extensions in writing, at their discretion.

**5D.98 Fees ~~and Fines~~for vacant commercial space registration.**

(a) Commercial space registration. At least one (1) responsible person shall pay an annual registration fee for each registered vacant commercial space that is separately owned or leased. In the case of a newly constructed or remodeled building in which individual spaces are not separately owned or leased, a single initial and annual registration fee shall be paid to cover all commercial spaces within the building. At least one responsible person must pay an initial registration fee to the city at the time the space is registered, and must pay an annual renewal registration fee by January 1st each following year that the space or spaces remain vacant. Registration fees will not be prorated. These registration and fee requirements are applicable to any vacant commercial space in the Downtown Historic District or Expansion District that at the time the ordinance codified in this chapter becomes effective or any time thereafter. The fees will be as follows:

(1) Initial registration: one thousand five hundred ~~twenty~~ dollars (\$1,~~520~~0.00).

(2) Annual renewal registration: one thousand five hundred ~~twenty~~ dollars (\$1,~~520~~0.00).

(3) The fees are intended to defray the costs of administering this chapter and may be changed by the city council to meet these costs. (Ord. No. 2012-02, § 1, 2-6-12)

~~(b) The fees are intended to defray the costs of administering this chapter and may be changed by resolution of the city council to meet these costs. (Ord. No. 2012-02, § 1, 2-6-12)~~(b) Failure to register, or renew the registration of, vacant commercial space in violation of Chapter 5D.6 shall incur a fine of one hundred fifty dollars (\$150.00) per week, or portion thereof, until compliance with the registration requirements is complete.

(c) Plywood, or any portion thereof, that remains undecorated after 90 days in violation of Chapter 5D.8 (b) shall incur a fine of five hundred dollars (\$500.00) per month or portion thereof.

(d) Plywood that remains beyond one year after installation in violation of Chapter 5D.8 (c) shall incur a fine of two hundred fifty dollars (\$250.00) per month, or portion thereof, until all plywood is removed.

(e) Any other violation of this code shall incur a fine as detailed in Chapter 1.7 of the Gilroy City Code.

**5D.109 Delinquent ~~registration fees, fines, interest and penalties~~—Collection.**

(a) If a responsible person fails to pay the registration fee by the due date, the city is authorized to take action to collect the registration fee including a ten percent (10%) per month late payment penalty and its costs of collection, including attorneys' fees, by use of any and all available legal means; in which case such penalties and costs incurred by the city as a result of the collection process will be assessed to the responsible person or responsible persons in addition to the registration fee. (Ord. No. 2012-02, § 1, 2-6-12)

- (b) The city may pursue any and all legal and equitable remedies for the collection of fees and fines, including interest and penalties.
- (c) Delinquent fees, fines, interest, and penalties may be recorded as a lien or special assessment against the property on which the code violation occurred. Prior to recording a lien or special assessment, the city shall prepare a cost report itemizing the amount owed by the responsible person. The city shall comply with the State Board of Equalization or any other state or county law pertaining to the recording of any delinquent fines, interest, and penalties as a lien on the property, or as a special assessment.
- (d) The administrative citation process described in this chapter does not preclude the city from recovering any code violation abatement cost incurred by the city in performing its code enforcement efforts.

#### **5D.110 Duty to amend registration statement.**

Responsible persons for any registered vacant commercial space shall advise the community development director or his or her designee, in writing, of any changes to the information on the registration form within thirty (30) consecutive days of the occurrence of the change. (Ord. No. 2012-02, § 1, 2-6-12)

#### **5D.124 Inspections.**

The community development director or his or her designee, or code enforcement officers, or both are authorized to conduct inspections to enforce the provisions of this chapter. (Ord. No. 2012-02, § 1, 2-6-12)

#### **5D.132 Enforcement.**

- (a) The city may enforce the provisions of this chapter by any of the provisions of the Gilroy City Code, which are in addition to any other remedies provided for by law. Said remedies shall be cumulative and not exclusive.
- (b) It shall be unlawful for any responsible person to violate or fail to comply with any provisions of this chapter. Each responsible person commits a separate offense for each and every day they commit, continue or permit a violation of any provision of this chapter.
- (c) Any responsible person violating any of the provisions of this chapter shall be deemed guilty of an infraction, and upon conviction, shall be punished as set forth in Government Code Section 36900, as it now exists or may hereafter be amended.
- (d) All responsible persons are jointly and severally responsible with respect to compliance with all provisions of this chapter and for any payments required to be made to the city under this chapter, including but not limited to registration fees, late penalties, and costs of collection and enforcement, including attorneys' fees and costs. If the commercial space is subject to a lease,

the city shall have discretion to determine whether to enforce this chapter against the commercial space owner, the tenant, or both of them. (Ord. No. 2012-02, § 1, 2-6-12)

~~**5D.13 Sunset.**~~

~~The provisions of this chapter shall apply to any vacant commercial space in the Downtown Historic District or Expansion District that has been unoccupied for more than ninety (90) consecutive days at the time the ordinance codified in this chapter becomes effective or any time thereafter. Further, the provisions of this chapter shall terminate on the same termination date of the Seismic Safety Ordinance No. 2011-07 and be of no further force and effect, unless extended by a resolution of the city council. (Ord. No. 2012-02, § 1, 2-6-12)~~



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Consideration of Options for Displaying Commemorative Flags at City Hall or the Civic Center Complex**

Meeting Date: May 18, 2026  
 From: Matt Morley, City Administrator  
 Department: Public Works  
 Submitted by: John Doughty, Public Works Director  
 Prepared by: John Doughty, Public Works Director

---

**STRATEGIC PLAN GOALS:** Not Applicable

---

### RECOMMENDATION

Receive this report, consider community input, discuss and provide direction to staff regarding:

- 1) The possible installation of a new (third) flagpole for displaying commemorative flags at City Hall/ Civic Center Complex; and
- 2) Provided a majority of City Council supports the installation of a new (third) flagpole, direct staff to return with revisions to the City's Flag Flying Policy which could include allowing the display of Sister Cities flags, the City Flag as well as other commemorative flags.

### EXECUTIVE SUMMARY

On February 23, 2026 the City Council considered a FAIR Memo submitted by Council Member Ramirez seeking support for installation of a third flagpole for display of commemorative flags and a potential Flag Flying Policy modification to address display of flags on the new flagpole. City Council, by consensus, authorized staff to evaluate potential setting and costs of installing a new flagpole at City Hall or the Civic Center complex to display commemorative flags per the City Council Flag Flying Policy. Staff has identified multiple options for the commemorative flag display and rough cost

estimates for City Council's consideration. Per the FAIR Memo request, Policy revision is contingent upon the addition of a third flagpole.

## **BACKGROUND**

On May 17, 2021 the City Council adopted a City of Gilroy Flag Flying Policy. This Policy, among other things, established a process to consider applications for displaying commemorative flags at City Hall.

On February 7, 2022, the City Council approved a resolution adopting amended and restated City of Gilroy Flag Flying Policy. The Policy retained provisions for consideration of applications for displaying commemorative flags at City Hall.

Since establishment of the Policy, the City Council has approved an annual display of a commemorative flag over four fiscal years.

On February 23, 2026 the City Council considered a FAIR Memo submitted by Council Member Ramirez. The Memo sought City Council support to evaluate siting and funding of a new flagpole at City Hall or the Civic Center complex to display commemorative flags along with revisions to the City Flag Flying Policy should the City Council choose to install a new (third) flagpole.

On February 23, 2026, the City Council supported the request and directed staff to return at a future date to discuss options for placement of a third flagpole for displaying commemorative flags as well as to provide direction on revisions to the City Flag Flying Policy.

## **ANALYSIS**

### **A. Existing Conditions**

There are presently two flagpoles which are located on the eastern exterior of the Council Chambers (City Hall). The flagpoles have traditionally been used to display the U.S. (American) flag and the California State flag. The flagpoles are the same height requiring staff to stagger the height of the State flag manually. When displayed, a commemorative flag has been displayed under the State flag—separate and each lower than the U.S. flag. Presently, there is an ADA accessible area easterly of the flagpoles which can be used for small community/civic gatherings.

An assessment of the existing flagpoles reveals the following:

- Poles are fiberglass, aging and lack modern fixtures (interior housed and mechanized rigging).
- Poles offer limited visibility from the street and parking lot due to the existing tree canopy and proximity to the emergency generator enclosure

- There is currently no ADA accessibility for a community member/group (to participate in the raising or lowering of flags)
- Some minor work is needed to address ADA accessibility at the gathering area

## B. Alternatives

### 1. City Hall

As was noted previously, the Fair Memo suggested that the City Council consider adding a third flagpole to the right (looking from the parking lot) of the pole which displays the State flag. Staff estimates the “bare minimum” cost of adding a third flagpole at City Hall at approximately \$7,000. This includes purchase of a new flagpole, installation of the flagpole, removal of the smaller tree and repair of pavers at adjoining gathering area. Given the material, age and condition of the existing poles, staff would strongly recommend the City Council consider replacing the two existing flagpoles at the same time at a cost of approximately \$10,000.

Staff has considered an expanded alternative for City Hall which would include the installation of three new flagpoles near the existing location at City Hall, expansion/renovation of the gathering plaza with ADA access to the flagpoles and new decorative landscaping. A very rough cost estimate for this variant is \$50,000.

Given the existing conditions at City Hall staff took the opportunity to evaluate options for a new commemorative flagpole separate from City Hall, but within the Civic Center complex. Should the City Council choose to consider options outside the City Hall site, staff offers the following:

### 2. Civic Center Paseo

**Round Planter.** There is an existing elevated round planter located in the paseo between the Library, City Hall and the City Hall Annex (Wheeler Gymnasium). With removal of a single oak tree, a commemorative flagpole could be added. The paseo is fully ADA accessible and often is the site for community events. Staff estimates the cost at approximately \$6,000. This option would not provide community access to the flagpole given the raised planter.

**Paseo Adjacent Site.** A single flagpole could be installed at several locations adjacent to the paseo. The paseo area is available for gathering and is ADA compliant. The option would likely require removal/relocation of a pedestrian light fixture and bench. This option would provide community access to the flagpole.

**Note:** Both of the paseo locations could accommodate up to three flagpoles (allowing eventual removal of City Hall flagpoles) should the City Council desire to eventually shift to a single Civic Center flag display area. The cost of this alternative is principally driven

by the cost of purchase and installation of flagpoles (one or three). Cost estimate for three flagpoles is approximately \$16,000.

### 3. Flag Flying Policy

As was noted previously, the FAIR Memo first seeks City Council approval of a third flagpole. In conjunction with that approval, the Memo, suggests possible revisions to the City's Flag Flying Policy including allowing the flags of Sister Cities to be displayed. Assuming the City Council authorizes a third flagpole, staff is seeking specific direction and input regarding the display of flags on the additional flagpole. Staff can return to the City Council prior to installation of the new flagpole for consideration of revisions. Policy revision work falls within normal duties of the staff and is covered by the applicable operations budget.

#### **ALTERNATIVES**

The City Council could choose to maintain the existing two flagpole arrangement and implement the Commemorative Flag Policy utilizing the existing "State" flagpole for display. This action would be consistent with past practice and require no revision to the Flag Flying Policy or additional General Fund commitment.

The City Council could direct staff to proceed with planning for the installation of a third flagpole at City Hall for commemorative flag displays. The project would ultimately require a budget amendment to allocate resources to implement. If the new/renovated civic plaza option is chosen, staff would need to develop conceptual plans and cost estimates prior to returning for budget authority. Based upon direction given tonight, staff would proceed with preparing a revision to the Flag Flying Policy.

The City Council could direct staff to proceed with planning for the installation of a third flagpole in the Civic Center Paseo area for commemorative flag displays. The project would ultimately require a budget amendment to allocate resources to implement. Based upon direction given tonight, staff would proceed with preparing a revision to the Flag Flying Policy.

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

Currently, there is no funding allocated for the installation of a new flagpole for the commemorative flag display. The purpose of this item is to seek Council direction on the installation of a new flagpole for commemorative flag(s). Depending upon the direction given, staff may return to the City Council for a budget amendment, costs of which can be paid for using the Facilities Fund or the General Fund. Cost estimates provided do not include direct staff costs or lost opportunity cost of re-prioritization.

#### **PUBLIC OUTREACH**

In February, the City Council discussed the Fair Memo and provided community notice of the intent to return to City Council for formal discussion on this matter.

**NEXT STEPS**

Next steps will be wholly dependent upon direction provided by City Council.

**Attachments:**

1. Attachments



**EXISTING CITY HALL FLAGPOLES  
WITH ROUGH APPROXIMATION OF THIRD POLE**



**PLAZA AT CITY HALL LOOKING AT FLAGPOLES  
WITH ROUGH APPROXIMATION OF THIRD POLE**



**CITY HALL PLAZA**



**ROUND PLANTER @ PASEO**



**AT-GRADE PASEO OPTION**