



CITY COUNCIL SPECIAL MEETING AGENDA

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

**WEDNESDAY, SEPTEMBER 16, 2026 | 9:00
AM**

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AGENDA CLOSING TIME IS 5:00 P.M. THE FRIDAY PRIOR TO THE MEETING

Remote Participation

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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.

Public comment will be heard first from those attending in person, with the submission of a speaker card. Once that is complete, we will move to those on Zoom who have their virtual hand raised. Following public comment from Zoom, we will close the public comment period for that item.

Please note: Once the third speaker has provided comment on an item, there will be no further speaker cards or virtual raised hands taken for that item.

Written comments on any agenda item may be emailed to the City Clerk's Office at publiccomment@cityofgilroy.org or mailed to the Gilroy City Clerk's Office at City Hall, 7351 Rosanna Street, Gilroy, CA 95020. Comments received by the City Clerk's Office by 1 p.m. on the day of a Council meeting will be distributed to the City Council prior to or at the meeting and available for public inspection with the agenda packet located in the lobby of Administration at City Hall, 7351 Rosanna Street prior to the meeting. Any

correspondence received will be incorporated into the meeting record. Items received after the 1 p.m. deadline will be provided to the City Council as soon as practicable. Written comments are also available on the City's Public Records Portal at bit.ly/3NuS1IN.

Written comments will not be read aloud during the meeting. They will be provided to the City Council, included in the meeting record, and posted on the City's website as submitted. Communications sent to the City Council are public records and may be disclosed pursuant to the California Public Records Act and the Ralph M. Brown Act, unless exempt from disclosure under applicable law. Personal information, including email addresses, telephone numbers, home addresses, and other contact information, is not required to be included with your public comments. Please do not include any information that you do not want to be made public.



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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.

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The agenda for this special meeting is outlined as follows:

1. **OPENING**
 - 1.1. **Call to Order**
 - 1.2. **Roll Call**
 - 1.3. **City Clerk's Report on Posting the Agenda**
2. **PUBLIC COMMENT**
3. **CITY COUNCIL STUDY SESSION**
 - 3.1. **Fire Service Evaluation Study Session: Current State of the Gilroy Fire Department and Future Service Delivery Options**
 - 3.2. **Capital Improvement Program Study Session**
4. **ADJOURNMENT**



City of Gilroy

STAFF REPORT

Agenda Item Title: Fire Service Evaluation Study Session: Current State of the Gilroy Fire Department and Future Service Delivery Options

Meeting Date: September 16, 2026
 From: Matt Morley, City Administrator
 Department: Fire
 Submitted by: Rob Fleeup, Fire Chief
 Prepared by: Rob Fleeup, Fire Chief

STRATEGIC PLAN GOALS: Develop a Financially Resilient Organization
 Maintain and Improve City Infrastructure
 Ensure Neighborhood Equity from City Services

RECOMMENDATION

It is recommended that the City Council:

- Receive the Fire Service Evaluation Study Session report and supporting technical analysis;
- Confirm the four-station service model as the common baseline for evaluating future fire service delivery alternatives; and
- Provide policy direction regarding which service delivery alternatives, if any, should proceed to more detailed legal, fiscal, labor, governance, and operational analysis.

No change in fire service governance or service provider is recommended for action at this study session.

EXECUTIVE SUMMARY

The City Council identified evaluation of fire service delivery as a priority. This study session provides Council with a current assessment of the Gilroy Fire Department, reviews more than twenty-five years of fire service planning and recommendations,

identifies actions taken by the City, and introduces realistic future service delivery alternatives for Council consideration.

The central planning question is what operational and administrative capacity Gilroy requires to provide the level of fire and emergency medical service expected by the community, and which service model can provide that capacity effectively and sustainably. Staff recommends using a four-station service model as the common baseline for comparison, reflecting the City's three existing permanent stations and the permanent Santa Teresa Fire Station now in development.

Staff is not recommending a change in fire service governance or service provider at this study session. The purpose of the discussion is to establish a common factual baseline and receive Council direction regarding which service delivery alternatives, if any, warrant more detailed analysis.

BACKGROUND

Gilroy has commissioned or participated in multiple fire service planning efforts over the past twenty-five years, including the 2000 Fire Master Plan, the 2003/2004 planning update, the 2010 LAFCO Fire Service Review, the 2007 and 2016 Facilities Assessment, the 2019 Standards of Cover, and the 2023 Countywide Fire Service Review. Although prepared at different times and for different purposes, these studies repeatedly identified similar long-term needs.

The purpose of this study session is to establish a common understanding of the current fire service model, identify existing strengths and deficiencies, review prior independent recommendations and actions taken by the City, and introduce realistic future service delivery alternatives for Council discussion. The analysis is intended to provide a common factual foundation for Council direction rather than advocate for a particular governance outcome.

Over this same period, the City has made substantial investments and organizational improvements, including advanced life support capability, apparatus replacement, development of the permanent Santa Teresa Fire Station, training infrastructure, technology modernization, regional participation, performance measurement, and administrative improvements. The current evaluation therefore considers both the progress already made and the remaining capacity needed for a sustainable future system.

Planning Effort	Primary Focus	Relevance Today
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2000 / 2003-04 Fire Master Planning	Stations, staffing, training and long-term capacity	Established recurring need for additional service capacity.
2010 LAFCO Review	Regional coordination, deployment and future station needs	Reinforced collaboration and future service planning.
(2007 &) 2016 Facilities Assessment	Chestnut and Las Animas condition and functionality	Documented modernization and seismic needs.
2019 Standards of Cover	Deployment, station coverage and effective response force	Identified three-station limitations and Santa Teresa/Glen Loma need.
2023 Countywide Fire Service Review	Facilities, governance, regional operations and technology	Updated regional context and supported renewed evaluation.
2026 Technical Analysis	Historical, operational, fiscal and organizational synthesis	Provides the supporting technical record for this Council discussion.

The Technical Analysis Report should be read as supporting background rather than a recommendation for a specific governance outcome. It does not substitute for a formal property-tax exchange analysis, actuarial review, labor transition analysis, annexation feasibility study, or detailed contract proposal. Those analyses would be undertaken only if Council directs staff to advance one or more alternatives.

ANALYSIS

Current Service Demand and Operational Capacity

Gilroy currently provides municipal fire and emergency medical services from three permanent fire stations, supplemented by the interim Santa Teresa deployment when staffing and operational conditions permit. The Department's current minimum daily staffing is nine line personnel, sufficient to staff three three-person companies. The

City's planned permanent Santa Teresa Fire Station establishes a future four-station service model and creates the need to determine the staffing, apparatus, command, and support resources necessary to operate that model reliably.

Emergency service demand has increased substantially since the City's previous Standards of Cover assessment. In 2018, the Department responded to 5,067 incidents. By 2025, incident volume had increased to 7,014 incidents, generating 8,963 unit responses. Increased call volume is important, but total incidents alone do not describe system demand. Simultaneous and overlapping incidents can require multiple companies at the same time, reducing the number of resources remaining available for the next emergency.

For purposes of this evaluation, staff recommends that Council use a four-station service model as the common operational baseline for comparing future service delivery alternatives. Under the current deployment concept, that represents four three-person front-line companies and a minimum daily line staffing requirement of 12 personnel. The distinction between total authorized positions and daily operational response capacity is important because leave, vacancies, injuries, training, and other absences affect the number of personnel actually available to staff apparatus each day.

Facilities and Capital Investment

The City has made significant progress addressing long-standing facility needs. Most importantly, development of the permanent Santa Teresa Fire Station is underway and represents the physical foundation of a four-station deployment system.

The addition of a fourth permanent station should not be viewed solely as a construction project. A fire station creates an ongoing service commitment that includes staffing, apparatus, equipment, technology, maintenance, and operating costs. Long-term fire service planning must therefore consider the complete cost of operating the four-station system rather than the capital cost of constructing the station alone.

Existing stations, apparatus replacement, training facilities, and other capital needs also remain part of the Department's long-term infrastructure requirements.

Emergency Communications and Technology

Modern emergency response increasingly depends upon digital infrastructure in addition to stations, apparatus, and personnel. Gilroy has implemented or is pursuing improvements involving automatic vehicle location, Tablet Command, mobile incident management, resource tracking, and improved regional situational awareness.

However, technology on individual fire apparatus does not by itself create regional closest-resource dispatch. Full implementation requires interoperability between Gilroy's emergency communications systems and neighboring public safety answering points and dispatch centers.

Continued development of CAD-to-CAD connectivity, shared unit location information, Tablet Command, automatic aid, and regional communications represents one of the most significant opportunities to improve South County emergency response without requiring a change in fire service governance.

Workforce and Organizational Capacity

Long-term fire service sustainability requires more than maintaining authorized firefighter positions. The City must be able to recruit, train, develop, and retain qualified employees while maintaining sufficient administrative and command capacity to manage an increasingly complex emergency service organization.

The Fire Chief currently serves as the Department's sole sworn executive administrator. Three Division Chiefs provide operational Battalion Chief coverage while simultaneously carrying administrative and program responsibilities. Two Civilian professional staff provide important analytical, financial, technology, project management, and administrative support.

This organizational model minimizes administrative overhead but requires operational command personnel to balance emergency response responsibilities with long-range planning, program management, policy development, training, EMS oversight, technology implementation, and organizational development. Future planning should therefore evaluate both line staffing and the administrative capacity necessary to support the Department.

Recruitment, retention, compensation competitiveness, leadership development, succession planning, employee wellness, and organizational culture should similarly be considered components of workforce sustainability rather than isolated personnel issues.

Regional Fire Service Environment

The regional environment evaluated by LAFCO in 2023 has changed. The South Santa Clara County Fire Protection District has been dissolved, Santa Clara County Fire Department now provides service in the former district territory, and Morgan Hill continues to provide municipal fire protection through its cooperative agreement with CAL FIRE.

These changes do not point to a predetermined regional service model. They do, however, change the agencies and governance structures that would be involved in any future South County regional service discussion.

Gilroy should continue pursuing regional opportunities that improve emergency response regardless of governance, including automatic aid, closest-resource response, interoperable communications, shared technology, regional training, wildfire response, specialized resources, and emergency management coordination.

Future changes in the public safety or fire service organization of neighboring jurisdictions, including Morgan Hill, could create additional opportunities for regional cooperation or shared service delivery. Any such opportunity should be evaluated based upon its operational, financial, governance, labor, and community impacts rather than assumed to be either beneficial or undesirable.

Future Service Delivery Alternatives

The purpose of this study session is not to select a future fire service provider or governance model. Staff recommends first establishing the operational service level against which alternatives can be compared. The proposed four-station baseline provides that common reference point.

Potential future alternatives range from continued operation of the municipal Gilroy Fire Department to progressively greater levels of regional cooperation. These could include maintaining the current municipal model with necessary investments; expanding shared services while retaining municipal governance; cooperative or contractual service arrangements; Joint Powers Authority structures; or other regional governance alternatives.

Each alternative presents different implications for operational performance, cost, local control, labor, pensions, facilities and assets, administration, governance, revenue, and long-term financial sustainability. Comparable information sufficient to select among those alternatives is not presently available.

Accordingly, staff does not recommend selection of a governance or service provider model at this study session. Instead, Council direction regarding which alternatives warrant further analysis would allow subsequent work to focus on the legal, fiscal, labor, governance, and operational questions necessary for an informed comparison.

ALTERNATIVES

The City Council may:

1. Receive the report, confirm the four-station service model as the common planning baseline, and identify specific service delivery alternatives for additional analysis, as recommended by staff;
2. Receive the report and direct staff to continue implementation of the municipal fire service model without further evaluation of alternative governance or service delivery models at this time;
3. Direct staff to modify the proposed four-station planning baseline or evaluate additional service delivery alternatives; or
4. Provide other direction.

FISCAL IMPACT/FUNDING SOURCE

The recommended action does not, by itself, authorize a change in fire service delivery or commit the City to additional operating expenditures beyond previously approved appropriations.

The evaluation identifies significant long-term costs associated with maintaining and expanding fire service capacity, including construction and operation of the permanent Santa Teresa Fire Station, staffing necessary to support a four-station deployment model, apparatus replacement, technology, facilities, and organizational support. These costs are described in the supporting report and will continue to be addressed through the City's annual budget and Capital Improvement Program processes.

Should the City Council direct staff to conduct detailed analysis of one or more alternative service delivery or governance models, staff would develop the associated scope, consultant requirements, and funding request and return to Council for authorization as appropriate.

PUBLIC OUTREACH

The 2023 Santa Clara County LAFCO Countywide Fire Service Review was conducted through a public process and included opportunities for review and comment by affected agencies.

The current Fire Service Evaluation was developed by City staff using previous studies, current operational and financial information, regional agency information, and Fire Department performance data. Fire Department personnel and labor representatives have been or will be briefed regarding the evaluation and the issues presented to the City Council.

Any future proposal involving a significant change in fire service governance or service provider would require additional analysis and an appropriate public process before Council action.

NEXT STEPS

Following the study session, staff will incorporate City Council direction into the next phase of fire service planning.

If Council confirms the four-station service model as the common planning baseline,

staff will continue refining the staffing, apparatus, facility, technology, administrative, and financial requirements necessary to support that model.

If Council identifies alternative service delivery models for further consideration, staff will develop the appropriate scope for additional legal, fiscal, labor, governance, and operational analysis and return to Council as necessary for authorization.

Staff will also continue implementation of current Fire Department priorities, including development of the permanent Santa Teresa Fire Station, workforce planning, apparatus and facility planning, emergency communications interoperability, regional coordination, and technology improvements.

Attachments:

None



City of Gilroy

STAFF REPORT

Agenda Item Title: Capital Improvement Program Study Session

Meeting Date: September 16, 2026

From: Matt Morley, City Administrator

Department: Public Works

Submitted by: John Doughty, Public Works Director
Derek Cray, Utilities Director

Prepared by: Nisha Patel, City Engineer, Izabela Cirloganu, Sr. Management Analyst

STRATEGIC PLAN GOALS: Maintain and Improve City Infrastructure

RECOMMENDATION

This is an informational item, and no action is requested.

EXECUTIVE SUMMARY

This report provides information in support of the Capital Improvement Program (CIP) Study Session. The CIP is a planning and budgeting tool to facilitate capital maintenance and new capital projects. The study session will cover the status of the current five-year CIP with emphasis on the current fiscal year.

BACKGROUND

A CIP is a financial planning and prioritization tool that identifies projects, assigns anticipated costs and recommends schedules for design and construction of capital projects/improvements over a multi-year period, typically five years. Capital improvements are projects or plans which involve the purchase, improvement or construction of major fixed assets and equipment (generally \$30,000 or greater in value) which are typically nonrecurring and relatively permanent. A capital project can also be a "Plan" which provides a basis for the need for specific capital improvements and/ or support a statutorily-required nexus for development impact fees. The CIP is intended to

address future development-related needs as well as address deferred maintenance. The CIP ultimately is intended to address statutory obligations, eminent life safety needs, community desires and optimally align with Council strategic priorities.

The City of Gilroy's Capital Improvement Program ("CIP") is established as a five-year program which is prepared and updated concurrently with the biennial budget. Staff is currently beginning to work on the next five-year CIP which will cover FY28 through FY32. The Program will identify, prioritize, and establish a multi-year work plan for major capital expenditures and align those projects with available funding sources. The City Council will be asked in June 2027 to adopt both the five-year CIP and the next two fiscal year Capital Budget. The Plan covers City of Gilroy roadways, parks, facilities, water, wastewater, and other related infrastructure.

CIP projects are implemented using a variety of funding sources. Funding includes dedicated/restricted funds like sewer and water enterprise funds, some are allocated funds like gas tax (which are restricted to transportation related work), some are grant funds and some receive General Funds. Grant funds represent \$7.3 million of the FY27 Capital Budget while \$19.3 million of the FY27 Budget is derived from the General Fund.

The Five-Year CIP also includes a list of projects which were not ultimately prioritized for funding (Unfunded Projects). These projects are included and identified as necessary but lack funding sources. Unfunded projects include a variety of projects like update of the City's ADA Transition Plan and preparation of a Facilities Assessment. These projects are important to include as grants and other funding sources sometimes become available and CIP prioritization (even as unfunded) often is critical to a successful application. Current unfunded projects will be re-evaluated with each future CIP.

ANALYSIS

The delivery of high-quality capital projects that improve and maintain the City's infrastructure and the quality of life of the community are critical to the mission of the Public Works Department and Utilities Departments (Public Works and Utilities). The CIP is the means for Public Works and Utilities to match available funding with needed capital improvement and infrastructure maintenance projects and make those recommendations to City Council.

Currently, Public Works is operating at full capacity, delivering a robust capital program that addresses road pavement conditions with an emphasis on Public Works and streets. The program adds stormwater treatment; improves City transportation network; and improves City parks, facilities, and buildings. Public Works is primarily tasked with delivery of the capital projects with the strategic assistance of professional design firms, project/construction managers and specialty inspectors.

The Utilities Department, established in 2024, provides dedicated oversight to the City's water and wastewater infrastructure, including CIPs for the South County Regional Wastewater Authority (SCRWA). The Utilities department has continued to build its organizational and staffing capacity while prioritizing and advancing the most critical CIP projects.

Public Works and Utilities deliver capital projects with strategic assistance of professional design firms, project/ construction managers and specialty inspectors. The Engineering Divisions of each Department are responsible for the preparation of plans and specifications, procurement as well as construction delivery of capital assets and infrastructure. The process also involves preparation of feasibility studies, environmental reviews, and, often times, public outreach.

This report provides an update on the status of the City's Five-Year Capital Improvement Program with emphasis on the immediately preceding fiscal year and the current fiscal year. The report outlines completed projects as well as projects currently in construction, projects in design, and future anticipated projects of significance.

Completed Projects FY25/26

FY25 Paving Project – constructed 4.93 miles of roadway pavement restoration on twelve of some of the city's most heavily traveled roadway segments. Improvements were also made to two alleys and their associated driveways. This project was funded with \$283,343 of Gas Tax Funds (Fund 205), \$3,293,591 of Road Funds/ SB1, \$3,006,409 of Measure B Funds (Funds 212), and \$327,763 of Vehicle Registration Fee Funds (Fund 220). The Project completed construction in April 2026 at a total cost of \$6,911,106.

2025/2026 CDBG Sidewalk Improvements - constructed 130 linear feet (LF) of sidewalks and driveway along the east side of Monterey Road between Gateway Senior Apartments and ROEM Apartments. The project was funded with \$154,979 of Community Development Block Grant (CDBG) (Fund 245) and completed construction in March 2026.

Sidewalk Concrete Shaving - concrete shaving occurred at 851 sidewalk locations citywide where minor concrete defect repairs (3073 LF) were needed. The project was funded with \$50,000 of Sidewalk Repair Reserve Funds (Fund 200) which is funded by the General Fund and completed construction in December 2025.

Princevalle Street and 9th Street Intersection Improvements - constructed pedestrian crossing improvements including crosswalk striping and signage. The project was funded with \$8,156 of Vehicle Registration Fee Fund (Fund 220) and completed construction in July 2026.

Reduced Speed Limits Near Schools – installed new signage to reduce the existing 25

mph speed limits in school zones to either 20 mph or 15 mph, and speed limits approaching school zones to 25 mph. The project was funded with \$175,000 of Vehicle Registration Fee Funds (Fund 220) and completed construction in August 2026.

Charles Lux and Lopez Way All Way Stop Control Analysis and Las Animas Elementary School Area Study - performed an all way stop analysis at Charles Lux Drive and Lopez Way and a school area study for the area around Las Animas School and a concept plan. This project was executed under Citywide Safety Improvements Project and was funded with \$49,960 of Gas Tax Funds (Fund 205) and completed preparation in June 2026.

Traffic Signal Upgrades - replaced vehicle video detection equipment at four signalized Intersections (Santa Teresa Boulevard/Day Road West, Santa Teresa Boulevard/Sunrise Drive, Santa Teresa Boulevard /Longmeadow Drive, Luchessa Avenue/Princevalle Street). The project was funded with \$129,994 of Gas Tax Funds (Fund 205) and completed construction in December 2025.

Traffic Signal Improvements (in Signal/ Street Light Maintenance Project) – will replace vehicle video detection equipment at four intersections (Camino Arroyo Drive/Gilman Road, Camino Arroyo/Lindsteadt Way, Camino Arroyo Drive/Renz Lane, and Santa Teresa Boulevard/Mantelli Drive). This project is funded with \$106,806 of Vehicle Registration Fee Fund (Fund 220) and \$33,811 Gas Tax Fund (205) and was completed in June 2026.

Citywide Park Improvement Program:

Hecker Pass Park Shade Covers – installed new shade amenities to improve comfort and usability for park visitors. The improvements are designed to support year-round recreation while enhancing the overall park experience. This project was funded by the General Fund (Fund 100) and completed construction in April 2026 at a total cost of \$112,000.

Del Rey Playground Retrofit - replaced the existing playground equipment with new, modern play structures designed to enhance safety, accessibility, and overall play value for the community. This project was funded with \$87,000 of General Funds (Fund 100) and completed construction in December 2025.

El Roble Park Playground Retrofit - replaced the existing playground equipment with new, modern play structures designed to enhance safety, accessibility, and overall play value for the community. This project was funded with \$60,000 of General Funds (Fund 100) and completed construction in May 2026.

Rainbow Park Playground Retrofit - replaced the existing playground equipment with new, modern play equipment designed to enhance safety, accessibility, and overall play value for the community. This project was funded with \$200,000 of General Funds

(Fund 100) and completed construction in June 2026.

Las Animas Veterans Park Oaks Restroom Replacement - completed a restroom rehabilitation project to improve functionality, accessibility, and overall visitor experience. This project was funded with \$200,000 of General Funds (Fund 100) and completed construction in May 2026.

Las Animas Veterans Park Tennis Court 5&6 and Basketball Court Resurfacing Projects - improved the playability and safety by restoring the court surfaces and refreshing court striping. This work addressed surface wear and extended the useful life of the courts for community use. This project was funded with \$87,000 of General Funds (Fund 100) and completed construction in June 2026.

Projects In Construction

Water and Wastewater Infrastructure:

Well 8/8A Rehabilitation Project – upgrading and rehabilitating two of the City’s potable water wells, which includes a new water quality analyzer, replacement of column pipe, and a replacement well pump. Design is complete, and most of the equipment has been received. Installation, programming, and startup are scheduled for this fall. The project was funded through the Water Enterprise Fund (705) with a total project budget of \$320,000.

Automated Flexnet Water Meter Installation – replaces the City’s remaining aging meters with remote-read Advanced Metering Infrastructure (AMI) to monitor water consumption, reduce labor associated with manual meter readings, identify customer water leaks, and improve water loss management. The project is being completed in-house by Utilities Operations staff and is approximately 95% complete. The funding for this project is from the Water Enterprise Fund (705), with a total 5-year approved budget of \$1.6 million. The project is expected to be completed by December 2027.

SCRWA Wastewater Treatment Plant Expansion – expands the jointly owned wastewater treatment plant capacity from 8.5 million gallons per day (MGD) to 11 MGD to accommodate the future wastewater treatment needs of the cities of Gilroy and Morgan Hill. Improvements include a new Membrane Bioreactor (MBR), ultraviolet (UV) disinfection system, chemical treatment facilities, blowers, pumps, electrical buildings, and a standby generator. The project is currently in the startup and commissioning phase, with clean water testing underway and seeding and mixed water testing anticipated to begin by the end of September 2026. The 5-year CIP funding for the project is \$35.9 million, which represents Gilroy’s share of the project.

Public Works and Parks Improvements:

FY26 Sidewalk Replacement Program – project consists of replacing sidewalk, curb and

gutter, and trees at 87 locations citywide. The project was funded with \$1,110,735 of Sidewalk Repair Reserve Funds (Fund 200) which is funded by the General Fund and anticipate construction completion by October 2026.

Las Animas Veterans Park Pickleball Project – constructs six pickleball courts, fencing, lighting, stormwater facilities, and other associated improvements. This project is funded \$1,206,690 of Recreation Funds (Funds 290) and \$155,000 from Facilities Services Funds (Fund 615) which were from General Funds. The Project is planned to be completed by October 2026.

State Trash Amendments (Storm Drain Inlet Trash Capture Devices) - installs 73 trash capture devices at select locations of the City storm drain system. The project is funded with \$157,707 Stormwater Management Funds (Fund 422). The project is expected to be completed by December 2026.

Concrete Split Rail Fence Replacement – replaces concrete split rail fence along the existing trail near the Hecker Pass development. The project is funded with \$551,500 Community Facilities District Funds (Fund 260). The project is expected to be completed in planned to be completed by January 2027.

Christmas Hill Park Ranch Site Irrigation and Pump Station Improvements – will upgrade the irrigation system and pump station. The improvements will increase system reliability, improve water efficiency, and support the long-term health of the park's landscaped areas. This project is funded with \$58,000 of General Funds (Fund 100) and is expected to be completed September 2026.

Projects In Preparation or Design

Water and Wastewater Infrastructure:

Water Improvement Projects - will improve water system reliability and provide adequate capacity for fire protection. It replaces approximately 8,155 linear feet of water mains, 16 fire hydrants, and 140 service laterals in the areas of Swanston St., Casey Ln., Broadway St., Sargent St., Church St., Murray Ave., Monterey Rd., and Pierce St. This Water Improvement project consolidates six previously separate CIPs into a single CIP to streamline project delivery and achieve potential construction savings. The project is funded through the Water Enterprise Fund (705), with a total combined project budget of 10.8 million. Construction is expected to begin by June 2027.

Well 9 (McCarthy Well) – is a new potable water well to be installed to support future growth, strengthen system redundancy, and improve water reliability by providing additional capacity. The project constructs a new potable well with an estimated production capacity of 2,000 gallons per minute. The City purchased the property for the new well in Fall 2025, and installation began shortly after test wells were installed to ensure adequate water quality from the underlying groundwater aquifer. The next step

of construction is scheduled to proceed in two phases: well drilling followed by facilities and site improvements. Pending completion of CEQA review, well construction is anticipated to be advertised for bid in early 2027. This will be the City's first new potable water well, constructed in approximately 20 years. The project has a total approved budget of \$5.6 million, which is funded by Water Development Impact Fees (Fund 435).

Steel Waterline Replacement and Abandon 2" Water Line from 7041 to 716 Monterey Road – replaces approximately 40 remaining steel water service lines and abandons a substandard 2-inch galvanized water main along Monterey Street between West Eighth and West Tenth Streets. New water services will be connected to the existing 10-inch water main on Monterey Street. Two previously separate CIPs were consolidated into a single project to streamline design and construction. The total combined project cost is \$1.5 million and is funded through the Water Enterprise Fund (Fund 705). The project is anticipated to be completed by December 2027.

Saint Louise Hospital Large Meter Replacement - replaces the hospital's existing meter with a new AMI meter capable of reading both high and low-flow conditions and installs a bypass water line, which will facilitate future meter testing without interrupting hospital water service. The project is funded through the Water Enterprise Funds (705) with a total project budget of \$65,000. The anticipated completion date is December 2026.

Joint Morgan Hill-Gilroy Sewer Trunk Line Repair – rehabilitates sections of the sewer trunk line that conveys wastewater from the cities of Gilroy and Morgan Hill to the SCRWA treatment facility. The project will replace segments of the trunk sewer along Leavesley Road and the installation of a Cured-in-Place Pipe (CIPP) liner in other deteriorated pipeline sections. The design is nearing completion, with 95% of the plans expected by the end of September 2026. The project is budgeted with \$3.8 million of Sewer Enterprise Funds (705) and is expected to start construction by September 2027.

Public Works and Parks infrastructure:

FY26/27 Paving Project – will pave and stripe Monterey Road from Monterey Frontage Road (Sports Park Entrance) to just south of Travel Park Circle. It will also pave and stripe Mantelli between Rancho Hills Drive and Muir Drive. Curb ramps along these portions of road will also be replaced. This project is funded with \$1,565,251 of SB1 (Road Fund - 210), \$2.4 million of Measure B (Fund 212), and \$534,749 of gas tax funds (Fund 205) and is expected to start construction in April 2027. The total cost of the project \$4,500,000.

FY27 Sidewalk Replacement Program – will replace sidewalk, curb and gutter, and trees at approximately 60 locations citywide. The project is funded with \$500,000 of Sidewalk Repair Reserve Funds (Fund 200) which is funded by the General Fund and will start construction in April 2027. This is the last fiscal year the Council has approved funding this annual program.

FY27 Sidewalk Concrete Shaving - will shave the uplifts of sidewalk over 1/2 inch but less than 2 inches. This is the last fiscal year the Council has approved funding this annual program.

2026/2027 CDBG Sidewalk and Curb Ramp Replacement – will replace sidewalk, curb and gutter, curb ramps, and trees along 7th Street between Church Street and Egleberry Street. This project is funded with \$128,811 of Community Development Block Grant Funds (CDBG) (Fund 245) and is expected to start construction in December 2026.

Lions Creek Trail (Day Rd East - Kern Ave) – includes paving of a multi-use trail, drainage, fencing, signage, striping, and other associated improvements along the existing creek. This project is funded with \$1,422,000 of Community Project Funding/Congressional Directed Spending Grant (CPFCDs) (Transportation/ Mobility Grant - Fund 215), \$78,000 Gas Tax (Fund 205), \$200,000 of Recreational Trails Program (RTP) (Transportation/ Mobility Grant - Fund 215) and is expected to start construction in April 2027.

Intersection Improvements of Santa Teresa Blvd and Day Road East (Lions Creek Trail) – will add pedestrian crossing of Santa Teresa, curb ramp, guardrail, signage, striping, and other associated improvements. This project is funded with \$785,375 of Highway Safety Improvement Program Grant (HSIP) and \$173,625 of local funds. The appropriations for this project still need to go to Council for approval. Construction is expected in April 2027.

Luchessa and Church Signalized Intersection Improvements – will signalize the existing intersection and make other associated improvements. This project is funded with \$1,037,573 of Traffic Impact Funds (Fund 425) and is expected to start construction in May 2027.

Gateway Senior Apartments Pedestrian Safety Improvements (HAWK) – will install a High-Intensity Activated Crosswalk (HAWK) on Monterey Rd in front of Monterey Gateway Apartments. This project is funded with \$350,000 of Community Project Funding/Congressional Directed Spending Grant (CPFCDs) (Fund 400), \$350,000 of Priority Legislative Budget Project Earmark (Fund 400) and is expected to start construction in February 2027.

First St and Kern Ave Signalized Intersection Improvements – will convert the existing HAWK crossing to a signalized Intersection. This project is funded with \$960,000 of Traffic Impact Funds (Fund 425) and is expected to start construction in January 2027.

Las Animas Elementary School Safety Improvements – will install signing and striping improvements surrounding the school to improve safety. This project is funded with \$229,000 of Transportation Development Act Funding (Transportation/ Mobility Grant Fund in Fund 215). The project is expected to start construction in April 2027.

Church St Sidewalk Gap Closure – will construct sidewalk, curb ramp, and curb & gutter improvements between 1st St and Gurries Dr. This project is funded with \$142,110 of Highway Safety Improvement Program Grant (HSIP) (Transportation/ Mobility Grant Fund in Fund 215), \$15,790 of Gas Tax Funds (Fund 205) and is expected to start construction in March 2028.

Traffic Circulation Master Plan and Traffic Impact Fee Nexus Study – will provide conceptual roadway and intersection designs and cost estimates of the improvements required for the transportation network. Traffic Impact Fee (TIF) update will include a nexus study to calculate the appropriate impact fees necessary to fund proposed infrastructure improvements required to support future growth as identified in the updated Traffic Circulation Master Plan and 2040 General Plan. Traffic Impact Funds (Fund 425) and is expected to be complete in June 2027.

Gilroy Public Library EV Chargers – will install EV charging stations between the Senior Center and Library that will be able to charge 12 vehicles. This project is funded with \$527,000 Climate Program Implementation Grant and \$68,280 from Silicon Valley Clean Energy and is expected to start construction in December 2027.

Comprehensive Roadway Safety Action Plan – creates a plan to reduce traffic related fatalities and serious injuries through initiatives such as implementation guidance, list of priority projects along high injury network, and conceptual design plans for priority locations. This project is funded with Safe Streets for All Funding and Gas Tax (Fund 205), and is expected to be completed by July 2027.

Citywide Speed Survey – evaluates the existing posted speed limits and recommends speed limit changes, if any, in accordance with the State of California regulations and guidelines. This project is funded with \$95,000 of Vehicle Registration Fee Fund and is expected to be completed by October 2026.

San Ysidro Park Healthy Living Enhancements – will construct new trail, playground, picnic/ barbecue area, lighting, exercise station, and renovate the toddler lot. Grant funded. This project is funded with \$3,000,000 of Community Project Funding/Congressional Directed Spending Grant (CPFCDs) (Capital Projects Fund 400) and is expected to start construction in December 2027.

Sports Park Irrigation System – will improve the reliability and efficiency of the park's irrigation infrastructure. These upgrades will support healthy turf, reduce water waste, and help ensure the park remains in excellent condition for community use. This project is funded with \$100,000 of General Funds (Fund 100) and is expected to be completed in July 2027.

Playground Surfacing (Hecker Pass, Los Arroyos, Rainbow, Carriage Hills, El Roble) – will replace and improve playground safety/ADA surfacing. The new surfacing will

enhance accessibility, improve safety, and extend the lifespan of each playground. This project is funded with \$50,000 of General Funds (Fund 100) and is expected to be completed in February 2027.

Resurfacing and Restriping Basketball Courts and Handball Courts – will resurface and restripe basketball and handball courts at select City parks. The improvements will provide safer, more durable playing surfaces and enhance the recreational experience for park visitors. This project is funded with \$100,000 of General Funds (Fund 100) and is expected to be completed in July 2027.

Restroom Retrofit Project – Las Animas (Lakeside), San Ysidro, Christmas Hill, Sports Park – will modernize restroom facilities through repairs and upgrades to improve functionality, accessibility, and the overall visitor experience. The improvements will help extend the life of these facilities. This project is funded with \$200,000 of General Funds (Fund 100) and is expected to be completed in July 2027.

Las Animas Veterans Park Parking Lot Improvements – will make various improvements at the parking lots of the park. This project is funded with \$80,000 of Facility Services Funds (Fund 615) and is expected to be completed by July 2027.

Santa Teresa Fire Station – will construct a new fire station at the intersection of Luchessa and Miller Avenue/Loma Ranch Street. This project has a total cost of \$13,442,555, is funded with Capital Projects Fund (Fund 400), General Fund (Fund 100), and Facilities Funds (Fund 615), and is expected to start construction by April 2027.

Chestnut and Las Animas Fire Station Remodels – will remodel the existing Fire Stations to increase the functionality and improve the quality of living arrangements for City Firefighters and staff. The project is funded with \$3,000,000 of Equipment Outlay (Fund 425) and is expected to start construction January 2027.

Library Bond Funded Improvements – will renovate various spaces within the library to better meet community needs. The project is funded with \$5,400,000 of Gilroy Community Library (Fund 405) and is expected to start construction February 2027.

Civic Center Master Plan – will create a new master plan to address the increasing demands of the community, underutilized spaces, and aging facilities. The project is funded with \$750,000 of Public Facilities Impact Fund (Fund 440) and is expected to be reviewed and acted upon by the City Council October 2026.

Full Trash Capture Device Project – will develop and implement a Track 2 trash management program requiring routine visual surveys, targeted street sweeping, and frequent clean-up.

Parks and Recreational Trails Master Plan – will create a new master plan to guide

long-term investment, maintenance, and development of City Parks and Recreational Trails. The project is funded with \$310,000 of Capital Infrastructure Reserve Fund (Fund 401) and is expected to be presented to City Council for adoption in November 2027.

10th Street at Uvas Creek Bridge - will construct a two-lane bridge with sidewalks and Class II Bike Lanes along Tenth Street over Uvas Creek, a “breezeway bridge” over the current Class I Levee Path for levee pedestrian users to cross under Tenth Street, and a roundabout at the Uvas Park Drive/Tenth Street intersection. The bridge will connect two segments of Tenth Street, which currently terminate on either side of Uvas Creek, and allow Tenth Street to extend as one continuous roadway from the US 101 / Tenth Street (Automall Parkway) Interchange to Santa Teresa Boulevard. The project is 95% complete in design and awaiting funding allocation for environmental review. The project had an estimated cost of \$30 million dollars in 2024. Although staff is seeking possible grant funding opportunities, the City match responsibility would likely be 11.47% to 20% which would be \$3.44 million to 6 million.

Future Anticipated Projects of Significance

Monterey and I.O.O.F. Signalized Intersection Improvements – would construct a 4 phase 4 way traffic signal including pedestrian countdown timers at the intersection of I.O.O.F Ave. and Monterey Road, street lighting, striping, and red curb painting, and trees. The total project cost is estimated to be \$1.485 million. Staff applied for \$1.314 million of One Bay Area Grant Program (OBAG) funds in late July 2026. The project will need to be funded with Traffic Impact Fund (Fund 425) if the City does not receive funding. The project is expected to start construction by April 2028.

Pedestrian Infrastructure Improvements – would construct a sidewalk gap closure, sidewalk improvements, and curb ramps. The sidewalk gap closure will install approximately 630 linear feet of sidewalk including curb ramps along the west side of Carmel Street between 1st Street and 2nd Street. The project will also make improvements to existing sidewalks and curb ramps on 6th Street between Princeville Street and Carmel Street. The total project cost is estimated to be \$1.75 million. Staff applied for \$1.75 million of Community Action Resource and Empowerment (CARE) program grant funding in late July 2026.

Citywide School Safety Action Plan – would develop a citywide school safety action plan as well as demonstration projects such speed feedback signs at all schools, speed bumps, curb extensions (bulb outs), and separated bike lanes. The total cost of the project is estimated to be \$1.8 million. Staff applied for \$1.44 million of Safe Streets for All (SS4A) grant funding in May 2026. The remaining cost to match the grant funds could come from Vehicle Registration Funds.

Monterey Road from Luchessa Avenue to 10th Street Sidewalk Gap Closure - would add 2400 LF of sidewalk along Monterey Road from Luchessa Avenue to 10th Street, including curb and gutter, landscape park strip, 48 trees, storm drain improvements, and

street lighting. This project was included in the FY24-28 Capital Program as an unfunded project. The total cost of the project is estimated to be \$6.2 million. Staff applied for \$5.484 million of One Bay Area Grant Program (OBAG) funding.

Santa Teresa and Tenth Traffic Signal Upgrades - would add new or upgrade existing components of the traffic signal equipment along segments of two of the City's most heavily-traveled corridors; Santa Teresa Boulevard and Tenth Street. Both corridors are major commute routes that also serve residential and commercial land uses, schools, VTA bus routes, and disabled persons. The project would have improved operations and safety at 7 intersections on Santa Teresa Boulevard and 5 intersections on Tenth Street. The cost of proposed project is \$510,000 and the grant request was \$500,000. The City was awarded only \$101,336, so we will need to reduce the scope of the improvements.

Transit Signal Priority in City of Gilroy, Milpitas, and Morgan Hill - would implement transit signal priority by VTA along portions of bus routes 66, 68, and Rapid 568. VTA is intending to deploy TSP countywide. By working with VTA to apply for this grant, the City is assisting to make this happen. With this project, the City of Gilroy will also get 10-Traffic signal controller cabinets with SWARCO Omni traffic signal controllers and 10-cellular modems for direct and dedicated communication to the traffic signals along Monterey Road. The city's traffic signal equipment will be upgraded with this effort. The approximate grant application amount for the work in all three cities is \$5,103,125, and the grant request for the work in Gilroy is \$1,364,197.50 (27% of the project cost).

Funding Questions for FY28/29

In FY22, the City Council committed additional funding to address deferred streets maintenance. A catalyst for the effort was the completion of a pavement condition study (2022-23 Pavement Management Program Update Final Report) and release of the Pavement Condition Index (PCI) in March 2023. Per that study, the City's PCI was 61. The City Council commitment was for an initial five-year period which would end with FY 26. The upcoming five-year CIP will include recommendations for continued funding, which has historically included General Fund contributions. A new pavement study is currently underway but not complete. Staff anticipates little to no improvement of the PCI because of the level of deferred maintenance.

The City Council committed \$500,000 in General Funds toward Citywide park capital maintenance and replacement in FY26 and FY27. Continuation of an annual funding directly through the General Fund or through the recently created Capital Reserve Fund will be subject of discussion next year. The City Council funded the preparation of the Parks and Recreational Trails Master Plan in FY27 which will provide guidance regarding future capital maintenance, replacement and new infrastructure in future CIP updates.

In FY22, the City Council committed additional funding for the shared cost sidewalk

repair program. The program funding includes both major repairs/replacement and minor repairs which involves sidewalk shaving. The City Council commitment was for an initial five-year period which would end with FY27. The upcoming five-year CIP will include recommendations for continued funding of the sidewalk cost share program which has historically included General Fund contributions.

Many City-owned and operated facilities are currently or will soon need significant capital repair and/or replacement. City Hall, the Senior Center, City Hall Annex and Wheeler Auditorium all have significant deferred capital needs. Many City facilities are in need of ADA review and some facilities are lacking the infrastructure to meet current technology and some are becoming functionally obsolete. The current Five Year CIP identified the need to complete an assessment of facilities to identify, cost and recommend a schedule for addressing deferred and anticipated capital work. The assessment is currently unfunded.

Staff has commenced work with NBS on a new Development Impact Fee Nexus Study. This study will analyze anticipated future development-related infrastructure needs and recommend fees necessary to fund infrastructure and equipment needs driven by new development. Infrastructure to be considered includes streets, parks, public safety facilities/equipment, water, wastewater, stormwater and other public facilities. Impact fees are intended to leverage both privately built public infrastructure improvements and public infrastructure projects.

Staff is currently working on the five-year Capital Improvement Program and will be presenting it in a study session in March. However, with limited staff and funding available to deliver the projects, it will be challenging to develop a comprehensive program to address all the needs of the City. It is important for staff to continue to apply for grants for unfunded projects as they become available. We also seek to leverage other one-time internal and outside source funding, whenever possible.

ALTERNATIVES

N/A

FISCAL IMPACT/FUNDING SOURCE

This is an informational report. City staff is in the process of preparing the next Five-Year Capital Improvement Program covering FY2028-2032 and two-year capital budget which will be reviewed by the City Council as part of the next biennial budget.

PUBLIC OUTREACH

N/A

NEXT STEPS

Staff will incorporate applicable suggestions into the drafting of the next Five-Year Capital Improvement Program covering FY2028-2032 and the FY28 and FY29 capital biennial budget.

Staff intends to provide quarterly capital projects updates to the City Council commencing in the third quarter of FY27.

Attachments:

None