



**CITY COUNCIL  
REGULAR MEETING  
AMENDED  
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



**MONDAY, FEBRUARY 9, 2026 | 6:00 PM**

**\*The staff report for item 6.2 has been amended.**

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).



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

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The agenda for this regular meeting is outlined as follows:

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

- 1.5. Invocation
- 1.6. Orders of the Day
- 1.7. Employee Introductions

2. PRESENTATIONS TO THE COUNCIL

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

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

Written comments to address the Council on matters not on this agenda may be e-mailed to the City Clerk’s Office at [publiccomment@cityofgilroy.org](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.

3. REPORTS OF COUNCIL MEMBERS

**Council Member Bracco** – 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** – Gilroy Sister Cities, 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** – ABAG, CalTrain Policy Group (alternate), 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), Cities Association of Santa Clara County, Gilroy Youth Task Force (alternate), Santa Clara Valley Habitat Agency Governing Board, Santa Clara Valley Habitat Agency Implementation Board, 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), Cities Association of Santa Clara County (alternate)

#### **4. 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.

- 4.1. Approve the minutes of the January 26, 2026 City Council Regular Meeting**
- 4.2. Authorization for Council Member Travel to the League of California Cities 2026 City Leaders Summit**
- 4.3. Award a Three-year On-call Services Contract to Maggiora Bros Drilling, Inc. for Water Well and Pump Station Services for \$420,000, with an Option to Extend for Two Additional One-year Terms Subject to City Administrator Review and Approval for \$150,000/Year**
- 4.4. Approve an Amendment to the Land Management Software Agreement with Tyler Technologies for the Environmental Health Suite and Fire Prevention Mobile Software and Three Years of Annual Maintenance and License Fees in the Amount of \$130,054**
- 4.5. Adopt a Resolution of the City Council of the City of Gilroy Declaring Weeds a Nuisance**
- 4.6. Acceptance of the Cash and Investment Report as of December 31, 2025**

#### **5. PUBLIC HEARINGS**

- 5.1. Consider Extending the Urgency Interim Ordinance Prohibiting the Issuance of Tobacco Retailer Permits Citywide for a Period of Ten (10) Months and Fifteen**

## **(15) Days**

1. Disclosure of Ex-Parte Communications
2. Staff Report:  
Sharon Goei, Community Development Director
3. Open Public Hearing
4. Close Public Hearing
5. Possible Action:
  1. Determine this action is exempt from environmental review under California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines;
  2. Direct the City Clerk to read the ordinance extending the Urgency Interim Ordinance by title only and to waive further reading;
  3. Review, approve and issue the 10-day report as required by Government Code Section 65858(d) for the extension of the Urgency Interim Ordinance; and
  4. Adopt an ordinance extending the Urgency Interim Ordinance to prohibit the issuance or approval of any new Tobacco Retailer Permit Citywide for an additional ten (10) months and fifteen (15) days, with the associated findings.

## **6. UNFINISHED BUSINESS**

### **6.1. Receive an Update and Provide Direction Regarding Transient Occupancy Tax (TOT) Rate Increase Ballot Measure for the November 2026 Election**

1. Staff Report:  
Harjot Sangha, Finance Director
2. Public Comment
3. Possible Action:
  1. Receive the update;
  2. Direct staff to pursue a general-purpose TOT rate ballot measure;
  3. Determine whether to conduct a community survey to gauge support;
  4. Provide feedback on drafting the “Ballot Question”; and
  5. Direct staff to pursue a not-to-exceed tax rate structure and determine the not-to-exceed tax rate.

### **6.2. Appointment of Planning Commissioner to Fill One (1) Remaining Open Seat and Selection and Appointment of Library Commissioner to Fill One (1) New Vacancy**

1. Staff Report:  
Kim Mancera, City Clerk
2. Public Comment

3. Possible Action:
  1. Appoint Payman Khodabandeh to the Planning Commission to fill the existing vacancy; and
  2. Select one of the two remaining candidates for appointment to the Library Commission to fill the new vacancy.

## **7. INTRODUCTION OF NEW BUSINESS**

### **7.1. Abatement of Sixth Street Temporary Encampment on APN: 841-18-089**

1. Staff Report:  
Scot Smithee, Interim Police Chief
2. Public Comment
3. Possible Action:  
Provide direction to staff regarding how the City should proceed with the Sixth Street temporary encampment, located on City-owned property (APN: 841-18-089) on the south side of Sixth Street, west of Camino Arroyo Drive, including one of the following options:
  1. Direct staff to proceed with immediate abatement of the encampment, affirming uniform enforcement of Ordinance No. 2023-07, establishing Chapter 5 of the Gilroy City Code, banning the use of certain areas of public right-of-way as sleeping or living accommodations; OR
  2. Adopt a resolution suspending enforcement of Gilroy City Code Chapter 5 for a period of time not to exceed ninety (90) days, authorizing the City to continue to provide sanitation-related services (portable restrooms and solid waste removal) to the temporary encampment during the suspension and abating the said encampment after the suspension period.

### **7.2. Pilot Below Market Rate (BMR) Preservation Program Update and Overall BMR Housing Program Overview**

1. Staff Report:  
Sharon Goei, Community Development Director
2. Public Comment
3. Possible Action:  
Receive a report on the Pilot Below Market Rate (BMR) Preservation Program and an overview of the BMR Housing Program.

## **8. FUTURE COUNCIL INITIATED AGENDA ITEMS**

### **8.1. Request to Reopen the Wayland Parking Lot at Las Animas Veterans' Park**

1. Staff Report:  
Bryce Atkins, Deputy Director of Community Development

2. Public Comment
3. Possible Action:  
Council consideration of a future agenda item regarding the potential reopening of the Wayland Parking Lot at the Las Animas Veterans' Park.

**9. CITY ADMINISTRATOR'S REPORTS**

**10. CITY ATTORNEY'S REPORTS**

**11. ADJOURNMENT**

**City of Gilroy  
City Council  
Minutes  
Monday, January 26, 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 Kelly Ramirez Mayor Greg Bozzo
Absent	Council Member Carol Marques

**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 announced that Item 8.2 will be continued to the February 9, 2026 City Council Regular Meeting.

**7. Employee Introductions**

None.

**2. PRESENTATIONS TO THE COUNCIL**

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

Mayor Bozzo opened public comment at 6:06 P.M.

Cindy Nunez - commented on the pedestrian/traffic accident near Las Animas school and asked for enhanced pedestrian safety at all Gilroy schools.

Brenda Hogue - commented on the pedestrian/traffic accident near Las Animas school and asked for enhanced pedestrian safety at all Gilroy schools.

Graham Melville - commented on the homeless situation in Gilroy and asked for the City's support.

Britt Smith - commented on the Gilroy Amazon data center.

Landon Sepulveda - commented on his concerns about the Amazon data center.

Laura Phillips - commented on concerns about the Amazon Data Center.

Jan Berstein Chargin - commented on the "Camp Hope" encampment and how it is working.

Sally Armendariz - commented on the "Camp Hope" encampment and asked the Council to extend the cleanup. She is also in favor of the beacon lights at all schools in Gilroy.

Robert Aguirre - commented on the "Camp Hope" encampment and asked the Council to listen and understand those who live there.

Miguel Flaquer - commented on the crosswalk striping near Glen View Elementary and the Veterans Day parade, and thanked the Council and City.

Joe Robinson - commented on the encampment sweeps and the safety of the community.

Rachael Wong - commented on Troop 711 working on their Eagle Scout badge and invited the community to their open house.

Shawna Scott - commented on the "Camp Hope" encampment and asked for the Council's support.

Ron Kirkish - commented on the appointment of Matt Morley and thanked the Council for bringing him on board. He also commented on "Camp Hope" and agrees that they should be given a chance.

Aubrey Tasbey - commented on the "Camp Hope" encampment and asked that the Council consider letting them stay for an additional 3 months.

Vanessa Ashford - commented on the success of the people who live at the "Camp Hope" encampment and asked for a 3-month extension.

Thomas Molina - commented on the "Camp Hope" encampment and asked the Council for their support.

Max Deleon - commented on the "Camp Hope" encampment and asked the Council

for their support of the unhoused.

Sam Brown - commented on the "Camp Hope" encampment and asked the Council for the residents to be able to stay another 3 months.

Rob Torres - commented on the "Camp Hope" encampment and issues regarding a relocation.

Linda Thomas - commented on the homeless residents in Gilroy and asked the community and Council to listen to their hearts.

Tom Chargin - commented on the "Camp Hope" encampment and asked for leeway and an extension.

Tristia Bauman - commented on the "Camp Hope" encampment and the benefit of having a solution in hand and not throwing it away.

With no further speakers, Mayor Bozzo closed public comment.

### **3. REPORTS OF COUNCIL MEMBERS**

- 1. Council Member Bracco – 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 – Gilroy Sister Cities, 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 – ABAG, CalTrain Policy Group (alternate), 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), Cities Association of Santa Clara County, Gilroy Youth Task Force (alternate), Santa Clara Valley Habitat Agency Governing Board, Santa Clara Valley Habitat Agency Implementation Board, 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), Cities Association of Santa Clara County (alternate)**

Council Member Bracco - No report.

Council Member Fugazzi - reported from Visit Gilroy, they are preparing for the Super Bowl and Fifa World Cup by adding two new sports pages to their website. Wineries of the Santa Clara Valley are sponsoring a new event. Visit Gilroy is working with the City of Gilroy re: potential TOT increase.

Council Member Hilton - reported from the Valley Transportation Agency (VTA) Policy Advisory Committee, they are ready for the Super Bowl and are expecting higher transportation use than the Taylor Swift concert. Silicon Valley Clean Energy (SVCE) will join a large group of energy providers committing to purchase energy from the Willow Rock Compressed Air Energy Storage Project. Electric vehicle programs are evolving as well. He spoke about the heartbreaking Glen Loma incident and advised that his office is there to provide any support needed and that his thoughts are with the families involved.

Council Member Ramirez - reported that she shares in the grief of the Glen Loma tragic accident. She attended the League of Cal Cities Mayor and Council Member Academy. She was previously selected to serve on the policy committee for Housing, Community and Economic Development, and spent the day reviewing policies and creating a work plan for this year. She thanked everyone for the opportunity to be able to attend.

Council Member Cline - No report. He mentioned that he had an emergency situation arise and wanted to say thank you to Captain MacPhail and his team, who showed up and helped. He also thanked his fellow Council Members who have supported him and all the people who have prayed.

Mayor Bozzo - reported that he attended a ribbon-cutting at Sharetea. He mentioned that the ownership group there was impressed with all of the staff that they dealt with throughout the process, and he thanked all staff involved. He reported on his trip to Sacramento and his meeting with Assembly Member Robert Rivas. He was able to share some of the accomplishments they made last year. He also shared the potential of the Civic Center and Santa Theresa extending to 101/125 interchange. He connected with Senator Laird and Cortese. He reported from Gilroy Gardens that the Halloween and North Pole nights were very successful this year. He reported South County Youth Task Force (SCYTF) does a lot of teen diversion, and they do a late-night gym at Wheeler Center every Thursday night. He was invited to play basketball with the kids and will report back on that.

#### 4. BOARD AND COMMISSION INTERVIEWS

##### 1. Continued Interviews and Appointment of Boards, Commissions, and Committee Members

City Clerk Kim Mancera provided a report.

The following applicants participated in commission interviews.

###### Library Commission

Janet Lee

Joseph Coughlan

###### Open Government Commission

Sharpy Sandhu

###### Parks and Recreation Commission

Greg Felios

Andrew Brinton

Jesse Jimenez

Emily Miller

###### Personnel Commission

Sharpy Sandhu

###### Planning Commission

Britt Smith

Payman Khodabandeh

Makhan Gupta

The following appointments were made by the City Council.

###### Arts and Culture Commission

Makhan Gupta - Full term

Camille McCormack - Full term

###### Library Commission

Christina Tovar - Partial term

Joseph Coughlan - Partial term

###### Open Government Commission

Blanca McMurray - Full term

###### Parks and Recreation Commission

Greg Felios - Partial term

Andrew Brinton - Full term

Jesse Jimenez - Full term

Emily Miller - Full term

Personnel Commission  
Sharpy Sandhu - Full term  
Danny Mitchell - Full term

Planning Commission  
Martha Martinez - Full term

Final appointments to the Planning Commission will be made on February 9, 2026.

## 5. CONSENT CALENDAR

Mayor Bozzo opened public comment at 7:33 P.M.

Ron Kirkish - commented on his concern about item 5.3 and the grant received by Silicon Valley Clean Energy.

With no further speakers, Mayor Bozzo closed public comment.

### Motion

Approve

**RESULT:** Passed

**MOVER:** Council Member Tom Cline

**SECONDER:** Council Member Dion Bracco

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

**NAYS:** None

**ABSENT:** Council Member Carol Marques

Mayor Bozzo congratulated Raissa de la Rosa, the new Economic Development Director for the City of Gilroy.

- 1. Approve the minutes of the December 30, 2025 City Council Special Meeting, January 5, 2026 Regular Meeting, and the January 10, 2026 Coffee with the Mayor**
- 2. Award of Contract to Ross Recreation for Playground Retrofits at Rainbow Park with a 5% contingency of \$10,026, not to exceed \$210,538**
- 3. Authorize the City Administrator to Execute a Grant Agreement with Silicon Valley Clean Energy in the Amount of \$235,178, and Adopt a Resolution to Amend the FY2024-2028 Capital Improvement Program to add the EV Fleet Expansion and Depot Charging Project, and Amend FY2026-27 Budget to Appropriate the \$240,178 for the Project.**
- 4. Consideration of a Resolution Supporting the Establishment of a Farmland Security Zone (FSZ) for a 570-Acre Agricultural Parcel within the City of Gilroy's Sphere of Influence**

5. **Consent the City Administrator's Recommendation to Appoint Raissa de la Rosa to the Department Head Position of Economic Development Director**
6. **Council Ratification of Mayor Bozzo's Travel Reimbursement For The State of the State and Meeting with Speaker of the Assembly Robert Rivas**

**6. BIDS AND PROPOSALS**

1. **Award the Purchase of a Rosenbauer Type I Fire Engine in the Amount of \$1,058,224.31 Utilizing the Sourcewell Tag-On Contract No. 113021-RSD**

Interim Administrative Services & Human Resources Director/Risk Manager LeeAnn McPhillips provided a report.

Mayor Bozzo opened public comment at 7:45 P.M.

Ron Kirkish - commented on the need for a new fire truck and that he agrees.

With no further speakers, Mayor Bozzo closed public comment.

**Motion**

Adopt a budget amendment resolution in the amount of \$1,058,224.31 to purchase a Type I Fire Engine.

**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 Kelly Ramirez, Mayor Greg Bozzo

**NAYS:** None

**ABSENT:** Council Member Carol Marques

**Motion**

Award the purchase of a Rosenbauer Type I Fire Engine in the amount of \$1,058,224.31 utilizing Sourcewell Contract No. 113021-RSD and authorize the Interim City Administrator to execute the purchase contract documents,.

**RESULT:** **Passed**

**MOVER:** Council Member Kelly Ramirez

**SECONDER:** Council Member Tom Cline

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

**NAYS:** None

**ABSENT:** Council Member Carol Marques

**7. UNFINISHED BUSINESS**

1. **Mobile Vending Ordinance and Pilot Program Update**

Economic Development Manager Victoria Valencia provided a report and presentation.

Mayor Bozzo opened public comment at 8:02 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Adopt a resolution extending the Mobile Vending Pilot Program through October 31, 2026, to provide additional time for program evaluation, stakeholder feedback, and the drafting of an updated ordinance, in addition the resolution shall incorporate amendments establishing a revocation and suspension process, authorizing the City to revoke or suspend the ability to operate within the City for any vendor who repeatedly violates City ordinances or the requirements of the Mobile Vending Pilot Program.

**RESULT:** Passed

**MOVER:** Council Member Kelly Ramirez

**SECONDER:** Council Member Terence Fugazzi

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

**NAYS:** None

**ABSENT:** Council Member Carol Marques

The meeting recessed at 8:04 P.M. and reconvened at 8:16 P.M.

**2. Review and Adoption of Capital Infrastructure Reserve Fund and Funding Policy**

Interim City Administrator Harjot Sangha provided a report and presentation.

Mayor Bozzo opened public comment at 8:29 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Review draft policy and adopt a resolution establishing a new Capital Infrastructure Reserve Fund and funding policy.

**RESULT:** Passed

**MOVER:** Council Member Dion Bracco

**SECONDER:** Council Member Tom Cline

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

**NAYS:** None

**ABSENT:** Council Member Carol Marques

**8. INTRODUCTION OF NEW BUSINESS**

**1. Review Draft Request for Proposal (RFP), and Adopt a Resolution Appropriating \$310,000 for Preparation of the Parks and Recreational Trails Master Plan**

Public Works Director John Doughty provided a report and presentation.

Mayor Bozzo opened public comment at 8:43 P.M.

With no speakers, Mayor Bozzo closed public comment.

**Motion**

Adopt a resolution appropriating \$310,000 from the newly established Capital Infrastructure Reserve Fund to Project 900780 to the FY26 Capital Budget,

**RESULT: Passed**

**MOVER:** Council Member Terence Fugazzi

**SECONDER:** Council Member Zach Hilton

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

**NAYS:** None

**ABSENT:** Council Member Carol Marques

**2. Pilot Below Market Rate (BMR) Preservation Program Update and Overall BMR Housing Program Overview**

This item has been continued to the February 9, 2026 City Council Regular Meeting.

**9. CITY ADMINISTRATOR'S REPORTS**

No report.

**10. CITY ATTORNEY'S REPORTS**

No report.

**11. ADJOURNMENT**

With no additional business before the Council, the meeting was adjourned at 8:44 P.M

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

Kim Mancera  
City Clerk



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Authorization for Council Member Travel to the League of California Cities 2026 City Leaders Summit

Meeting Date: February 9, 2026

From: Harjot Sangha, Interim City Administrator

Department: Administration

Submitted by: Kim Mancera, City Clerk

Prepared by: Kim Mancera, City Clerk

#### STRATEGIC PLAN GOALS:

#### RECOMMENDATION

Council approve the travel of Council Member Ramirez to attend the 2026 City Leaders Summit.

#### EXECUTIVE SUMMARY

#### BACKGROUND

The City Leaders Summit offers opportunities for city leaders from across the state to lobby lawmakers directly on Cal Cities' member-chosen advocacy priorities, gain top-notch leadership skills, and connect with peers during in-depth educational sessions.

#### ANALYSIS

The 2026 City Leaders Summit sessions run from April 22-24 in Sacramento. Staff solicited City Council members' interest in attending the 2026 City Leaders Summit and received interest back from one Council member, Councilmember Ramirez. Staff has secured registration for Council Member Ramirez. Pursuant to the Travel Policy adopted by the City Council, the travel of any member of the City Council must be

approved by the Council.

Estimated costs for attendance at the academy include the following:

- Event registration- \$650
- Hotel reservation – \$875
- Travel
  - Sacramento – Mileage Reimbursement – \$213.15 (294 miles at the IRS mileage rate of \$0.725 per mile)
  - Per Diem – \$181 (per the U.S. General Services Administration rate for Sacramento)

The total estimated cost will be \$1,919.

## **ALTERNATIVES**

Council may approve or reject the travel request. Staff recommends approval, as this training will provide information that will be essential in the performance of City Council duties.

## **FISCAL IMPACT/FUNDING SOURCE**

The estimated cost for one Council Member to attend the Academy is \$1,919. The Fiscal Year 2026 adopted budget has sufficient General Fund appropriations for professional development within the Administration Department to accommodate this expenditure; thus, no budget action by the Council is required.

## **PUBLIC OUTREACH**

This item was included on the publicly posted agenda for this meeting.

## **NEXT STEPS**

If approved, staff will complete any pending reservations and per diem payments for the travel and training.

## **Attachments:**

None



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Award a Three-year On-call Services Contract to Maggiora Bros Drilling, Inc. for Water Well and Pump Station Services for \$420,000, with an Option to Extend for Two Additional One-year Terms Subject to City Administrator Review and Approval for \$150,000/Year

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Utilities  
 Submitted by: Karl Bjarke  
 Prepared by: Izabela Cirloganu, Management Analyst

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**STRATEGIC PLAN GOALS:** Maintain and Improve City Infrastructure  
 Develop a Financially Resilient Organization

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### RECOMMENDATION

1. Award a three-year on-call services contract for an amount not to exceed \$420,000 with the option to extend two additional one-year terms to Maggiora Bros Drilling, Inc. for water well and pump station services; and
2. Authorize the City Administrator to execute the contract and all associated documents.
3. Authorize the City Administrator to execute two subsequent one-year contract amendments, each with a value not to exceed \$150,000 per year.

### EXECUTIVE SUMMARY

The Utilities Department recommends entering a three-year on-call services contract with Maggiora Bros. Drilling, Inc. to provide critical water and pump station maintenance and repair services. The total contract amount is \$420,000 with two optional one-year extensions.

The contract will be procured through a cooperative purchase agreement using a competitively awarded Request for Proposals (RFP) issued by the City of Morgan Hill in November 2025. Maggiora Bros Drilling, Inc. was selected as the top-ranked company through the RFP process.

Utilizing a cooperative purchase agreement allows the City to secure a qualified, experienced contractor in a timely and cost-effective manner while complying with the City of Gilroy's Purchasing Policy.

## **BACKGROUND**

Pursuant to Section 4.10.5, Cooperative Purchases, more specifically Piggyback Contracting, of the City of Gilroy's Purchasing Policy, the City may procure goods and services through contracts competitively solicited and awarded by another public agency if the following requirements are met:

1. The parties to the original contract agree to piggyback.
2. The contract is for identical or nearly identical goods and/or services.
3. The original contract resulted from competitive bidding or proposal procedures similar to those required by the City.
4. The original contract was awarded within two years of the City's purchase, or a written justification is provided to support the use of an older solicitation.
5. The purchase price is comparable to the estimate provided by the requesting department.

Staff is recommending piggybacking on the City of Morgan Hill's Request for Proposals (RFP) for on-call water and well pump station services, which was awarded following a competitive procurement process in November 2025.

Maggiora Bros. Drilling, Inc. was selected following an evaluation by a review panel that assessed the submitted proposals based on experience, qualifications, capability, proposal quality, and fee schedule. Maggiora Bros. Drilling Inc. received the highest overall score.

Additionally, Gilroy's staff reviewed the remaining policy requirements and concluded that the scope of services, contract terms, and pricing meet the City's operational needs and fully comply with the City's purchasing requirements.

The City has utilized Maggiora Bros Drilling for similar on-call services and well-repair projects in the past. The Utilities Operations staff have been very pleased with Maggiora Bros. Drilling's responsiveness and services, providing an additional basis for the recommendation.

## **ANALYSIS**

The City of Gilroy operates nine municipal wells and six booster pump stations. Each station is equipped with three pumps, for a total of 18 pumps system-wide. A tenth well (McCarthy Well) is in the design phase, with construction anticipated to begin in the second part of Fiscal Year 2026.

These wells and pumps are critical components of Gilroy's municipal water supply, ensuring adequate water delivery to residents and businesses. However, due to the continuous, demanding nature of their operations, these systems experience frequent mechanical failures and breakdowns. A dependable service contract ensures that emergency situations are handled quickly, minimizing downtime and safeguarding the integrity of the municipal water system.

The City has utilized Maggiora Bros. Drilling Inc. for similar on-call services, well repairs, and the Utilities Department was preparing to conduct a Request for Proposal (RFP) process to solicit the next round of on-call services and learned the neighboring City, City of Morgan Hill, recently completed a similar RFP process which can be utilized as cooperative purchasing under the City of Gilroy's purchasing policy. This allows Gilroy to leverage the Morgan Hill RFP and the award of similar services, saving staff time and resources while benefiting from the same competitively negotiated pricing available to Morgan Hill. Morgan Hill's RFP awarded the contract to Maggiora Bros. Drilling, Inc., which was selected through a rigorous, transparent competitive process aligned with Gilroy's purchasing requirements. Furthermore, the City's direct working experience demonstrates the company's ability to reliably meet Gilroy's specific needs. Together, these factors support the City's decision to piggyback on the Morgan Hill contract. The company has consistently demonstrated technical expertise, responsiveness, and reliability in addressing both routine maintenance and emergency repairs. Their overall performance and institutional knowledge of Gilroy's water system provide confidence that Maggiora Bros. Drilling, Inc. will continue to meet the City's operational needs while maintaining the reliability of the municipal water system.

Collectively, the City of Gilroy's positive, established working relationship with Maggiora Bros. Drilling, Inc., combined with the recently competitively awarded Request for Proposals issued by the City of Morgan Hill, provides strong justification for this procurement approach.

## **ALTERNATIVES**

The alternative would be not to award the contract. Staff does not recommend this option because the City's water and wastewater systems require the on-call services of a well-drilling firm like Maggiora Bros. Drilling to handle the heavy maintenance that will inevitably be required time to time. If this contract is not approved, Gilroy would need to conduct its own RFP process to select a firm and award the similar on-call services

contract. Given that Morgan Hill recently completed a similar RFP process, negotiated and awarded the contract, and the same terms and pricing are being extended to Gilroy, staff believe that Gilroy conducting its own RFP will not result in better competitive pricing.

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

The Utilities Department's approved budgets for FY 2026 and 2027 each include \$150,000 for on-call contractual services within the Water Fund (705).

For FY26, based on the scope of work identified by the Utilities Engineering and Water Sections, staff anticipate a total funding requirement of \$120,000 to complete the required services for the remainder of the FY. This funding requirement will be supported through two separately authorized sources:

- \$30,000 will be expended for Water Contractual Services to address additional as-needed repair activities; and
- \$90,000 will be used for the installation of a nitrate analyzer at Well 8 to continuously monitor nitrate concentrations and automatically shut down the well if levels exceed a user-adjustable threshold.

For FY 27, which has an approved budget of \$150,000, staff plan the following work:

- Well 1 — Execute the removal of the jammed well structure
- Any additional heavy maintenance work, based on annual well and pump assessments.

There are sufficient budgetary appropriations included in the adopted FY26 and FY27 budgets; thus, no additional budget amendments are necessary at this time. Funding for FY 2028 will be requested as part of the biennial budget process for FY 2028 and 2029.

### **NEXT STEPS**

Upon Council's approval, the contract will be executed, and staff will work with the contractor to begin work.

### **Attachments:**

1. Draft Contract Maggiora Gilroy\_US\_V1
2. Morgan Hill Maggiora Contract

**AGREEMENT FOR SERVICES**  
(For contracts over \$5,000 - CONTRACTOR)

This AGREEMENT made this \_\_\_\_ day of January, 2026, between:

CITY: City of Gilroy, having a principal place of business at  
7351 Rosanna Street, Gilroy, California

and CONTRACTOR: Maggiara Bros. Drilling, Inc., having a principal place of business at 595 Airport Blvd., Watsonville, CA, 95076.

**ARTICLE 1. TERM OF AGREEMENT**

This Agreement will become effective on February 9, 2026 and will continue in effect through June 30, 2029 unless terminated in accordance with the provisions of **Article 7** of this Agreement.

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

Initial  
  
Initial

**ARTICLE 2. INDEPENDENT CONTRACTOR STATUS**

It is the express intention of the parties that CONTRACTOR is an independent contractor and not an employee, agent, joint venturer or partner of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR or any employee or agent of CONTRACTOR. Both parties acknowledge that CONTRACTOR is not an employee for state or federal tax purposes. CONTRACTOR shall not be entitled to any of the rights or benefits afforded to CITY'S employees, including, without limitation, disability or unemployment insurance, workers' compensation, medical insurance, sick leave, retirement benefits or any other employment benefits. CONTRACTOR shall retain the right to perform services for others during the term of this Agreement.

**ARTICLE 3. SERVICES TO BE PERFORMED BY CONTRACTOR**

**A. Specific Services**

CONTRACTOR agrees to: Perform the services as outlined in **Exhibit "A"** ("Specific Provisions") and **Exhibit "B"** ("Scope of Services"), within the time periods described in **Exhibit "C"** ("Milestone Schedule").

**B. Method of Performing Services**

CONTRACTOR shall determine the method, details and means of performing the above-described services. CITY shall have no right to, and shall not, control the manner or determine the method of accomplishing CONTRACTOR'S services.

**C. Employment of Assistants**

CONTRACTOR may, at the CONTRACTOR'S own expense, employ such assistants as CONTRACTOR deems necessary to perform the services required of CONTRACTOR by this Agreement, subject to the prohibition against assignment and subcontracting contained in **Article 5** below. CITY may not control, direct, or supervise CONTRACTOR'S assistants in the performance of those services. CONTRACTOR assumes full and sole responsibility for the payment of all compensation and expenses of these assistants and for all state and federal income tax, unemployment insurance, Social Security, disability insurance and other applicable withholding.

**D. Place of Work**

CONTRACTOR shall perform the services required by this Agreement at any place or location and at such times as CONTRACTOR shall determine is necessary to properly and timely perform CONTRACTOR'S services.

**ARTICLE 4. COMPENSATION**

**A. Consideration**

In consideration for the services to be performed by CONTRACTOR, CITY agrees to pay CONTRACTOR the amounts set forth in **Exhibit "D"** ("Payment Schedule"). In no event however shall the total compensation paid to CONTRACTOR exceed \$420,000 (four hundred and twenty thousand dollars) for the duration of the contract.

**B. Invoices**

CONTRACTOR shall submit invoices for all services rendered.

**C. Payment**

Payment shall be due according to the payment schedule set forth in **Exhibit "D"**. No payment will be made unless CONTRACTOR has first provided City with a written receipt of invoice describing the work performed and any approved direct expenses (as provided for in **Exhibit "A", Section IV**) incurred during the preceding period. If CITY objects to all or any portion of any invoice, CITY shall notify CONTRACTOR of the objection within thirty (30) days from receipt of the invoice, give reasons for the objection, and pay that portion of the invoice not in dispute. It shall not constitute a default or breach of this Agreement for CITY not to pay any invoiced amounts to which it has objected until the objection has been resolved by mutual agreement of the parties.

**D. Expenses**

CONTRACTOR shall be responsible for all costs and expenses incident to the performance of services for CITY, including but not limited to, all costs of equipment used or provided by CONTRACTOR, all fees, fines, licenses, bonds or taxes required of or imposed against CONTRACTOR and all other of CONTRACTOR'S costs of doing business. CITY shall not be

responsible for any expenses incurred by CONTRACTOR in performing services for CITY, except for those expenses constituting “direct expenses” referenced on **Exhibit “A.”**

## **ARTICLE 5. OBLIGATIONS OF CONTRACTOR**

### **A. Tools and Instrumentalities**

CONTRACTOR shall supply all tools and instrumentalities required to perform the services under this Agreement at its sole cost and expense. CONTRACTOR is not required to purchase or rent any tools, equipment or services from CITY.

### **B. Workers’ Compensation**

CONTRACTOR agrees to provide workers’ compensation insurance for CONTRACTOR’S employees and agents and agrees to hold harmless, defend with counsel acceptable to CITY and indemnify CITY, its officers, representatives, agents and employees from and against any and all claims, suits, damages, costs, fees, demands, causes of action, losses, liabilities and expenses, including without limitation reasonable attorneys’ fees, arising out of any injury, disability, or death of any of CONTRACTOR’S employees.

### **C. Indemnification of Liability, Duty to Defend**

1. As to professional liability, to the fullest extent permitted by law, CONTRACTOR shall defend, through counsel approved by CITY (which approval shall not be unreasonably withheld), indemnify and hold harmless CITY, its officers, representatives, agents and employees against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys’ fees, to the extent arising or resulting directly or indirectly from any willful or negligent acts, errors or omissions of CONTRACTOR or CONTRACTOR’S assistants, employees or agents, including all claims relating to the injury or death of any person or damage to any property.

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

### **D. Insurance**

In addition to any other obligations under this Agreement, CONTRACTOR shall, at no cost to CITY, obtain and maintain throughout the term of this Agreement: (a) Commercial Liability Insurance on a per occurrence basis, including coverage for owned and non-owned automobiles, with a minimum combined single limit coverage of \$1,000,000 per occurrence for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property,

including the loss of use thereof; and (b) Professional Liability Insurance (Errors & Omissions) with a minimum coverage of \$1,000,000 per occurrence or claim, and \$2,000,000 aggregate; provided however, Professional Liability Insurance written on a claims made basis must comply with the requirements set forth below. Professional Liability Insurance written on a claims made basis (including without limitation the initial policy obtained and all subsequent policies purchased as renewals or replacements) must show the retroactive date, and the retroactive date must be before the earlier of the effective date of the contract or the beginning of the contract work. Claims made Professional Liability Insurance must be maintained, and written evidence of insurance must be provided, for at least five (5) years after the completion of the contract work. If claims made coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the earlier of the effective date of the contract or the beginning of the contract work, CONTRACTOR must purchase so called “extended reporting” or “tail” coverage for a minimum of five (5) years after completion of work, which must also show a retroactive date that is before the earlier of the effective date of the contract or the beginning of the contract work. As a condition precedent to CITY’S obligations under this Agreement, CONTRACTOR shall furnish written evidence of such coverage (naming CITY, its officers and employees as additional insureds on the Comprehensive Liability insurance policy referred to in (a) immediately above via a specific endorsement) and requiring thirty (30) days written notice of policy lapse or cancellation, or of a material change in policy terms.

**E. Assignment**

Notwithstanding any other provision of this Agreement, neither this Agreement nor any duties or obligations of CONTRACTOR under this Agreement may be assigned or subcontracted by CONTRACTOR without the prior written consent of CITY, which CITY may withhold in its sole and absolute discretion.

**F. State and Federal Taxes**

As CONTRACTOR is not CITY’S employee, CONTRACTOR shall be responsible for paying all required state and federal taxes. Without limiting the foregoing, CONTRACTOR acknowledges and agrees that:

- CITY will not withhold FICA (Social Security) from CONTRACTOR’S payments;
- CITY will not make state or federal unemployment insurance contributions on CONTRACTOR’S behalf;
- CITY will not withhold state or federal income tax from payment to CONTRACTOR;
- CITY will not make disability insurance contributions on behalf of CONTRACTOR;
- CITY will not obtain workers’ compensation insurance on behalf of CONTRACTOR.

## ARTICLE 6. OBLIGATIONS OF CITY

### A. Cooperation of City

CITY agrees to respond to all reasonable requests of CONTRACTOR and provide access, at reasonable times following receipt by CITY of reasonable notice, to all documents reasonably necessary to the performance of CONTRACTOR'S duties under this Agreement.

### B. Assignment

CITY may assign this Agreement or any duties or obligations thereunder to a successor governmental entity without the consent of CONTRACTOR. Such assignment shall not release CONTRACTOR from any of CONTRACTOR'S duties or obligations under this Agreement.

## ARTICLE 7. TERMINATION OF AGREEMENT

### A. Sale of CONTRACTOR'S Business/ Death of CONTRACTOR.

CONTRACTOR shall notify CITY of the proposed sale of CONTRACTOR'S business no later than thirty (30) days prior to any such sale. CITY shall have the option of terminating this Agreement within thirty (30) days after receiving such notice of sale. Any such CITY termination pursuant to this **Article 7.A** shall be in writing and sent to the address for notices to CONTRACTOR set forth in **Exhibit A, Subsection V.H.**, no later than thirty (30) days after CITY' receipt of such notice of sale.

If CONTRACTOR is an individual, this Agreement shall be deemed automatically terminated upon death of CONTRACTOR.

### B. Termination by City for Default of CONTRACTOR

Should CONTRACTOR default in the performance of this Agreement or materially breach any of its provisions, CITY, at CITY'S option, may terminate this Agreement by giving written notification to CONTRACTOR. For the purposes of this section, material breach of this Agreement shall include, but not be limited to the following:

1. CONTRACTOR'S failure to professionally and/or timely perform any of the services contemplated by this Agreement.
2. CONTRACTOR'S breach of any of its representations, warranties or covenants contained in this Agreement.

CONTRACTOR shall be entitled to payment only for work completed in accordance with the terms of this Agreement through the date of the termination notice, as reasonably determined by CITY, provided that such payment shall not exceed the amounts set forth in this Agreement for the tasks described on Exhibit C" which have been fully, competently and timely rendered by CONTRACTOR. Notwithstanding the foregoing, if CITY terminates this Agreement due to CONTRACTOR'S default in the performance of this Agreement or material breach by CONTRACTOR of any of its provisions, then in addition to any other rights and remedies CITY

may have, CONTRACTOR shall reimburse CITY, within ten (10) days after demand, for any and all costs and expenses incurred by CITY in order to complete the tasks constituting the scope of work as described in this Agreement, to the extent such costs and expenses exceed the amounts CITY would have been obligated to pay CONTRACTOR for the performance of that task pursuant to this Agreement.

**C. Termination for Failure to Make Agreed-Upon Payments**

Should CITY fail to pay CONTRACTOR all or any part of the compensation set forth in Article 4 of this Agreement on the date due, then if and only if such nonpayment constitutes a default under this Agreement, CONTRACTOR, at the CONTRACTOR'S option, may terminate this Agreement if such default is not remedied by CITY within thirty (30) days after demand for such payment is given by CONTRACTOR to CITY.

**D. Transition after Termination**

Upon termination, CONTRACTOR shall immediately stop work, unless cessation could potentially cause any damage or harm to person or property, in which case CONTRACTOR shall cease such work as soon as it is safe to do so. CONTRACTOR shall incur no further expenses in connection with this Agreement. CONTRACTOR shall promptly deliver to CITY all work done toward completion of the services required hereunder, and shall act in such a manner as to facilitate any the assumption of CONTRACTOR's duties by any new CONTRACTOR hired by the CITY to complete such services.

**ARTICLE 8. GENERAL PROVISIONS**

**A. Amendment & Modification**

No amendments, modifications, alterations or changes to the terms of this Agreement shall be effective unless and until made in a writing signed by both parties hereto.

**B. Americans with Disabilities Act of 1990**

Throughout the term of this Agreement, the CONTRACTOR shall comply fully with all applicable provisions of the Americans with Disabilities Act of 1990 ("the Act") in its current form and as it may be amended from time to time. CONTRACTOR shall also require such compliance of all subcontractors performing work under this Agreement, subject to the prohibition against assignment and subcontracting contained in Article 5 above. The CONTRACTOR shall defend with counsel acceptable to CITY, indemnify and hold harmless the CITY OF GILROY, its officers, employees, agents and representatives from and against all suits, claims, demands, damages, costs, causes of action, losses, liabilities, expenses and fees, including without limitation reasonable attorneys' fees, that may arise out of any violations of the Act by the CONTRACTOR, its subcontractors, or the officers, employees, agents or representatives of either.

**C. Attorneys' Fees**

If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

**D. Captions**

The captions and headings of the various sections, paragraphs and subparagraphs of the Agreement are for convenience only and shall not be considered nor referred to for resolving questions of interpretation.

**E. Compliance with Laws**

The CONTRACTOR shall keep itself informed of all State and National laws and all municipal ordinances and regulations of the CITY which in any manner affect those engaged or employed in the work, or the materials used in the work, or which in any way affect the conduct of the work, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Without limiting the foregoing, CONTRACTOR agrees to observe the provisions of the Municipal Code of the CITY OF GILROY, obligating every contractor or subcontractor under a contract or subcontract to the CITY OF GILROY for public works or for goods or services to refrain from discriminatory employment or subcontracting practices on the basis of the race, color, sex, religious creed, national origin, ancestry of any employee, applicant for employment, or any potential subcontractor.

**F. Conflict of Interest**

CONTRACTOR certifies that to the best of its knowledge, no CITY employee or office of any public agency interested in this Agreement has any pecuniary interest in the business of CONTRACTOR and that no person associated with CONTRACTOR has any interest that would constitute a conflict of interest in any manner or degree as to the execution or performance of this Agreement.

**G. Entire Agreement**

This Agreement supersedes any and all prior agreements, whether oral or written, between the parties hereto with respect to the rendering of services by CONTRACTOR for CITY and contains all the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

No other agreements or conversation with any officer, agent or employee of CITY prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Such other agreements or conversations shall be considered as unofficial information and in no way binding upon CITY.

**H. Governing Law and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws provisions of any jurisdiction. The exclusive jurisdiction and venue with respect to any and all disputes arising hereunder shall be in state and federal courts located in Santa Clara County, California.

**I. Notices**

Any notice to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in **Exhibit "A", Section V.H.** but each party may change the address by written notice in accordance with this paragraph. Notices delivered personally will be deemed delivered as of actual receipt; mailed notices will be deemed delivered as of three (3) days after mailing.

**J. Partial Invalidity**

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**K. Time of the Essence**

All dates and times referred to in this Agreement are of the essence.

**L. Waiver**

CONTRACTOR agrees that waiver by CITY of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement.

**Executed at Gilroy, California**, on the date and year first above written.

**CONTRACTOR:**

**CITY:**

Maggiora Bros. Drilling, Inc.

CITY OF GILROY

Signed by:  
By: Michael F. Maggiora  
Name: Michael F. Maggiora  
Title: Secretary

By: \_\_\_\_\_  
Name: Harjot Sangha  
Title: Interim City Administrator

Social Security or Taxpayer  
Identification Number 94-1635647

Approved as to Form

ATTEST:

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

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

## EXHIBIT "A"

### SPECIFIC PROVISIONS

#### I. PROJECT MANAGER

CONTRACTOR shall provide the services indicated on the attached **Exhibit "B"**, Scope of Services ("Services"). (All exhibits referenced are incorporated herein by reference.) To accomplish that end, CONTRACTOR agrees to assign Michael F. Maggiora, who will act in the capacity of Project Manager, and who will personally direct such Services.

Except as may be specified elsewhere in this Agreement, CONTRACTOR shall furnish all technical and professional services including labor, material, equipment, transportation, supervision and expertise to perform all operations necessary and required to complete the Services in accordance with the terms of this Agreement.

#### II. NOTICE TO PROCEED/COMPLETION OF SERVICE

##### A. NOTICE TO PROCEED

CONTRACTOR shall commence the Services upon delivery to CONTRACTOR of a written "Notice to Proceed", which Notice to Proceed shall be in the form of a written communication from designated City contact person(s). Notice to Proceed may be in the form of e-mail, fax or letter authorizing commencement of the Services. For purposes of this Agreement, Jeff Castro shall be the designated City contact person(s). Notice to Proceed shall be deemed to have been delivered upon actual receipt by CONTRACTOR or if otherwise delivered as provided in the **Section V.H.** ("Notices") of this **Exhibit "A"**.

##### B. COMPLETION OF SERVICES

When CITY determines that CONTRACTOR has completed all of the Services in accordance with the terms of this Agreement, CITY shall give CONTRACTOR written Notice of Final Acceptance, and CONTRACTOR shall not incur any further costs hereunder. CONTRACTOR may request this determination of completion when, in its opinion, it has completed all of the Services as required by the terms of this Agreement and, if so requested, CITY shall make this determination within two (2) weeks of such request, or if CITY determines that CONTRACTOR has not completed all of such Services as required by this Agreement, CITY shall so inform CONTRACTOR within this two (2) week period.

#### III. PROGRESS SCHEDULE

The schedule for performance and completion of the Services will be as set forth in the attached **Exhibit "C"**.

#### IV. PAYMENT OF FEES AND DIRECT EXPENSES

Payments shall be made to CONTRACTOR as provided for in **Article 4** of this Agreement.

Direct expenses are charges and fees not included in **Exhibit “B”**. CITY shall be obligated to pay only for those direct expenses which have been previously approved in writing by CITY. CONTRACTOR shall obtain written approval from CITY prior to incurring or billing of direct expenses.

Copies of pertinent financial records, including invoices, will be included with the submission of billing(s) for all direct expenses.

V. OTHER PROVISIONS

A. STANDARD OF WORKMANSHIP

CONTRACTOR represents and warrants that it has the qualifications, skills and licenses necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and CITY expressly relies upon CONTRACTOR’S representations and warranties regarding its skills, qualifications and licenses. CONTRACTOR shall perform such Services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California.

Any plans, designs, specifications, estimates, calculations, reports and other documents furnished under this Agreement shall be of a quality acceptable to CITY. The minimum criteria for acceptance shall be a product of neat appearance, well-organized, technically and grammatically correct, checked and having the maker and checker identified. The minimum standard of appearance, organization and content of the drawings shall be that used by CITY for similar purposes.

B. RESPONSIBILITY OF CONTRACTOR

CONTRACTOR shall be responsible for the professional quality, technical accuracy, and the coordination of the Services furnished by it under this Agreement. CONTRACTOR shall not be responsible for the accuracy of any project or technical information provided by the CITY. The CITY’S review, acceptance or payment for any of the Services shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and CONTRACTOR shall be and remain liable to CITY in accordance with applicable law for all damages to CITY caused by CONTRACTOR’S negligent performance of any of the services furnished under this Agreement.

C. RIGHT OF CITY TO INSPECT RECORDS OF CONTRACTOR

CITY, through its authorized employees, representatives or agents, shall have the right, at any and all reasonable times, to audit the books and records (including, but not limited to, invoices, vouchers, canceled checks, time cards, etc.) of CONTRACTOR for the purpose of verifying any and all charges made by CONTRACTOR in connection with this Agreement. CONTRACTOR shall maintain for a minimum period of three (3) years (from the date of final payment to CONTRACTOR), or for any longer period required by law, sufficient books and records in accordance with standard California accounting practices to establish the correctness of all charges submitted to CITY by CONTRACTOR, all of which shall be made available to CITY at the CITY’S offices within five (5) business days after CITY’S request.

D. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data (including, but not limited to, computer data and source code), drawings, descriptions, documents, discussions or other information developed or received by or for CONTRACTOR and all other written and oral information developed or received by or for CONTRACTOR and all other written and oral information submitted to CONTRACTOR in connection with the performance of this Agreement shall be held confidential by CONTRACTOR and shall not, without the prior written consent of CITY, be used for any purposes other than the performance of the Services, nor be disclosed to an entity not connected with the performance of the such Services. Nothing furnished to CONTRACTOR which is otherwise known to CONTRACTOR or is or becomes generally known to the related industry (other than that which becomes generally known as the result of CONTRACTOR'S disclosure thereof) shall be deemed confidential. CONTRACTOR shall not use CITY'S name or insignia, or distribute publicity pertaining to the services rendered under this Agreement in any magazine, trade paper, newspaper or other medium without the express written consent of CITY.

E. NO PLEDGING OF CITY'S CREDIT.

Under no circumstances shall CONTRACTOR have the authority or power to pledge the credit of CITY or incur any obligation in the name of CITY.

F. OWNERSHIP OF MATERIAL.

All material including, but not limited to, computer information, data and source code, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports and other material developed, collected, prepared (or caused to be prepared) under this Agreement shall be the property of CITY, but CONTRACTOR may retain and use copies thereof subject to **Section V.D** of this **Exhibit "A"**.

CITY shall not be limited in any way in its use of said material at any time for any work, whether or not associated with the City project for which the Services are performed. However, CONTRACTOR shall not be responsible for, and City shall indemnify CONTRACTOR from, damages resulting from the use of said material for work other than PROJECT, including, but not limited to, the release of this material to third parties for work other than on PROJECT.

G. NO THIRD PARTY BENEFICIARY.

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

H. NOTICES.

Notices are to be sent as follows:

CITY: Karl Bjarke, Interim Utilities Department  
City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020

CONTRACTOR: Michael F. Maggiora.  
Maggiorra Bros. Drilling, Inc.  
595 Airport Blvd.  
Watsonville, CA, 95076

I. FEDERAL FUNDING REQUIREMENTS.

- If the box to the left of this sentence is checked, this Agreement involves federal funding and the requirements of this **Section V.I.** apply.
- If the box to the left of this sentence is checked, this Agreement does not involve federal funding and the requirements of this **Section V.I.** do not apply.

1. DBE Program

CONTRACTOR shall comply with the requirements of Title 49, Part 26, Code of Federal Regulations (49 CFR 26) and the City-adopted Disadvantaged Business Enterprise programs.

2. Cost Principles

Federal Acquisition Regulations in Title 48, CFR 31, shall be used to determine the allowable cost for individual items.

3. Covenant against Contingent Fees

The CONTRACTOR warrants that he/she has not employed or retained any company or person, other than a bona fide employee working for the CONTRACTOR, to solicit or secure this Agreement, and that he/she has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or formation of this Agreement. For breach or violation of this warranty, the Local Agency shall have the right to annul this Agreement without liability or, at its discretion, to deduct from the agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

## **EXHIBIT “B”**

### **SCOPE OF SERVICES**

This agreement consists of providing on-call, routine, and emergency water system repair, maintenance, and rehabilitation services for the City of Gilroy Utilities Department on an as-needed, time-and-materials basis. The initial contract term shall be three (3) years, with the City retaining the option to extend the agreement for two (2) additional one-year periods under the same terms and conditions.

The scope of work is divided into two major tasks:

1. Well Services
2. Pump (Booster) Station Services

#### **Contractor Responsibilities**

On call contract will be contracted on a time and materials basis. The work will generally consist of repairs, refurbishment, maintenance, shop work and field work. The contractor shall provide all necessary supervision, labor, materials, tools and equipment to perform the work described.

The City of Gilroy Utilities Department Director or Utilities Water Superintendent will issue a request for services, including a brief description of the required work. In response, the Contractor must submit a written scope of work outlining the specific tasks to be performed, materials and equipment to be procured, estimated costs, and the projected timeline for completion.

Each assignment will be formalized through an individual work request. The Contractor shall not commence any work until the City and the Contractor have mutually agreed upon the project cost and schedule, and the Project Manager has issued written authorization to proceed.

The Contractor shall designate a primary representative and an alternate to serve as points of contact for coordination with the City’s Utilities Department Project Manager. The Contractor must provide the City with a telephone number and email address for both representatives, ensuring they are reachable 24 hours a day, seven days a week in the event of an emergency. The designated representative and the alternate staff shall demonstrate professionalism and effective communication skills, including proficiency in email and telephone correspondence. Both individuals must respond to inquiries from the City, within 24 hours of initial contact.

Any changes to the designated representative must receive prior approval from the City. The City reserves the right to reject proposed personnel changes and may consider unauthorized changes to key personnel a breach of contract.

For any work expected to exceed one day, the Contractor's representative shall submit a detailed schedule to the Utilities Department Director or Utilities Water Superintendent in advance. The Contractor shall not commence work without prior authorization from the Utilities Department Director or Water Superintendent. For non-emergency work, a minimum notice of forty-eight (48) hours is required to allow the City sufficient time to adjust staffing and ensure availability. All scheduled work must be completed promptly, unless an extension is approved by the Utilities Department Director or Utilities Water Superintendent.

Contractor shall only provide brand new parts (i.e. motors, pumps, pipes, etc.) and chemicals. Refurbished parts or parts that have been stored for long periods of time will not be accepted. Old parts, materials, chemicals, shall be removed and disposed by contractor. Parts and chemicals shall be ordered promptly, and every effort shall be given to minimize delay. Contractor shall submit schedule to Utilities Department Director or Utilities Water Superintendent for any part (s) and or chemical (s) with long lead times or back orders. Weekly updates shall be provided to Utilities Director or Water Superintendent for any part (s) or chemical (s) which will take longer than one week to obtain.

Any damage by the Contractor to the City Facilities, equipment, or vehicles shall be fixed in kind expediently and without delay at no cost to the City.

The Contractor shall always secure the well's site and its equipment throughout the duration of the work. The Contractor is also responsible for discharging of treated water after rehabilitation of well into an appropriate drainage system in a manner that complies with NPDES regulations and permits. All water discharged shall be through an NPDES facility approved by the Utilities Department Director or Water Section Superintendent. It will be the Contractor's responsibility to propose a method to discharge water that is NPDES compliant and may include methods such as water detention through storage tanks or other conforming strategies.

The work to be completed will be both of a routine nature and an emergency nature:

### Routine Maintenance Guidelines

For most part, the work will be of a non-emergency, scheduled nature between normal business hours of 7:00 AM to 3:00 PM. The work will consist of routine, on-call support to Utilities Division crews in the repair and maintenance of the City's wells and pumping stations.

### Emergency Response Guidelines

The Contractor's ability to respond to emergency situations upon request is a mandatory condition of the contract. Failure or inability to respond as required will be considered a breach of contract. Emergency response typically involves unscheduled work occurring outside of normal business hours or instances where City crews are unable to provide the necessary level of effort or equipment.

The Contractor must be available to respond to emergency service requests from the City 24 hours a day, 7 days a week. Emergency repairs must be addressed within 24 hours of notification, while non-emergency repairs must be completed within 48 hours.

To ensure timely communication, the Contractor shall provide a designated emergency contact person along with a reliable telephone number.

### Task 1 – Well Services

The City of Gilroy currently operates nine municipal wells, each with distinct characteristics in terms of age, capacity, and construction. A tenth well is in the design phase (McCarthy Well), with construction anticipated to begin in the second part of Fiscal Year 2026.

These wells are critical components of Gilroy's municipal water supply.

The City's groundwater wells vary widely in age, construction, and performance characteristics. Installation dates span nearly a century, with the oldest well (Well 1) constructed in 1932 and the newest (Well 3-02) installed in 2005. Individual well capacities range from approximately 300 to 2,400 gallons per minute, with Well 8 providing the highest output. Well depths also differ substantially, ranging from about 302 feet at Well 4 to approximately 920 feet at Well 8, reflecting varying aquifer access conditions. Screen intervals have been designed to match each well's specific geological profile. Sanitary seals are present in all wells except Wells 1 and 2, which were constructed in 1932 and 1947, respectively, and have unknown seal details.

The overall work includes water well rehabilitations, well casing removal, repairs and installations, water well video inspections, electric motor repairs, and repair services on various

types of pumps and motors at various locations throughout the City. The Contractor shall provide all necessary heavy-duty equipment, such as, but not limited to, drilling rig, pump rig, flatbed truck, boom truck, tractor trailer to complete the task as requested including transportation to and from the Contractor's facility to each City worksite.

#### Pump Removal/Installation and Servicing

The Contractor shall perform water well pumps removal and installation. At the initial setup for pulling a well pump, the Contractor shall perform lockout/tagout of the electrical and hydraulic systems.

#### Well Video Survey Service

The Contractor shall conduct water well video inspections using color video equipment capable of side-scan and down-hole survey views. Videos must be recorded in high-definition MP4 format with a resolution of 1280 × 720, 1920 × 1080, or higher. All video files shall be submitted to the Utilities Director or Water Section Superintendent within 48 hours of recording, either via a downloadable online link or on a USB flash drive. If submitted online, the USB flash drive must still be provided within five (5) working days.

The video survey unit shall simultaneously transpose the City's name, well name, footage, and the date of inspection on the monitor screen and the video record. A footage counter/recorder shall read in feet and be accurate within 2 percent of the actual footage.

The video survey camera shall be capable of both normal downhole and right-angle viewing, achieved either through interchangeable lenses or mechanical adjustment of the camera. Upon request by the City, the Contractor must provide right-angle viewing to capture direct elevation views of any casing section.

#### Well Rehabilitation and Treatment Services

The Contractor shall be qualified to provide well rehabilitation and treatment services. Furnish all portable engine driven pumps, necessary to perform well redevelopment and rehabilitation.

Costs for temporary piping, sound proofing, and related equipment require approval by the Utilities Director or Water Section Superintendent.

To perform these tasks, the Contractor shall have the capability to perform mineral analysis, chemical treatment, water quality testing, zone testing, well casing patches, and similar casing repairs/improvements, and mechanical treatment on well casings. All chemicals used in treating wells shall be State approved for the purpose intended and must be approved by the National Sanitation Foundation (NSF) approved.

The Contractor's estimates shall include the typical type and concentration of chemicals (acids, inhibitors, polymers, neutralizers) to be used; the appropriate contact time for the chemicals; the typical procedure for introducing, mixing, and neutralizing chemicals in the wells. In addition, the name (s) and phone numbers of any company(ies) that will supply the treatment chemicals shall be provided. Completed Materials Safety Data Sheets (MSDS) for all chemicals used shall include the methods of mechanical treatment (dual swab, wire/nylon brush, sonar jetting, etc.).

Post rehab, contractor shall submit documentation certifying the rehab has been completed according to the rehab plan and certify pump depths, sounding tube length, etc.

## Task 2 Pump Station Services

The City of Gilroy operates six booster pump stations that supply water to Zones 2A, 2B, and Zone 3. Each station is equipped with three pumps, for a total of 18 pumps systemwide. The pumps range in size from 15 horsepower to 40 horsepower, and all are vertical turbine pumps. One station, Booster 5, utilizes a variable frequency drive (VFD) motor system.

The City expects the following types of work to be performed under this task:

1. Repair and/or replacement of pumps and motor
2. Replacement of existing above ground and buried yard valves with new ones
3. Manual and/or electric operated valves including all related piping and parts
4. Replacement of pump and station control valves included all related piping and parts
5. Repair or replacement of auxiliary mechanical or electrical equipment. The City reserves the right to furnish replacement well or booster pump motors

6. Electrical disconnect and hookup of repaired or replacement equipment
7. Repairs or modifications of well heads as required
8. Testing of parts, equipment, or material
9. Measure, set, and recheck field pump impeller lateral settings and field
10. Verification of pump and equipment operation
11. Demolition or removal of existing structures

## EXHIBIT “C”

### MILESTONE SCHEDULE

This three-year on-call agreement provides routine, on-call, and emergency services for water system repair, maintenance, and rehabilitation on a time-and-materials basis. The City will perform annual condition assessments of its water system infrastructure to identify and scope additional work beyond the projects listed below. While well and pump work is anticipated each year under this agreement, the specific scope may vary based on the results of those assessments.

Based on current known issues, the City has scheduled the following well and pump work items:

1. FY 26 – For Well 8 the installation of a nitrate analyzer to monitor nitrate levels and provide an automatic shutdown to the well should levels exceed a user adjustable nitrate level. This project is linked to a Capital Improvement Plan (CIP # 801060).
2. FY 27 – Well 1
  - a. Execute the removal of the jammed well structure

## **EXHIBIT “D”**

### **PAYMENT SCHEDULE**

The Contractor shall be compensated for all labor, materials, equipment, services, and other reimbursable expenses in accordance with the cost schedule attached hereto to the Exhibit D (Maggiara Brothers Drilling, Inc. Cost Schedule).

#### 2. Maximum Contract Amount

The total compensation payable under this Agreement for the initial three-year term shall not exceed Four Hundred Twenty Thousand Dollars (\$420,000).

#### 3. Annual Allocation

The annual allocation of the total contract amount shall be as follows:

- Fiscal Year 2026: One Hundred Twenty Thousand Dollars (\$120,000)
- Fiscal Year 2027: One Hundred Fifty Thousand Dollars (\$150,000)
- Fiscal Year 2028: One Hundred Fifty Thousand Dollars (\$150,000)

Below is a detailed breakdown of the pricing.

COMPANY NAME: Maggiore Bros Drilling, Inc.

**ATTACHMENT A  
 COST SCHEDULE**

**On-Call Services for Water Well & Pump Station Repairs,  
 Maintenance, and Rehabilitation**

This work is subject to prevailing wage. The hourly wages to be paid laborers, workers, or mechanics shall not be less than the DIR prevailing wage rates for an hour's work in the same trade or occupation in Santa Clara County. Prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. All Invoices shall provide complete cost and billing schedules of current hourly billing rates for each of the specialized skill, material, and support services. This fee schedule shall remain in effective for the first eighteen (18) months of the contract. After the first 18 months, rates may be reviewed annually by the successful proposer and the City; and rate increases may be requested in writing with detailed justification. Nevertheless, maximum increase in labor and/or equipment costs in any calendar year shall be three percent (3%) or the most recent proceeding increase in the Consumer Price Index (CPI) for the West Coast published by the United States Department of Labor, Bureau of Labor Statistics, whichever is less. Exceptions related to equipment costs shall be justified in letter format to the City with supportive data and analysis.

**Labor Rates**

Classification	Straight Time (\$ per hour)	Overtime (\$ per hour)
<b>Laborers-On site</b>		
General Foreman	80.00	120.00
Foreman	75.00	112.50
Crew Leader	70.00	105.00
Crew Member	65.00	97.50
Welder	75.00	112.50
Equipment Operator	75.00	112.50
<b>Laborers-In Your Shop</b>		
General Foreman	80.00	120.00
Foreman	75.00	112.50
Crew Leader	70.00	105.00
Crew Member	65.00	97.50
Welder	75.00	112.50

**Equipment Fees**

DESCRIPTION	MAKE/MODEL/YEAR	HOURLY RATE	OVERTIME RATE	LOCATION AFTER HOURS
Pump or Well Rig	Pulstar, P-60000, 2016	250.00	375.00	Watsonville, Ca
Crane (15-20 Ton Size)	Smiley, T-270, 2009	350.00	450.00	same
Backhoe	Caterpillar, 416D, 2025	75.00	112.50	same
Dump Truck (12 Yard)	KW, Superior, 2015	60.00	90.00	same
Pick-up Truck	Ram, 2-ton, 2025	30.00	45.00	same

**Parts Mark-up Fee**

Percentage mark-up to supply parts as needed	%	25
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**Billing Rates for Various Tasks (prevailing wages apply)**

General Pump Pulling and Installation	
Mobilization & Demobilization	\$ <u>600</u> LS
Two (2) men, rig, and service truck	\$ <u>410</u> /hr
Each additional employee	\$ <u>65</u> /hr
Well Rehabilitation	
Mobilization & Demobilization	\$ <u>1,500</u> LS
Aqua Clear PFD Method (Estimated Hours: <u>20</u> )	
Two (2) men comb. Rig service truck/Chemical trailer	\$ <u>500</u> /hr
Bore Blast Method (Estimated Hours: <u>10</u> )	
Two (2) men comb. Rig service truck/Bore blast trailer/ Nitrogen gas	\$ <u>600</u> /hr

**Well Repair**

**Well Tear Down & Inspection**

Two (2) men comb. Rig service truck \$ 410 /hr

Rebuild Bowl (Estimated Hours: 3 ) \$ 115 /hr

**Well Cleanout Work**

**Cable tool method (wire brush)**

Two (2) men comb. Rig service truck \$ 410 /hr

**Airlift Method**

Two (2) men, rig and service truck \$ 410 /hr

Air compressor charge \$ 85 /hr

Large Crane: 40-ton with two (2) men \$ 600 /hr

**Smaller Cranes**

One (1) man and hydraulic crane - 5-ton \$ 250 /hr

One (1) man and hydraulic crane - 8-ton \$ 300 /hr

One (1) man and rotary crane - 10-ton \$ 350 /hr

**Field Service**

One (1) man and delivery truck \$ 125 /hr

One (1) man and service truck \$ 165 /hr

Two (2) men and service truck \$ 250 /hr

Two (2) men and welding truck \$ 250 /hr

Electrician \$ 165 /hr

**Shop Labor**

General shop labor	\$ <u>110</u> /hr
Premium shop labor	\$ <u>175</u> /hr
Machine shop labor	\$ <u>115</u> /hr
Metal spray labor	\$ <u>150</u> /hr
Welding shop labor	\$ <u>115</u> /hr

Closed Circuit Well Television with electronic MP4 copies \$ 1,800 LS

Wire brush, Bail Well, or Swab rental \$ 425 /hr

NPDES Compliance  
(Baker Tanks, Neutralizing Equip. Lab Fees, fabrication) \$ 6,000 LS

**MAINTENANCE SERVICE AGREEMENT  
MAGGIORA BROS DRILLING, INC.**

**THIS AGREEMENT** is entered into and becomes effective on 10/28/2025 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Maggiora Bros Drilling, Inc. a California corporation ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on October, 15, 2025.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until October 31, 2028 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be On-Call Services for Water Well and Pump Station Repairs, Maintenance, and Rehabilitation as further described in **Exhibit A**.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
  - 4.1. **Amount.** \$750,000.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed Seven Hundred Fifty Thousand dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.
  - 4.2. **Billing.** SERVICE PROVIDER shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by SERVICE PROVIDER on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 14 Notices. Payment will be made to SERVICE PROVIDER within thirty (30) days of receipt of invoice by CITY. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

5. **Termination.** CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER. The City Manager is authorized to terminate this Agreement, in whole or in part, on behalf of CITY.

5.1. **Non-Appropriations.** Notwithstanding anything contained in this Agreement to the contrary, if insufficient funds are appropriated, or funds are otherwise unavailable in the budget for CITY for any reason whatsoever in any fiscal year, for payments due under this Agreement, CITY will immediately notify SERVICE PROVIDER of such occurrence, and this Agreement shall terminate after the last day during the fiscal year for which appropriations shall have been budgeted for CITY or are otherwise available for payments.

5.2. **Temporary Suspension of Services.** CITY'S need for services may be suspended due to unforeseeable or unavoidable circumstances beyond its control. Such circumstances include, but are not limited to, earthquake, fire, explosion, flood, or other natural catastrophe; governmental legislation, condemnation, acts, orders, or regulation; war or acts of terrorism; strikes or labor difficulties; and quarantine, epidemic, or pandemic. CITY shall provide a 5-days' written notice or less under urgent circumstances to temporarily suspend services at specific CITY facilities. CITY reserves the right to request which CITY facilities are to be serviced or not serviced due to unforeseeable or unavoidable circumstances; and the level of service at each CITY facility. Upon suspension, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid up to the date of the suspension. No further payments will be made for services provided after the date of the suspension. CITY shall provide 5 days' written notice when the circumstances for the suspension of specific facilities' services are removed for SERVICE PROVIDER to commence providing services.

6. **Performance of Work.** SERVICE PROVIDER represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by SERVICE PROVIDER in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of SERVICE PROVIDER'S profession. By delivery of completed work, SERVICE PROVIDER certifies that the work conforms to the requirements of this Agreement and all applicable federal, state, and local laws. SERVICE PROVIDER is liable for any property damage caused by SERVICE PROVIDER or its Subcontractors during performance of the services and shall notify the CITY of damage within 24 hours of the occurrence. SERVICE PROVIDER must promptly repair or replace any real or personal property damage, and must promptly restore the property to its original or intended condition. CITY may repair or replace the real or personal property damage if SERVICE PROVIDER fails to do so, and the cost of the repairs or replacement may be deducted or offset from any compensation due to SERVICE PROVIDER.

6.1. **Schedule.** SERVICE PROVIDER shall perform all work and services under this Agreement in conformance with the time schedule set forth on **Exhibit C**, "Schedule of Performance," attached hereto and incorporated herein by this reference. The City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement.

6.2. **Storage of Service Provider's Equipment.** If SERVICE PROVIDER desires to leave or store any of SERVICE PROVIDER'S equipment at a CITY site while SERVICE PROVIDER is performing work or service pursuant to this Agreement, SERVICE PROVIDER will first obtain the consent of the City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at SERVICE PROVIDER'S sole risk.

7. **Hazardous Materials.** Without limiting any other requirement or obligation of SERVICE PROVIDER under this Agreement, if SERVICE PROVIDER needs to use any material or chemical considered to be a hazardous material under any federal, state, or local law, regulation or policy, SERVICE PROVIDER agrees to fully and timely abide by and comply with all laws, regulations and policies pertaining to the use, transport, removal, handling, disposal, or other activity related to any and all such materials or chemicals. Prior to commencement of work or services under this Agreement, SERVICE PROVIDER shall provide CITY with a complete list of the hazardous materials SERVICE PROVIDER reasonably anticipates it may need to use to provide the services of SERVICE PROVIDER under this Agreement, together with the reasonably anticipated quantities thereof, if requested by CITY.

8. **Insurance Requirements.** SERVICE PROVIDER shall procure and provide proof of the insurance coverage required by this section in the form of certificates and endorsements. The required insurance must cover the activities of SERVICE PROVIDER, including its subcontractors, employees, and agents, relating to, or arising from, the performance of any work or service under this Agreement, and must remain in full force and effect at all times during the period covered by this Agreement. The coverages may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by excess or "umbrella" policies, provided each such policy complies with the requirements set forth herein. Any deductibles or self-insured retentions must be declared to and approved by City. SERVICE PROVIDER further understands that CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to SERVICE PROVIDER, at any time as deemed necessary to protect the interests of CITY.

8.1. **Insurance Types and Amounts.**

8.1.1. **Commercial General Liability (CGL).** SERVICE PROVIDER shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.2. **Automobile Liability.** SERVICE PROVIDER shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if SERVICE PROVIDER does not own automobiles, then SERVICE PROVIDER shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.3. Workers' Compensation Insurance and Employer's Liability. SERVICE PROVIDER shall maintain Workers Compensation coverage, as required by law, in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If SERVICE PROVIDER is self-insured, SERVICE PROVIDER shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

8.1.4. Pollution (Environmental) Liability. If the performance of SERVICE PROVIDER'S work or service under this Agreement involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, SERVICE PROVIDER shall procure and maintain Pollution Liability covering the SERVICE PROVIDER'S liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site, as well as during the transport of hazardous materials. Such coverage shall be in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.5. Professional Liability.

8.1.5.1. If the performance of SERVICE PROVIDER'S work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), SERVICE PROVIDER shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if SERVICE PROVIDER maintains a claims-made policy, SERVICE PROVIDER shall provide written evidence of such insurance to CITY for at least five (5) years after the completion of work performed under this Agreement.

8.1.5.2. If the performance of SERVICE PROVIDER'S work or service under this Agreement relates to Information Technology or related services (examples include, but are not limited to computer programmers, software designers, hardware engineers, or other systems consultants), SERVICE PROVIDER shall procure and maintain a claims made Errors and Omission liability insurance, including Cyber Liability and Data Breach, in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

- 8.1.6. **Sexual Abuse/Molestation Liability (SML)**: If the performance of SERVICE PROVIDER'S work or service under this Agreement involves contact with minors, SERVICE PROVIDER shall procure and maintain Sexual Abuse and Molestation insurance in the minimum amount of: (i) two hundred thousand dollars (\$200,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- 8.2. **Endorsements**. SERVICE PROVIDER shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:
- 8.2.1. **General Liability and pollution liability (when pollution liability applies)**.
- 8.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.
- 8.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and
- 8.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.
- 8.2.2. **Workers Compensation**.
- If the performance of SERVICE PROVIDER'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, SERVICE PROVIDER'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.
- 8.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.
- 8.4. **Certificates**. SERVICE PROVIDER shall furnish CITY with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to SERVICE PROVIDER'S agreement with CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 8. Certificates, including renewal certificates, may be mailed electronically to [riskmgmt@morganhill.ca.gov](mailto:riskmgmt@morganhill.ca.gov) or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

City of Morgan Hill  
Attn: Risk Management  
17575 Peak Avenue  
Morgan Hill, CA 95037

9. **Non-Liability of Officials and Employees of CITY.** No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

10. **Compliance with Law.**

10.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon any basis prohibited by State or Federal law, including but not limited to, race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

10.2. Without limiting the provisions of Section 10.1 above, each worker performing work under this Agreement shall be paid at a rate not less than the prevailing wage as defined in Sections 1771 and 1774 of the Labor Code. The prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. SERVICE PROVIDER shall post a copy of the applicable prevailing rates at the Worksite.

10.2.1. Pursuant to Labor Code Section 1775, SERVICE PROVIDER and any subcontractor shall forfeit to CITY as a penalty up to two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the applicable prevailing wage rate. SERVICE PROVIDER shall also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.

10.2.2. SERVICE PROVIDER must comply with the provisions of Labor Code Sections 1776 and 1812 and all implementing regulations, which are fully incorporated by this reference, including requirements for electronic submission of payroll records.

10.2.3. As applicable, if the Agreement Amount exceeds Thirty Thousand Dollars (\$30,000.00), SERVICE PROVIDER is responsible for compliance with the requirements governing employment and payment of apprentices, as set forth in Labor Code Section 1777.5, which is fully incorporated by reference.

10.2.4. SERVICE PROVIDER must comply with the provisions of Labor Code Section 1815 with respect to payment of overtime.

10.2.5. Under Labor Code Section 1813, SERVICE PROVIDER will forfeit to CITY as a penalty, the sum of Twenty-Five Dollars (\$25.00) for each day during which a worker employed by SERVICE PROVIDER or any subcontractor is required or permitted to work more than eight (8) hours in any one (1) calendar day or more

than forty (40) hours per calendar week, except if such workers are paid overtime under Labor Code Section 1815.

- 10.3. DIR Registration. CITY will not accept a Bid Proposal from or enter into a contract with a SERVICE PROVIDER, without first receiving proof to the satisfaction of CITY that SERVICE PROVIDER and its subcontractors are registered with the California Department of Industrial Relations to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions. Under Labor Code section 1771.4, this Agreement is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.
- 10.4. Compliance with Wage and Hour Laws. SERVICE PROVIDER, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state, and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

Final Judgments, Decisions, and Orders: For purposes of this Section, a “final judgment, decision, or order” refers to one for which all appeals have been exhausted or the time to appeal has expired. Relevant investigatory government agencies include: the federal Department of Labor, the California Division of Labor Standards Enforcement, or any other governmental entity or division tasked with the investigation and enforcement of wage and hour laws.

Prior Judgments against SERVICE PROVIDER and/or its Subcontractors: BY SIGNING THIS AGREEMENT, SERVICE PROVIDER AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT SERVICE PROVIDER OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. SERVICE PROVIDER FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

Judgments or Decisions During Term of Contract: If at any time during the term of this Agreement, a court or investigatory government agency issues a final judgment, decision or order finding that SERVICE PROVIDER or any subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or SERVICE PROVIDER learns of such a judgment, decision, or order that was not previously disclosed, SERVICE PROVIDER shall inform the City Attorney, no more than fifteen (15) days after the judgment, decision or order becomes final or of learning of the final judgment, decision or order. SERVICE PROVIDER and its subcontractors shall promptly satisfy and comply with any such judgment, decision, or order, and shall provide the City Attorney with documentary evidence of compliance with the final judgment, decision, or order within five (5) days of satisfying the final judgment, decision, or order. CITY reserves the right to require SERVICE PROVIDER to enter into an agreement with CITY regarding the manner in which any such final judgment, decision, or order will be satisfied.

City’s Right to Withhold Payment: Where SERVICE PROVIDER or any subcontractor it employs to perform work under this Agreement has been found in violation of any applicable wage and hour law by a final judgment, decision or order of a court or

government agency, CITY reserves the right to withhold payment to SERVICE PROVIDER until such judgment, decision or order has been satisfied in full.

Material Breach: Failure to comply with any part of this Section constitutes a material breach of this Agreement. Such breach may serve as a basis for immediate termination of this Agreement and/or any other remedies available under this Agreement and/or law.

Notice to City Related to Wage Theft Prevention: Notice provided to the City Attorney as required under this Section shall be addressed to: City Attorney, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037. The Notice provisions of this Section are separate from any other notice provisions in this Agreement and, accordingly, only notice provided to the above address satisfies the notice requirements in this Section.

11. **Independent Contractor.** SERVICE PROVIDER is an independent contractor and not an agent or employee of CITY.

12. **Confidentiality.** All data, documents, or other information received by SERVICE PROVIDER from CITY or prepared in connection with SERVICE PROVIDER'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by SERVICE PROVIDER without prior written consent by CITY.

13. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement including, without limitation, complying with California Government Code section 1090 *et seq.*, the California Political Reform Act (California Government Code section 87100 *et seq.*) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 *et seq.*). SERVICE PROVIDER will further comply, and will ensure that its agents and its subcontractors comply, with California Government Code section 84308 ("Levine Act") and the applicable regulations of the Fair Political Practices Commission concerning campaign disclosure (2 California Code of Regulations sections 18438.1 – 18438.8).

14. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of SERVICE PROVIDER is as follows:

Maggiora Bros Drilling, Inc.  
595 Airport Blvd.  
Watsonville, CA 95076

Address of CITY is as follows:

Utilities Division  
City of Morgan Hill  
17575 Peak Avenue  
Morgan Hill, CA 95037

with a copy to:  
City Clerk  
City of Morgan Hill  
17575 Peak Avenue  
Morgan Hill, CA 95037

15. **Licenses, Permits and Fees.** SERVICE PROVIDER shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes, and regulations of the federal, state, and local government.

16. **Service Provider's Proposal.** If applicable, this Agreement shall include SERVICE PROVIDER'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

17. **Maintenance of Records.**

17.1. **Maintenance.** SERVICE PROVIDER shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to services provided under this Agreement. SERVICE PROVIDER shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3-year period, then SERVICE PROVIDER shall retain said records until such action is resolved.

17.2. **Access to and Audit of Records.** CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of CITY or as part of any audit of CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

17.3. **Ownership of Work Product.** All documents or other information developed or received by SERVICE PROVIDER for work performed under this Agreement shall be the property of CITY. SERVICE PROVIDER shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

18. **Familiarity with Work.** By executing this Agreement, SERVICE PROVIDER represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should SERVICE PROVIDER discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at SERVICE PROVIDER'S risk, until written instructions are received from CITY.

19. **Time of Essence.** Time is of the essence in the performance of this Agreement.

20. **No Assignment.** Neither this Agreement nor any portion shall be assigned by SERVICE PROVIDER, without prior written consent of CITY. Any attempted assignment not first approved by CITY shall be void and, at CITY'S option, shall terminate this Agreement effective as of the date of such attempted assignment.

21. **Attorney Fees.** In any legal action, dispute or arbitration arising out of or relating to this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs and expenses incurred.

22. **Defense and Indemnification.**

22.1. **Defense and Indemnification.** SERVICE PROVIDER shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily

injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by SERVICE PROVIDER, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

22.2. Exceptions. SERVICE PROVIDER is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of CITY.

22.3. Not limited by insurance. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by SERVICE PROVIDER.

22.4. Right to Offset. CITY shall have the right to offset against any compensation due SERVICE PROVIDER under this Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER'S failure to pay CITY promptly any indemnification arising under this Section (22) and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER'S failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

22.5. Interpretation. This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of SERVICE PROVIDER to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

23. Entire Agreement; Modification; Conflicting Provisions. This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and SERVICE PROVIDER. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

24. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.

25. Notice of Security and/or Privacy Incident. If SERVICE PROVIDER, or its subconsultant, suspect, discover or are notified of a data security incident or potential breach of security and/or privacy relating to CITY PII, PHI and/or PCI, SERVICE PROVIDER shall immediately, but in no event later than forty-eight (48) hours from suspicion, discovery or notification of the incident or potential breach, notify CITY of such incident or potential breach. SERVICE PROVIDER shall, upon CITY's request, investigate such incident or potential breach, inform the CITY of the results of any such investigation, and assist the CITY in maintaining the confidentiality of such information. In addition to the foregoing, SERVICE PROVIDER shall provide CITY with any assistance necessary to comply with any state and/or federal laws requiring the provision of notice of any privacy incident or security breach with respect to any CITY PII, PHI and/or PCI to the affected or impacted individuals and/or organizations, in addition to any notification to applicable state and federal agencies. SERVICE PROVIDER agrees that it shall reimburse CITY for all expenses, costs, attorneys' fees, and resulting fines, penalties, and damages associated with such incident, breach, investigation and/or notification.

26. **Interpretation.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.

27. **Preservation of Agreement.** If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.

28. **Binding Agreement.** Notwithstanding the provisions of Section 20 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of SERVICE PROVIDER in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

29. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term “electronic copy of a signed contract” refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term “electronically signed contract” means a contract that is executed by applying an electronic signature using technology approved by the CITY.

30. **Counterpart Signatures.** This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement.

Signatures on the following page.

31. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

**IN WITNESS THEREOF**, these Parties have executed this Agreement on the day and year shown below.

AS SET FORTH IN CA. CORP. CODE § 313, TWO SIGNATURES ARE REQUIRED FOR CALIFORNIA CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
- (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

Signed by:

*Michelle Bigelow*

City Clerk/Deputy City Clerk

Michelle Bigelow

Print Name

Date: 10/28/2025

APPROVED AS TO FORM:

DocuSigned by:

*Donald Larkin*

City Attorney

Donald A. Larkin

Print Name

Date: 10/21/2025

CITY OF MORGAN HILL

DocuSigned by:

*Christina Turner*

City Manager

Christina J. Turner

Print Name

Date: 10/28/2025

Maggiora Bros Drilling, Inc.

By:

David T. Maggiora - President

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: 09-12-2025

By:

Michael F. Maggiora - Secretary

Print Name and Title of Signer.

If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

Date: 09-12-2025

249957

Contractor's License Number(s) (if applicable)

Expiration Date(s) 9/30/2025

1000026157

Contractor's DIR Registration Number(s) (if applicable)

Expiration Date(s) 6/30/2026

## **EXHIBIT A SCOPE OF SERVICES**

The Scope of Work is divided into two tasks 1) Well Services and 2) Pump Station Services. This on-call work will be contracted on a time and materials basis. The work will generally consist of repairs, refurbishment, maintenance, shop work, and field work as described for each task. The Contractor shall provide all necessary supervision, labor, materials, tools, and equipment to perform the work described.

All work shall be scheduled with the City Project Engineer. The Contractor shall assign a responsible representative and an alternate to coordinate with the Project Engineer. Assigned representative shall be professional and proficient in communicating via email and phone and shall respond to the City within 24 hours of City contact. Any other changes in responsible representative must be approved, in advance, by the City. The City will have the right to reject other proposed changes in personnel and may consider any other changes in responsible personnel a breach of contract. The responsible contractor representative shall provide a schedule to Project Engineer for any work which will take more than one day to complete. Contractor shall not show up to work unless previously authorized by Project Engineer. A minimum notice of forty-eight hours for nonemergency work shall be given to Project Engineer. Forty-eight (48) hour notice is necessary to ensure City has adequate time to adjust staff routines to be available for scheduled work. Scheduled work shall be completed as promptly as possible unless authorized by Project Engineer. Time is of the essence for all work.

Contractor shall only provide brand new parts (i.e. motors, pumps, pipes, etc) and chemicals. Refurbished parts or parts that have been stored for long periods of time will not be accepted. Old parts, materials, chemicals, shall be removed and disposed by contractor. Parts and chemicals shall be ordered promptly, and every effort shall be given to minimize delay. Contractor shall submit schedule to Project Engineer for any part(s) and/or chemical(s) with long lead times or back orders. Weekly updates shall be provided to Project Engineer for any part(s) or chemical(s) which will take longer than one week to obtain.

Any damage by contractor to City facilities, equipment, or vehicles shall be fixed in kind expeditiously and without delay at no cost to the City.

The Contractor shall always secure the well site and its equipment throughout the duration of work. The Contractor is also responsible for discharging of treated water after rehabilitation of well into an appropriate drainage system in a manner that complies with NPDES regulations and permits. All water discharged shall be through an NPDES facility approved by the Project Manager. It shall be the Contractor's responsibility to propose a method to discharge water that is NPDES compliant and may include methods such as water detention through storage tanks or other conforming strategies.

The work to be completed will be of both a routine nature and of an emergency nature:

### **Routine Maintenance**

For the most part, the work will be of a non-emergency, scheduled nature between normal business hours of 7:00 AM to 3:00 PM. The work will consist of routine, on-call support to Utilities Division crews in the repair and maintenance of the City's wells and pumping stations.

### **Emergency Response**

The ability to respond when called out for an emergency is a condition of the contract, and once the contract award is made, the inability or failure to respond as needed will be considered as noncompliance with the contract. Emergency response is typically non-scheduled activity after normal business hours, or when City crews cannot respond with the full level of effort/equipment needed. The Contractor shall be able to respond at the City's request for emergency services 24 hours a day, 7 days per week. The Contractor shall respond to emergency repairs within 24 hours and within 48 hours for non-emergency repairs. The Contractor shall provide an emergency contact person and telephone number.

### **Task 1 Well Services**

The City of Morgan Hill has 16 wells. The well equipment includes a combination of submersible and vertical turbine pumps, ranging in size from 40 to 150 horsepower. Pump depths range from 220 feet to 290 feet and pump columns range in size from 6 inches to 10 inches in diameter. The work includes well pump pulling and installations, water well rehabilitations, well casing removal, repairs and installations, water well video inspections, electric motor repairs, and repair services on various types of pumps and motors at various locations throughout the City. The Contractor shall provide all necessary heavy-duty equipment, such as, but not limited to, drilling rig, pump rig, flatbed truck, boom truck, tractor trailer to complete the as requested including transportation to and from the Contractor's facility to each City worksite.

### **Pump Removal/Installation and Servicing**

The Contractor shall be qualified to perform water well pumps removal and installation. At the initial setup for pulling a well pump, the Contractor shall perform lockout/tagout of the electrical and hydraulic systems.

### **Well Video Survey Service**

The Contractor or Subcontractor shall be qualified to perform water well video inspections using color video equipment with side scan and down-hole survey views. Videos shall be produced in electronic MP4 format in high definition with a pixel resolution of 1280 x 720 (720p) or 1920x1080 (1080p) pixels or at higher resolutions. Ability to perform these surveys at higher resolutions will be given higher consideration. Video shall be submitted to Project Engineer in a USB flash drive no more than 48 hours after video is taken. Contractor may submit link to download video online (ftp, Dropbox, etc.) to comply with the 48 hours submittal time frame, however, USB flash drive shall be provided within 5 working days.

The video survey unit shall simultaneously transpose the City's name, well name, footage, and the date of inspection on the monitor screen and the video record. A footage counter/recorder shall read in feet and be accurate within 2 percent of the actual footage.

The video survey camera shall be capable of right angle or normal downhole viewing with a change in camera lens or mechanical movement of the camera. At the direction of the City, the Contractor must be able to provide right angle viewing to view any casing section in a direct elevation view.

### **Well Rehabilitation and Treatment Services**

The Contractor shall be qualified to provide well rehabilitation and treatment services. Furnish all portable engine-driven pumps, necessary to perform well redevelopment and rehabilitation.

**Costs for temporary piping, sound proofing, and related equipment require approval by the Project Manager.**

**To perform these tasks, the Contractor shall have the capability to perform mineral analysis, chemical treatment, water quality testing, zone testing, well casing patches and similar casing repairs/improvements, and mechanical treatment on well casings. All chemicals used in treating wells shall be State approved for the purpose intended, must be National Sanitation Foundation (NSF) approved.**

**The Contractor's estimates shall include the typical type and concentration of chemicals (acids, inhibitors, polymers, neutralizers, etc.) to be/used; the appropriate contact time for the chemicals; and the typical procedure for introducing, mixing, and neutralizing chemicals in the well. In addition, the name(s) and phone numbers of any company(ies) that will supply the treatment chemicals shall be provided. Completed Material Safety Data Sheets (MSDS) for all chemicals used shall include the methods of mechanical treatment (dual swab, wire/nylon brush, sonar jetting, etc.).**

**Post rehab, contractor shall submit documentation certifying the rehab has been completed according to the rehab plan and certify pump depths, sounding tube length, etc.**

**Over the duration of this contract the City has scheduled to following well work items:**

- FYE 26 – Norstrom and Boys Ranch #1
- FYE 27 – Dunne # 2 and Boys Ranch #3
- FYE 28 – Jackson and San Pedro

## **Task 2 Pump Station Services**

**The City of Morgan Hill has 10 pump stations with approximately 32 pumps within the City limits maintained by City staff. There is a combination of pumps ranging in size from 3 hp to 150 hp. The pump stations are a combination of split case, close coupled and can turbine pumps. The City also utilizes Variable Frequency Drive motor systems at several of the stations. The City expects the following types of work will be performed under this task:**

1. Repair and/or replacement of pumps and motor
2. Replacement of existing above ground and buried yard valves with new
3. Manual and/or electric operated valves including all related piping and parts.
4. Repair/replacement of flow meters including all related piping and parts.
5. Replacement of pump and station control valves including all related piping
6. and parts.
7. Repair or replacement of auxiliary mechanical or electrical equipment. The City reserves the right to furnish replacement well or booster pump motors.
8. Electrical disconnect and hookup of repaired or replacement equipment.
9. Repairs or modifications of well heads as required.
10. Testing of parts, equipment, or material.
11. Measure, set, and recheck field pump impeller lateral settings and field
12. Verification of pump and equipment operation.
13. Demolition or removal of existing structures

**Over the duration of this contract the City has scheduled to following pump work items:**

- FYE 26 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)

- **FYE 27 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)**
- **FYE 28– Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)**

**EXHIBIT B  
SCHEDULE OF COMPENSATION RATES**

**See Attachment A, Cost Schedule**

**EXHIBIT C  
SCHEDULE OF PERFORMANCE**

**This three year agreement for repairs, maintenance, and rehabilitation is on-call, as needed for time and materials. Exhibit A shows some Well and Pump work expected annually under this agreement but it is subject to change based on yearly condition assesments.**

COMPANY NAME: Maggiore Bros Drilling, Inc.

**ATTACHMENT A  
COST SCHEDULE**

**On-Call Services for Water Well & Pump Station Repairs,  
Maintenance, and Rehabilitation**

This work is subject to prevailing wage. **The hourly wages to be paid laborers, workers, or mechanics shall not be less than the DIR prevailing wage rates for an hour's work in the same trade or occupation in Santa Clara County.** Prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. All invoices shall provide complete cost and billing schedules of current hourly billing rates for each of the specialized skill, material, and support services. This fee schedule shall remain in effective for the first eighteen (18) months of the contract. After the first 18 months, rates may be reviewed annually by the successful proposer and the City; and rate increases may be requested in writing with detailed justification. Nevertheless, maximum increase in labor and/or equipment costs in any calendar year shall be three percent (3%) or the most recent proceeding increase in the Consumer Price Index (CPI) for the West Coast published by the United States Department of Labor, Bureau of Labor Statistics, whichever is less. Exceptions related to equipment costs shall be justified in letter format to the City with supportive data and analysis.

**Labor Rates**

Classification	Straight Time (\$ per hour)	Overtime (\$ per hour)
<b>Laborers-On site</b>		
General Foreman	80.00	120.00
Foreman	75.00	112.50
Crew Leader	70.00	105.00
Crew Member	65.00	97.50
Welder	75.00	112.50
Equipment Operator	75.00	112.50
<b>Laborers-In Your Shop</b>		
General Foreman	80.00	120.00
Foreman	75.00	112.50
Crew Leader	70.00	105.00
Crew Member	65.00	97.50
Welder	75.00	112.50

**Equipment Fees**

DESCRIPTION	MAKE/MODEL/YEAR	HOURLY RATE	OVERTIME RATE	LOCATION AFTER HOURS
Pump or Well Rig	Pulstar, P-60000, 2016	250.00	375.00	Watsonville, Ca
Crane (15-20 Ton Size)	Smiley, T-270, 2009	350.00	450.00	same
Backhoe	Caterpillar, 416D, 2025	75.00	112.50	same
Dump Truck (12 Yard	KW, Superior, 2015	60.00	90.00	same
Pick-up Truck	Ram, 2-ton, 2025	30.00	45.00	same

**Parts Mark-up Fee**

Percentage mark-up to supply parts as needed	%	25
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**Billing Rates for Various Tasks (prevailing wages apply)**

General Pump Pulling and Installation	
Mobilization & Demobilization	\$ <u>600</u> LS
Two (2) men, rig, and service truck	\$ <u>410</u> /hr
Each additional employee	\$ <u>65</u> /hr
Well Rehabilitation	
Mobilization & Demobilization	\$ <u>1,500</u> LS
Aqua Clear PFD Method (Estimated Hours: <u>20</u> )	
Two (2) men comb. Rig service truck/Chemical trailer	\$ <u>500</u> /hr
Bore Blast Method (Estimated Hours: <u>10</u> )	
Two (2) men comb. Rig service truck/Bore blast trailer/ Nitrogen gas	\$ <u>600</u> /hr

Well Repair

Well Tear Down & Inspection

Two (2) men comb. Rig service truck \$ 410 /hr.

Rebuild Bowl (Estimated Hours: 3) \$ 115 /hr

Well Cleanout Work

Cable tool method (wire brush)

Two (2) men comb. Rig service truck \$ 410 /hr

Airlift Method

Two (2) men, rig and service truck \$ 410 /hr

Air compressor charge \$ 85 /hr

Large Crane: 40-ton with two (2) men \$ 600 /hr

Smaller Cranes

One (1) man and hydraulic crane - 5-ton \$ 250 /hr

One (1) man and hydraulic crane - 8-ton \$ 300 /hr

One (1) man and rotary crane - 10-ton \$ 350 /hr

Field Service

One (1) man and delivery truck \$ 125 /hr

One (1) man and service truck \$ 165 /hr

Two (2) men and service truck \$ 250 /hr

Two (2) men and welding truck \$ 250 /hr

Electrician \$ 165 /hr

Shop Labor

General shop labor	\$ <u>110</u> /hr
Premium shop labor	\$ <u>175</u> /hr
Machine shop labor	\$ <u>115</u> /hr
Metal spray labor	\$ <u>150</u> /hr
Welding shop labor	\$ <u>115</u> /hr

Closed Circuit Well Television with electronic MP4 copies \$ 1,800 LS

Wire brush, Bail Well, or Swab rental \$ 425 /hr

NPDES Compliance  
(Baker Tanks, Neutralizing Equip. Lab Fees, fabrication) \$ 6,000 LS

# City of Morgan Hill

## Contract Checklist

Contract # \_\_\_\_\_

Is FPPC Required (completed by CA)?  No

DocuSigned by:

*Donald Larkin*

45E6F0273EA2464...

Date: 10/20/2025

Project Name: Water Well and Booster Station Repair, Maintenance, and Rehab

Contractor's Name: Maggiora Bros Drilling

Project Manager: Mario Jimenez

Department: Utilities

**STANDARD CITY/AGENCY FORM:**

Is this a Standard City/Agency Form without any changes:

**YES**       **NO**

**[If there are changes to the Standard City/Agency Form, describe in attached memo/ email]**

Are there funds for this request?

**YES**       **NO**

Fund/GL Account: WA6003 Water Facility Rehabilitation

**CONTRACTOR'S INSURANCE**

**\*\*\*To be completed before agreement is routed for signatures.**

**\*\*\*Please fill in one of the section below:**

Insurance reviewed and approved on date of: 10/20/2025

Insurance is not required per email dated: \_\_\_\_\_

Amendment - Insurance not needed:

**Certificate Of Completion**

Envelope Id: 76FFA2B2-5A9C-48A8-854E-16ACAFD4A654	Status: Completed
Subject: Complete with Docusign: Maggiora Bros Agreement FY26-28	
Source Envelope:	
Document Pages: 23	Signatures: 4
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	City Clerk's Office
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	17575 Peak Ave
	Morgan Hill, CA 95037
	cityclerk@morganhill.ca.gov
	IP Address: 35.131.77.142

**Record Tracking**

Status: Original	Holder: City Clerk's Office	Location: DocuSign
10/21/2025 9:04:14 AM	cityclerk@morganhill.ca.gov	
Security Appliance Status: Connected	Pool: StateLocal	
Storage Appliance Status: Connected	Pool: City of Morgan Hill	Location: Docusign

**Signer Events**

Donald Larkin  
 donald.larkin@morganhill.ca.gov  
 City Attorney/Risk Manager  
 Security Level: Email, Account Authentication (None)

**Signature**

DocuSigned by:  
  
 45E6F0273EA2464...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 71.93.229.68


**Timestamp**

Sent: 10/21/2025 9:08:18 AM  
 Viewed: 10/21/2025 9:13:42 AM  
 Signed: 10/21/2025 9:13:52 AM

**Electronic Record and Signature Disclosure:**

Accepted: 10/21/2025 9:13:42 AM  
 ID: 1bc62e58-c9a0-41ec-a62c-b3a1ad979c98

Christina Turner  
 christina.turner@morganhill.ca.gov  
 City Manager  
 City of Morgan Hill  
 Security Level: Email, Account Authentication (None)

DocuSigned by:  
  
 6D0198AF549944D...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 2600:387:f:219::7

Sent: 10/21/2025 9:13:55 AM  
 Viewed: 10/28/2025 4:04:28 AM  
 Signed: 10/28/2025 4:05:25 AM

**Electronic Record and Signature Disclosure:**

Accepted: 10/28/2025 4:04:28 AM  
 ID: d308a5bd-cfbe-4585-8725-33a461eee21f

Michelle Bigelow  
 michelle.bigelow@morganhill.ca.gov  
 City Clerk  
 Security Level: Email, Account Authentication (None)

Signed by:  
  
 66B887310D154F2...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 35.131.77.142

Sent: 10/28/2025 4:05:27 AM  
 Viewed: 10/28/2025 9:28:46 AM  
 Signed: 10/28/2025 9:28:50 AM

**Electronic Record and Signature Disclosure:**

Accepted: 10/28/2025 9:28:46 AM  
 ID: c65c0348-cff7-472f-ab0e-d8166069dd17

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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<p>Chris Ghione          chris.ghione@morganhill.ca.gov          Public Services Director          Security Level: Email, Account Authentication (None)</p>	<div style="border: 2px solid blue; padding: 5px; display: inline-block;"><b>COPIED</b></div>	Sent: 10/28/2025 9:28:53 AM
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**Electronic Record and Signature Disclosure:**  
 Accepted: 10/28/2025 6:47:55 AM  
 ID: 21a1a696-e3c9-4741-9089-f2330c1760d5

<p>Inga Alonzo          inga.alonzo@morganhill.ca.gov          Management Analyst          Security Level: Email, Account Authentication (None)</p>	<div style="border: 2px solid blue; padding: 5px; display: inline-block;"><b>COPIED</b></div>	Sent: 10/28/2025 9:28:53 AM Viewed: 10/28/2025 9:37:37 AM
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**Electronic Record and Signature Disclosure:**  
 Accepted: 3/25/2021 3:45:44 PM  
 ID: 08f6072e-b61c-4976-8f19-336226528b29

<p>Angel Echavarria          angel.echavarria@morganhill.ca.gov          Security Level: Email, Account Authentication (None)</p>	<div style="border: 2px solid blue; padding: 5px; display: inline-block;"><b>COPIED</b></div>	Sent: 10/28/2025 9:28:54 AM
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**Electronic Record and Signature Disclosure:**  
 Accepted: 8/25/2025 11:08:14 AM  
 ID: db70a0cf-4047-4b09-844d-ae93aab9a2ad

Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent	Hashed/Encrypted	10/21/2025 9:08:18 AM
Certified Delivered	Security Checked	10/28/2025 9:28:46 AM
Signing Complete	Security Checked	10/28/2025 9:28:50 AM
Completed	Security Checked	10/28/2025 9:28:54 AM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, City of Morgan Hill (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

### **How to contact City of Morgan Hill:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [michelle.bigelow@morganhill.ca.gov](mailto:michelle.bigelow@morganhill.ca.gov)

### **To advise City of Morgan Hill of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [michelle.bigelow@morganhill.ca.gov](mailto:michelle.bigelow@morganhill.ca.gov) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

### **To request paper copies from City of Morgan Hill**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [michelle.bigelow@morganhill.ca.gov](mailto:michelle.bigelow@morganhill.ca.gov) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with City of Morgan Hill**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [michelle.bigelow@morganhill.ca.gov](mailto:michelle.bigelow@morganhill.ca.gov) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify City of Morgan Hill as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by City of Morgan Hill during the course of your relationship with City of Morgan Hill.



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Approve an Amendment to the Land Management Software Agreement with Tyler Technologies for the Environmental Health Suite and Fire Prevention Mobile Software and Three Years of Annual Maintenance and License Fees in the Amount of \$130,054.

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Monica Sendejas, Management Analyst

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

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### RECOMMENDATION

1. Approve an amendment to the land management software agreement with Tyler Technologies for the Environmental Health Suite and Fire Prevention Mobile Software and three years of annual maintenance and license fees in the amount of \$130,054, and authorize the City Administrator to execute the agreement and associated documents.
2. Adopt a resolution amending the Fiscal Year 2025-2026 (FY26) Budget to increase expenditure appropriations by \$70,000, in the Information Technology Fund (620 Fund).

### EXECUTIVE SUMMARY

Following a Request for Proposals (RFP) process, City Council awarded a seven-year contract to Tyler Technologies, Inc. (Tyler) in the amount of \$1,609,603 for the purchase and implementation of a new land management software system supporting development and inspection services in February 2020. The contract terms included a

first-year implementation fee of \$584,479, followed by six subsequent years of annual maintenance and licensing fees (“SaaS” Fees), each costing \$170,854 per year. Following the initial term, Tyler agreed to cap increases to the annual SaaS Fees for years eight through ten to 5% over the preceding year’s SaaS Fees. Thereafter, the annual SaaS fee will be at Tyler’s then-current rates.

The land management software, formerly known as EnerGov, is now called Enterprise Permitting and Licensing (EPL). A module called Digital Health Department (DHD) was included with the purchase of EPL in 2020 and is utilized by the Fire Prevention, Hazardous Materials, and Wastewater Pretreatment Division of Community Development for annual operational permits and inspection management. Tyler has announced that DHD will be sunsetting on December 31, 2026. New software is needed to replace DHD. Staff is recommending transitioning to Tyler’s new product, Enterprise Environmental Health Suite and Fire Prevention Mobile (EH) software.

## **BACKGROUND**

Tyler has been the City’s vendor for the Enterprise Resource Planning (ERP) system since 2020. An ERP system is a central business software system that integrates and manages core processes like Finance, Human Resources, and land management into one unified platform, acting as a “central nervous system” for the entire organization, streamlining data flow and improving efficiency.

Tyler’s EPL suite (formerly EnerGov), which was awarded over five years ago, is the City’s land management software used by the Community Development and Public Works Departments. EPL includes a suite of modules for planning, permitting, inspections, code enforcement, and compliance and has Geographic Information System (GIS) integration. EPL also includes 24/7 online access for customers through the Customer Self Service (CSS) portal, which in Gilroy we named “**GO Permit**” (**Gilroy Online Permit**). Through the “**GO Permit**” portal, customers can submit applications, request inspections, and pay fees.

EPL does not support the specific workflows required for annual Fire and Certified Unified Program Agency (CUPA) operational permits and inspections management handled by the Fire Prevention, Hazardous Materials, and Wastewater Pretreatment Division. The CUPA Program consists of six hazardous materials sub-programs designed to protect natural resources, such as water, and improve public health and safety. DHD, a module from Tyler acquired in the 2020 purchase of the EPL package, is the dedicated software used for annual Fire and CUPA operational permits and inspections management. However, despite being part of the same acquisition, the DHD module does not integrate with the core EPL system. DHD is the software used to manage over 1,460 annual CUPA, Fire, and Wastewater Pretreatment operational inspections and permits in Gilroy and Morgan Hill and over 280 State Fire Marshal mandated inspections in Gilroy. While DHD can generate invoices, record inspection data, and produce permits, DHD is not equipped to handle financial transactions, so

payments are manually processed by City staff through Tyler Cashiering. Payment receipts are manually posted to DHD facility records by City staff. Manual payment intake, processing, and issuance requiring human intervention at every stage make the accounting process both costly and labor-intensive. The new software is expected to significantly reduce the need for human intervention at each stage, streamlining processes and improving efficiency for both the client and the City of Gilroy.

DHD also integrates with California Environmental Reporting System (CERS), a statewide web-based system that supports the electronic exchange of required CUPA information among businesses, local governments, and the U.S. Environmental Protection Agency (US EPA). Assembly Bill 2286 requires all Unified Program-regulated businesses and local regulating Unified Program Agencies (UPAs) to report and submit mandatory Unified Program information electronically, through CERS or a local UPA portal. This is a non-negotiable requirement for the software. It must integrate seamlessly with the California Environmental Reporting System (CERS).

DHD joined Tyler in 2017 and over time and with feedback from their clients, Tyler recognized a need to modernize the ColdFusion DHD software to a cloud-based system that will provide a more reliable environment because of increased security, automated backups, and server redundancy. Tyler has released their new product, EH, and has informed the City that DHD will sunset on December 31, 2026.

Effective January 1, 2027, the City will need to operate on a new platform for the management of annual Fire and CUPA operational permits and inspections. City staff anticipates at least an eight-to-ten-month process for new software implementation.

## **ANALYSIS**

DHD will sunset on December 31, 2026. The DHD replacement software system must support these functionalities:

- Fire Code inspections and permitting;
- State Fire Marshal mandated Fire Inspections;
- CUPA inspections and permitting;
- Integration with next-generation CERS;
- Wastewater pretreatment inspections and permitting.

The replacement software must also support both in-person and online financial transactions, with its financial component needing seamless integration capabilities with Tyler ERP and EPL.

Staff investigated six different software systems; however, five of them were not comprehensive enough to cover all the functionalities listed above. EH is the sixth software system that staff investigated and is the best choice to replace DHD for the following reasons:

- EH is a Tyler program that integrates with the ERP.
- EH and EPL work together as a seamlessly integrated, single platform, where EH

functionality is built into the broader EPL system, creating one central hub for managing all permits, licenses, inspections, and compliance for various public health and safety programs, improving data flow, automating processes (such as online payments/permits), and boosting efficiency for the City and the public.

- EH will support the familiar functions of DHD, including annual invoicing, permitting, and inspection management of Fire and CUPA facilities, State Fire Marshal mandated fire inspections, and has CERS integration capabilities.
- EH has enhanced GIS integration, will connect to the “GO Permit” portal (CSS online portal) which will allow for 24/7 customer online payments and access to permits, and a mobile app for field staff.
- Tyler will migrate data from DHD and into the new EH system.
- EH will also be able to support the City’s Environmental Services Division of Public Works with their annual invoicing of Post Construction Best Management Practice (BMP) Administration and Monitoring fee.

Based on staff’s research, the Tyler EH module is the only software package that meets all requirements.

Because the City already contracts with and has standardized Tyler for EPL and the DHD module, staff leveraged this relationship to negotiate a much lower price, with the final negotiated quote yielding over \$198,000 decrease from the initial quote, saving the City significant funds.

The total cost of the proposed three-year amendment to the EPL agreement is \$130,054. This includes one-time setup, configuration, and training services of \$70,000. The data conversion services are at no cost to the City. The annual SaaS Fees will be \$20,018 per year for three years, which is equivalent to the DHD SaaS fees the City is currently paying and is in the approved FY26 and FY27 budget.

## **ALTERNATIVES**

Council could reject or delay the staff recommendation and not approve the amendment to the agreement with Tyler for the EH software. A delay and/or rejection is not recommended because effective January 1, 2027, several critical functions will be impacted due to the obsolescence of existing software. The primary consequences are that the Fire and CUPA programs will lack a viable system for invoicing, permitting, and inspection management. Additionally, the ability to integrate with the state-mandated CERS software for the CUPA program will cease. Managing these programs without software would require a significant increase in City staff time and would likely cause the City to fall out of compliance with health and safety requirements. Further, the City has evaluated alternative software solutions and determined Tyler EH to be the solution that serves the City’s needs.

**FISCAL IMPACT/FUNDING SOURCE**

This amendment to the EPL agreement with Tyler Technologies, Inc. is for an amount of \$130,054. The annual SaaS fees of \$20,018 per year were appropriated in the Information Technology Administration Fund (Fund 620) for FY26 and FY27 and will be included in the FY28 budget proposal (budgeted as DHD fees and will now be labeled as EH fees).

There is adequate fund balance available to cover the additional one-time fees of \$70,000 for setup, configuration, and training. A budget amendment resolution has been included with the staff report.

**NEXT STEPS**

Should Council approve the acquisition of Tyler EH and Fire Prevention software, staff will execute the amendment to the EPL agreement and will work with Tyler to begin implementation of EH.

**Attachments:**

1. Tyler EH and Fire Prevention Mobile Amendment
2. Budget Amendment Resolution



## AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the City of Gilroy, California, with offices at 7351 Rosanna Street, Gilroy, California 95020 ("Client").

WHEREAS, Tyler and Client are parties to an agreement dated March 12, 2020 ("Agreement"); and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and Client agree as follows:

1. The items set forth in the Amendment Investment Summary attached as Exhibit 1 to this Amendment are hereby added to the Agreement as of the first day of the first month following the Amendment Effective Date and, notwithstanding anything to the contrary in Exhibit 1, ending coterminous with the SaaS Term as defined in the Agreement. Payment of fees and costs for such items shall conform to the following terms:
  - a. The annual SaaS fees payable under the Agreement shall be increased in the amount of \$20,018, for the Tyler Software added herein. The first year's annual SaaS Fees shall be invoiced on the first day of the first month following the Amendment Effective Date, prorated for the time period commencing on such date and ending concurrently with the Client's annual SaaS Term under the Agreement. Subsequent SaaS Fees shall be invoiced in accordance with the terms of the Agreement.
  - b. Unless otherwise provided herein, services identified at Exhibit 1 and added to the Agreement pursuant to this Amendment, along with applicable expenses, shall be invoiced as provided and/or incurred.
  - c. Credit for Prepaid Maintenance and Support Fees for Migration Modules. Client will receive a credit for the maintenance and support fees prepaid for the Migration Modules for the time period commencing on the first day of the initial term, as set forth in Section 1 of this Amendment. Migration Modules are listed at Exhibit 1, Schedule 1.
2. Support of Migration Modules. Beginning on the commencement of the initial term as set forth in Section 1 of this Amendment, and contingent upon Client's timely payment of annual SaaS Fees for Tyler Evergreen Modules, Client is entitled to receive, at no additional charge, maintenance and support for the Migration Modules until Tyler makes the Tyler Evergreen Modules available for use in live production.
3. License Rights Terminate Upon Migration. When Tyler makes Tyler Software identified in the Investment Summary (the "Evergreen Modules") and licensed pursuant to this Agreement available to the Client for use in live production, the license to the Tyler software listed in Exhibit

1, Schedule 1 (hereafter, "Migration Modules") terminates, as do Tyler's maintenance, support, and/or update obligations for such software.

4. Your use of Tyler's Fire Prevention Mobile solutions is subject to the terms found here: <https://www.tylertech.com/terms/fire-prevention-mobile-third-party-terms>. By signing this Amendment, or accessing, installing, or using the Fire Prevention Mobile solution, you agree that you have read, understood, and agree to such terms.
5. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.
6. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.

City of Gilroy, California

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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



**Exhibit 1**  
**Amendment Investment Summary**

The following Amendment Investment Summary details the additional software, products, and services to be delivered by us to you under the terms of the Agreement. This Amendment Investment Summary is effective as of the Amendment Effective Date, despite any expiration date in this Amendment Investment Summary that may have lapsed as of the Amendment Effective Date.

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Quoted By:  
 Quote Expiration:  
 Quote Name:

Chuck Newberry  
 6/30/26  
 Tyler EH/CUPA and FPM SaaS

**Sales Quotation For:**

City of Gilroy  
 7351 Rosanna St  
 Gilroy CA 95020-6196

**Tyler SaaS**

Description	Term	Monthly Fee	Users/Units	Annual Fee
<b>Enterprise Permitting &amp; Licensing Core Software</b>				
Environmental Health Suite		\$ 595	1	\$ 7,146
<b>Enterprise Permitting &amp; Licensing Extensions</b>				
Environmental Health - CA CUPA and CERS 1-3 Integration		\$ 438	1	\$ 5,254
<b>Fire Prevention Mobile</b>				
Inspector Mobile		\$ 174	4	\$ 8,356
Inspector Mobile Plus - Silver (Invoicing Add-On)		\$ 51	4	\$ 2,424
Onboard Codes - ICC		\$ 47	1	\$ 558
Product Integration - Enterprise Permitting & Licensing		\$ 0	1	\$ 0
		Sub-Total:		\$ 23,738
		<i>Less Discount</i>		<i>\$ 3,720</i>
		<b>TOTAL</b>	<b>3.00</b>	<b>\$ 20,018</b>

2024-478408-G5F2B1

Page 1

**Professional Services**

Description	Quantity	Unit Price	Extended Price	Maintenance
<b>Professional Services</b>				
Custom Reports/Outputs	2	\$ 5,000	\$ 10,000	\$ 0
Data Conversion Services	200	\$ 250	\$ 50,000	\$ 0
Professional Implementation Services - Remote	160	\$ 200	\$ 32,000	\$ 0
Project Management Services - Remote	80	\$ 200	\$ 16,000	\$ 0
Training Services - Remote	24	\$ 200	\$ 4,800	\$ 0
<b>Professional Services</b>				
Setup & Configuration Services	20	\$ 200	\$ 4,000	\$ 0
Training Services - Inspector Mobile Plus	16	\$ 200	\$ 3,200	\$ 0
		Sub-Total:	\$ 120,000	
		<u>Less Discount:</u>	\$ 50,000	
		<b>TOTAL:</b>	<b>\$ 70,000</b>	<b>\$ 0</b>

**Summary**

Total SaaS

2024-478408-G5F2B1

**One Time Fees**

**Recurring Fees**

\$ 20,018

Total Services	\$ 70,000	\$ 0
Total Third-Party Hardware, Software, Services	\$ 0	\$ 0
<b>Summary Total</b>	<b>\$ 70,000</b>	<b>\$ 20,018</b>
<b>Contract Total</b>	<b>\$ 130,054</b>	

**Comments**

SaaS Monthly Fees are rounded to the nearest dollar. The Annual Fee value represents the cost to the customer.

Decisions about on-site versus remote planning meetings and training delivery will be decided mutually during the initial kickoff meetings.

Data loading services include the following: Loading the published fire codes and standards that are in-scope. Loading occupancy data. Assumptions for loading of occupancy data: While there is no limit to the number of occupancy records to be loaded, the line item for Setup and Configuration Services assumes certain minimum requirements. The following requirements must be met for us to load occupancy data: The data must be provided in the form of a spreadsheet or .csv file with each record being a single row in the spreadsheet. A collection of tables from an existing database cannot be accepted. Different types of data can be provided in separate spreadsheets as long as there is a key field/ID linking the spreadsheets together. For example, you can provide address and business name information in one spreadsheet and contact information in a second spreadsheet. But there must be a unique ID that links a contact in the second spreadsheet to the “owning” occupant in the first spreadsheet. Spreadsheets cannot be linked using address or occupant name. These are not considered "keys". If your occupancy data is coming from more than one source, there must be no overlap between the records from each source. Time spent trying to blend together two or more overlapping spreadsheets is not included in this proposal line item. Optional Data Conversion Services: Tyler does not perform any data clean up. This is the responsibility of our client. No parsing, concatenation, etc. will be completed by Tyler. This will need to be done in the legacy system or in the data export prior to providing the data to Tyler’s MobileEyes team. Exception: Parsing full street addresses into individual fields for each piece of the address (address, directional prefix, street name, street type, directional suffix, city, state, zip code). Exception: The client can provide multiple spreadsheets of data with records that are linked through a record key assuming the number of spreadsheets is six or less. An example of this would be a separate spreadsheet of contact data with a record key that enables linking of the contacts to the location and occupancy records. No “fuzzy” matching of records – e.g., matching on address or business name – will be done. Data conversion services included: Data mapping – This includes mapping of each field of the customer data to a corresponding field in MobileEyes. Where there is no direct match to a client field, the Tyler project manager will meet with the designated client data decision maker to determine a) whether to load that field, and b) if the decision is to load it, then which MobileEyes field it will be loaded into. Data loading – This includes loading the client data into the MobileEyes Web database per the approved data map. Examples of services considered “data clean up” and therefore, not included: Removal of records from the data set that the client does not want loaded. For example, removing residential records or properties that the Fire Marshal’s Office does not inspect. These must be removed by the client from the data set prior to providing the file to Tyler for data mapping. Data manipulation/changing of data that is provided in the export. For example, a field that will become a pick list field in MobileEyes has more unique values than the client wants the pick list to have. (Example, the Section field has 20 unique values represented in the data and the customer wants to consolidate the number of unique values to 10.) We will do a reasonable amount of data clean up, organization, and standardization of your data before loading it, but the department or agency is responsible for the accuracy and completeness of the data. You will have an opportunity to review the data before it is loaded. Optional services not included in the proposal: The following optional services are available and can be priced separately: Data loading of inspection history. Data loading of invoice history. Data loading of permit history.

The Fire Prevention Mobile integration with Enterprise Permitting & Licensing is with the Business Licensing module. The integration with Permitting consists of a joint task list/schedule of fire inspections, plan reviews, and permit inspections.

Custom reports are ground up module level custom report based on client specification. A custom report returns data from multiple records based on selection criteria.

Environment Health Suite includes Civic Access for Environment Health and Environmental Health Executive Insights

## **Investment Summary Notes**

Delays in completion, reviews, and/or acceptance of any deliverable by the client which extends the duration of the project are subject to the change control process for additional costs incurred by the delay, including but not limited to additional service hours for project management, consulting, and conversion development.

Implementation service hours are scheduled and delivered in four (4) or eight (8) hour increments.

PASC (Public Administration Security Console) is a tool where Support staff are able to access client environments using specified Tyler-owned accounts with rolling passwords.

The client is responsible for providing and maintaining the GIS services required by Enterprise Permitting & Licensing in accordance with Tyler's GIS deployment guidelines.

### **Implementation Notes**

Environmental Health/CUPA Implementation: This will be a shared services implementation where Tyler leads and owns the configuration of 5 total programs, a single program's violation library content and a single code case type to serve as examples with the remaining configuration to be completed by the client. Unique case types implemented by Tyler are estimated at 25-30 hours per process for definition, configuration, and validation. Tyler will enable the standard Geo Rules and standard automation events included in the application. Configuration elements beyond this are owned by the client.

CUPA Programs included:

#### **CUPA/SERS Programs**

- Aboveground Petroleum Storage Act (APSA)
- California Accidental Release Prevention (CalARP)
- Hazardous Waste
- Hazardous Materials Business Plan (HMBP)
- Tiered Permitting
- Underground Storage Tank Program (UST)

#### **Inspection Types**

- APSA Conditionally Exempt
- APSA Non-Qualified
- APSA Tier I
- APSA Tier II
- CalARP Level 1
- CalARP Level 2
- CalARP Level 3

- CalARP Level 4
- Hazardous Waste Generator LQG
- Hazardous Waste Generator SQG
- Hazardous Waste RCRA LQG
- HMBP
- Tiered CA
- Tiered CECL
- Tiered CEL
- Tiered CESQT
- Tiered CESW
- Tiered PBR
- Tiered PHHWCF
- Tiered THHWCF
- UST DW
- UST SW

Fire Prevention Mobile Hours included for configuration, implementation and training.

Tyler’s implementation team is primarily responsible for the following tasks:

- Training Environmental Health/CUPA functionality
- Training, best practice, and guidance in software configuration and maintenance for Environmental Health/CUPA and Civic Access applications
- Establishing Environmental Health and Civic Access connections to the client-published GIS map services and configuration of Environmental Health’s Live Link component
- System configuration of Payments for Environmental Health and Civic Access or enablement of electronic payments based on client-supplied payment gateway information (as applicable, based on contract and client having secured an approved payment gateway)
- System configuration and validation of Tyler-to-Tyler product integrations (Enterprise ERP, Cashiering, Content Manager, Enterprise Service Requests, others as applicable based on contract)

The client’s subject matter experts (SMEs) should be available approximately 25-50% (dependent on the number of processes) each week throughout the project to perform configuration and validation in addition to time scheduled with the Tyler team. The client configuration team should expect to dedicate 30-45 hours per process following completion of configuration training.

The client’s SMEs are primarily responsible for the following tasks:

- Case Type and Work Class configuration, including all associated module components

- System Setup configuration (Holidays, Zones, Hold Types, Hearing Types, etc.)
- Report Setup’s dynamic custom fields
- User and User Role configuration
- Workflow component and Workflow Template configuration (Steps, Actions, Submittal Types, Item Reviews, etc.)
- Civic Access customization and administration (allowed Case Types, Application instructions, Geo Rules, Themes, Headers, Menus, Security Settings, etc.)
- Automation Events (Intelligent Objects, standard Intelligent Queries). This covers automation tasks like emails, Tasks, Geo Rules, etc.
- Other configuration as desired by client

Civic Access is the online portal for the client's citizens. Tyler will ensure the online portal is operating and is connected to GIS, complete the payment portal configuration, and provide Civic Access configuration training. The client is responsible for the configuration of making applications available online as well as any other components that fall outside of what was mentioned prior.

Hub is a platform that allows clients to customize individual user dashboards to visualize tasks and data. Tyler will connect the EPL data source to Hub and provide training to personalize user dashboards. The client is responsible for all personalization and maintenance of user dashboards. Any additional data source connections to Hub are subject to the change control process and will incur additional cost.

**Integration/Conversion/Reports:**

Enterprise Permitting & Licensing API Implementation & Support Services provided by Tyler are limited to delivery of the API and guidance for the client's integration development resources. Tyler does not provide integration development services for EPL API/SDK toolkits. The client (or a selected third-party integrator) will perform all development work against the API/SDK.

Full Conversion - The client will provide Tyler with up to 2 legacy data source(s) [Streamline, CUPA DMS] containing the Environmental Health data of the legacy system. The client is responsible for extracting data from the client’s legacy system(s) and supplying it to Tyler in an acceptable format. Tyler does not manipulate or correct legacy data on behalf of clients; any data quality concerns must be addressed by the client before supplying data to Tyler.

Tyler will populate the Data Conversion Template database (DCT-DB) with the legacy data to be converted into EPL. Tyler will use the completed DCT-DB to produce a mapping document that allows the client to correlate legacy data fields to EPL fields. The client is responsible for all data mapping decisions and completing the mapping document. The client’s DCT-DB and supplied mapping will be used to translate the legacy data into the EPL software; this constitutes a “conversion pass.” A total of four (4) conversion passes are included

in the scope of this implementation: two (2) evaluation conversion passes, one (1) simulated go-live pass, and one (1) final go-live conversion pass.

Custom Reports in Scope: 2

Ground-up module-level custom report based on client specifications. A custom report returns data from multiple records based on selection criteria.

Custom Forms/Letters in Scope: 0

Ground-up single-record custom letter or form based on client specifications. A form/letter returns data from a single record (permit, code case, etc.).

### **Training Notes**

Training Engagements – For each training engagement, the client receives and is billed for 8-hour days of direct instruction and up to 8 hours of preparatory and administrative time to allow trainers to familiarize themselves with client needs, develop schedules, prepare software environments, and complete documentation.

The following training engagements are included in the scope of this implementation:

- Solutions Orientation Training: Introductory training course designed to expose the end user to the software.
- Configuration Training: Advanced training in end user functionality, configuration, and system administration.
- End User Training: Software functionality training for all end users designed to prepare all users for transitioning production processing to EPL.



**Exhibit 1**  
**Schedule 1**  
**Migration Module(s)**

- Digital Health Department

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY AMENDING THE BUDGET FOR THE CITY OF GILROY FOR 2025-2026 IN THE INFORMATION TECHNOLOGY FUND AND APPROPRIATING PROPOSED EXPENDITURE AMENDMENTS**

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

**WHEREAS**, City Staff has prepared and submitted to the City Council a proposed amendment to said budget for Fiscal Year 2025-2026 for the City of Gilroy in the staff reported dated February 9, 2026, for the Information Technology Fund (620 Fund), appropriating funding from the Information Technology (620) Fund Balance for the Tyler Technologies, Inc. Environmental Health Suite and Fire Prevention Mobile Software (EH) one-time setup, configuration, and training fees; and

**WHEREAS**, the City Council has carefully examined and considered the same and is satisfied with said budget amendments.

**NOW, THEREFORE, BE IT RESOLVED THAT** the expenditure appropriations for Fiscal Year 2025-2026 in Fund 620 are hereby increased by \$70,000.

**PASSED AND ADOPTED** this 9<sup>th</sup> day of February 2026 by the following roll call vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED:

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

ATTEST:

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

## CERTIFICATE OF THE CLERK

I, **KIM MANCERA**, City Clerk of the City of Gilroy, do hereby certify that the attached **Resolution No. 2026-XX** is an original resolution, or true and correct copy of a City Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said held on Council held **Monday, February 9, 2026**, with a quorum present.

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

---

Kim Mancera  
City Clerk of the City of Gilroy

(Seal)



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** **Adopt a Resolution of the City Council of the City of Gilroy Declaring Weeds a Nuisance**

Meeting Date: February 9, 2026

From: Harjot Sangha, Interim City Administrator

Department: Community Development

Submitted by: Sharon Goei, Community Development Director

Prepared by: Jonathan Crick, Fire Marshal

**STRATEGIC PLAN GOALS:** Not Applicable

### RECOMMENDATION

Adopt a resolution declaring weeds and accumulated refuse a nuisance in order to commence the 2026 weed abatement process for the City of Gilroy.

### EXECUTIVE SUMMARY

Gilroy City Code, Chapter 12, Article III, establishes a procedure for the abatement of weeds and refuse. The annual weed and refuse abatement program includes an initial resolution declaring weeds and refuse a public nuisance. The resolution sets April 20, 2026, for a public hearing of the list of properties subject to abatement. The list created for the public hearing includes sites identified as having a weed or refuse problem in the current year as well as during any one of the prior three years. Adoption of the list at the public hearing provides authority for the City (or its contractor) to perform the abatement of weeds and/or refuse for the listed sites and provides for cost recovery by adding it to the property owner's property tax bill as an assessment.

### BACKGROUND

The Santa Clara County Weed Abatement Program began in the mid-1970s to reduce the spread of wildfire. The Santa Clara County Weed Abatement Program provides weed abatement services for ten cities in Santa Clara County and the unincorporated

areas of Santa Clara County. Pursuant to an updated agreement signed in 2021 between the City of Gilroy and the Santa Clara County Agriculture Commissioner's Office, the County Vegetation Management Program has been implementing the weed abatement program as a contractor to the City. Under the agreement, all abatement activities are conducted by the County including the noticing of property owners, property inspections, and the collection of abatement fees and inspection costs. The City is responsible for adopting necessary resolutions and conducting public hearings on the matter.

## **ANALYSIS**

### **Program Details**

The list created for the public hearings includes sites identified as having a weed or refuse problem in the current year as well as during any one of the prior three years. County staff will mail the initial abatement notice to identified property owners within approximately two weeks of the resolution being adopted. Required information in the weed abatement notice includes the public hearing date, instructions on the proper abatement of the sites, and the May 15, 2026, deadline for abatement activities. In addition, the notice also identifies the consequences of not meeting the deadline. All identified sites will be required to pay the initial inspection fee, currently set at \$296.

If a site is abated by the May 15, 2026, abatement deadline then additional fees, such as re-inspection fees and/or abatement oversight fees, will not be assessed. The property owner is required to maintain the abated site; failure to do so will result in the assessment of additional fees. All properties must be free of fire hazards throughout the year to meet minimum safety standards.

Sites that are identified to have weed and/or refuse problems will remain on the list for at least three years. However, property owners can have their property removed from the list. For instance, a site that has achieved three "compliant" years in a row or a vacant site that has since been developed and is fully landscaped may be removed from the list.

After the initial outreach, the County will also send all property owners a reminder letter 30 days prior to the May 15, 2026, abatement deadline. After May 15, 2026, the County will conduct inspections and notify those property owners who have not abated their properties. For sites not in the Wildland Urban Interface (WUI) Hazardous Fire Area, the property owner has two weeks to complete the work. If abatement is completed prior to the next inspection, these properties will not be subject to additional fees.

The two-week extension is not provided to properties in the WUI Hazardous Fire Area because these areas are considered to have high fire hazards. In addition, the Public Resources Code requires weed abatement in these areas without any extensions. For sites in the WUI Hazardous Fire Area, the County will immediately assign the site for

abatement by a private contractor. Any site that is abated by the County will be assessed the parcel inspection fee (\$296), the non-compliant (failed inspection) fee (\$953), and the cost incurred by the abatement contractor, which is based primarily on the square footage of the site, as well as the abatement oversight cost (\$1,383). If a warrant is required, the fee is \$3,006.

Since the implementation of this program in 2010, the number of sites on the County's list has fluctuated from year to year, but the numbers for Gilroy have decreased since 2017. In Gilroy, there were: 282 sites identified in 2017, 166 sites in 2018, 174 sites in 2019, 146 sites in 2020, 150 in 2021, 147 for 2022, 166 for 2023, 154 for 2024, 129 for 2025, and 118 for 2026.

Key dates associated with this year's program are as follows:

February 9, 2026 City Council Resolution of Public Nuisance  
 March 17, 2026\* County Notification to Listed Property Owners  
 April 20, 2026 Public hearing to consider List of Properties requiring abatement  
 May 1, 2026\* County Notification of Abatement Deadline  
 May 15, 2026 Abatement Deadline  
 May 30, 2026\* County conducts initial inspections  
 June 13, 2026\* Extended Deadline for non-WUI properties only  
 August 3, 2026\* Public hearing for City Council to Authorize Assessments

\*Dates are approximate at this time and provide an estimate as determined by the responsible Agency.

## **ALTERNATIVES**

There are no alternatives. Section 12.48 of Chapter 12 of the Gilroy City Code requires that the City Council pass a resolution declaring weeds and accumulated refuse to be a public nuisance. Chapter 12 further requires that the City Council order the Fire Chief to implement the weed abatement process.

## **FISCAL IMPACT/FUNDING SOURCE**

The use of the County as a contract agency to carry out their portions of the program has been self-funded through cost recovery from property owners that have failed to abate their sites. The Fire Marshal's office absorbs the staffing cost for coordination and communication with the County, the pre-hearing meeting when a property owner appeals the fees and processing of the Council Resolutions and Public Hearings. If the County does not collect adequate funds to meet the program budget, they will prorate the shortfall to the cities based on the percentage of the properties from each City in the program. We will not know until later in the year if there is a budget shortfall because abatement activities will continue through October. Historically, up until 2025, the

County has not had a budget shortfall because they have collected adequate fees directly from the property owners to cover the cost of the program.

## **PUBLIC OUTREACH**

As part of the annual program, property owners receive two Weed and Refuse Abatement notices from the Santa Clara County Weed Abatement Program that clearly identify the requirements of the program. Pursuant to the program requirements, the County also notifies property owners when their properties fail inspections. The City of Gilroy performs a variety of fire prevention public outreach, including the topic of weed abatement, in coordination with the Communication and Engagement Office. Such outreach includes a combination of social media, Gilroy Email Express, and utility bill insert mailings.

## **NEXT STEPS**

Once Council adopts the resolution, the public hearing of sites needing abatement will be set for April 20, 2026. In addition, a report of the property assessments will be presented to the City Council at a public hearing on August 3, 2026. Prior to the hearing, property owners are invited to contact the Fire Marshal and/or the County Weed Abatement Program Manager to review any assessments they believe are in error. A final list will be presented to the City Council for approval of the assessment. The County Property Tax Assessor will then place the fees on the next property tax bill as an assessment.

## **Attachments:**

1. Draft Resolution
2. 2026 Gilroy Commencement Report (Property List)

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY DECLARING CERTAIN WEEDS GROWING IN THE CITY OF GILROY AND ACCUMULATIONS OF REFUSE IN THE CITY OF GILROY TO BE A PUBLIC NUISANCE, DESCRIBING WEEDS AND REFUSE WHICH CONSTITUTE SUCH NUISANCE, AND PROVIDING NOTICE OF THE ADOPTION OF THE RESOLUTION BY PUBLICATION THEREOF**

**WHEREAS**, certain weeds are growing in the City of Gilroy (“City”) upon the various streets, alleys, sidewalks and upon private property, which weeds bear seeds of a wingy or downy nature, or which may attain such growth as to become, when dry, a fire menace, or which are otherwise noxious and dangerous; and

**WHEREAS**, certain refuse is accumulating in the City upon public and private property; and

**WHEREAS**, said weeds and refuse constitute a public nuisance.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Gilroy as follows:

1. That such weeds and refuse do now constitute and will continue to constitute a public nuisance, and it is ordered that said public nuisance be abated in the manner provided by Article III of Chapter 12 of the Gilroy City Code.

2. That said nuisance exists upon all of the streets, alleys, sidewalks and private property within said City as shown, described and delineated on the several maps of the property in the City which are recorded in the Office of the County Assessor of the County of Santa Clara, reference in each instance for the description of any particular street, alley or private property being hereby made to the several maps aforesaid, and in the event of there being several subdivision maps on which said lots are shown, reference is hereby made to the latest subdivision map.

3. That it is ordered that Monday, the 20<sup>st</sup> of April 2026, at the hour of 6:00 o'clock p.m. in the Council Chambers of the City Council of the City, 7351 Rosanna Street, Gilroy,

California, is hereby fixed as the time and place when objections to the proposed destruction or removal of said weeds and refuse shall be heard and given due consideration.

4. That the Chief of the Fire Department of the City is hereby ordered and directed to cause notice of the adoption of this resolution and notice of said hearing to be given to all of the affected property owners at their stated mailing address on the latest tax assessor's roll, and also to be given in the manner and form provided in Sections 14.29 and 12.53 of the Gilroy City Code, and to cause said notice to be published in the City, at least ten (10) days prior to said hearing; and

5. That nothing in this Resolution prohibits the issuance of citations for violations of City Code Section 12.46 or City Fire Code with regards to Section 304.1.2.

**PASSED AND ADOPTED** this 9<sup>th</sup> day of February 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

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

<b>Situs</b>	<b>APN</b>	<b>CITY/STATE</b>
1	VERBENA DR 783-03-070	GOLDEN OAKS INVESTMENT P.O. BOX 616 AROMAS CA 95004
2	8351 WINTER CT 783-03-077	SUNSET HILLS DEVELOPMENT LLC 575 SOUTHSIDE DR STE C GILROY CA 95020
3	8341 WINTER CT 783-03-081	CLAYTON JOHNSON ENTERPRISES 650 B FREMONT AVENUE #344 LOS ALTOS CA 94024
4	HECKER PASS 783-04-032	HOEY RANCH COMPANY 2485 HECKER PASS HWY GILROY CA 95020-8802
5	820 SUNRISE DR 783-20-049	YANG, DI P 2478 N STEVENS AVE ROSEMEAD CA 91770-2947
6	1885 HOLLYHOCK LN 783-45-014	ROSS, RICHARD JOHN III 1885 HOLLYHOCK LN GILROY CA 95020-0000
7	1920 MANTELLI DR 783-45-016	SEVILLA, JERRY M AND CUNANAN , PO BOX 5175 ARAMCO MC DHAHRAN SAUDI 31311
8	HOLLYHOCK LN 783-45-044	ENTERPRISE REI 8 LLC 10440 S DE ANZA BLVD STE CUPERTINO CA 95014
9	2280 CORAL BELL CT 783-46-026	BHAGAVAN, I KISHEN TRUSTEE 1240 MONTE VERDE CT LOS ALTOS CA 94024
10	STRAWBERRY LN 783-46-079	LE, ANH 682 KAWEAH AVE CLOVIS CA 93619
11	SUNFLOWER CL 783-47-003	ENTERPRISE REI 8 LLC 24168 BIG BASIN WY SARATOGA CA 95070
12	1463 PHEASANT DR 783-50-058	PALMER, MARY L 1463 PHEASANT DR GILROY CA 95020-8219
13	8745 WILD IRIS DR 783-52-032	VARGAS, ANABEL AND GOMEZ , 1355 ST FRANCIS ST REDWOOD CITY CA 94061
14	1350 PEREGRINE DR 783-55-021	TORRES, ALICIA S 1350 PEREGRINE DR GILROY CA 95020-0000
15	9246 DOVE CT 783-57-004	AYALA, DANIEL J AND ELIZABETH L 9246 DOVE CT GILROY CA 95020-0000
16	9231 N EGRET CT 783-58-044	CODIGA, RICHARD AND SCOTT- 9231 N EGRET CT GILROY CA 95020-0000
17	2363 BANYAN ST 783-64-029	ISSAKHANI, MEDIKO AND ROBERT 606 ALTINO BLVD SAN JOSE CA 95136
18	2333 BANYAN ST 783-64-032	GHARIBADEH, RAMSIN 3344 MEADOWLANDS LN SAN JOSE CA 95135-1624
19	2354 BANYAN ST 783-65-022	KARBALAEINEMATMOEINI, 2121 CRUDEN BAY WAY GILROY CA 95020-0000
20	9141 GUNNERA LN 783-65-023	HU KAI AND CEN YINGYING 9141 GUNNERA LN GILROY CA 95020
21	1820 CAROB CT 783-72-017	NGUYEN, HENRY H ET AL 6971 SPUMANTE WAY GILROY CA 95020-0000
22	1810 CAROB CT 783-72-018	OPINSKI, ROSE 2626 FALLBROOK DR MERCED CA 95340
23	9145 TEA TREE WY 783-72-020	SANDHU, SUKHWINDER 39463 GALLAUDET DR UNIT FREMONT CA 94538
24	9035 TEA TREE WY 783-72-025	ATLLURI, SASI K AND SURAPANENI , 1923 Saint Andrews Circle Gilroy CA 95020-3008

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

<b>Situs</b>	<b>APN</b>	<b>CITY/STATE</b>
25 9025 MIMOSA CT 783-72-027 KOLLAREDDY USHARANI ET AL 7948 MCCLELLAN RD APT 1 CUPERTINO CA 95014		
26 8955 MIMOSA CT 783-72-036 INNEH, EMMANUEL AND JENNIFER 8955 MIMOSA CT GILROY CA 95020-7797		
27 2203 BANYAN CT 783-72-040 ROBLES RONALD E AND MARIA R 1225 VIENNA DR #251 SUNNYVALE CA 94089		
28 9210 MAHOGANY CT 783-72-045 NGUYEN PHU AND DOAN LILY 3339 VANGORN WAY SAN JOSE CA 95121-2555		
29 2273 BANYAN CT 783-72-051 PREMNATH, FLEMING J AND 1690 CIVIC CENTER DR UNIT SANTA CLARA CA 95050-4174		
30 2283 BANYAN CT 783-72-052 LAM, HWAI TAI C 211 ELMWOOD STREET MOUNTAIN VIEW CA 94043		
31 95 FARRELL AVE 790-07-085 KUANG, WEIWEI 1952 EISENHOWER DR SANTA CLARA CA 95054-1621		
32 103 FARRELL AVE 790-07-086 KUANG, WEIWEI 1952 EISENHOWER DR SANTA CLARA CA 95054-1621		
33 111 FARRELL AVE 790-07-087 KUANG, WEIWEI 1952 EISENHOWER DR SANTA CLARA CA 95054-1621		
34 119 FARRELL AVE 790-07-088 KUANG, WEIWEI 1952 EISENHOWER DR SANTA CLARA CA 95054-1621		
35 171 RONAN AVE 790-15-009 NGUYEN, THUAN TRONG AND LE , 3295 KLOETZE LN SAN JOSE CA 95148-0000		
36 1375 1ST ST 790-39-019 S A PROPERTIES GROUP LLC 5820 STONERIDGE MALL RD PLEASANTON CA 94588		
37 7733 MONTEREY RD 799-03-054 7711 MONTEREY RD LLC 5655 SILVER CREEK VALLEY SAN JOSE CA 95138		
38 7711 MONTEREY RD 799-03-055 7711 MONTEREY RD LLC 5655 SILVER CREEK VALLEY SAN JOSE CA 95138		
39 EIGLEBERRY ST 799-10-042 BAINS, JAGJIT SINGH 3435 HARBOR CT SAN JOSE CA 95127-4311		
40 CHURCH ST 799-11-069 GOLDEN BRIDGE PROPERTIES LLC 1669 2 HOLLENBECK AVE SUNNYVALE CA 94087		
41 7421 HANNA ST 799-18-031 JEUNG, MICHAEL A ET AL 7421 HANNA ST GILROY CA 95020-5723		
42 6700 CHURCH ST 799-33-001 MONSEF, CYRUS 6700 CHURCH ST GILROY CA 95020-6508		
43 FILBRO DR 799-44-093 JEN HOLDCO 23 LLC 2603 CAMINO RAMON STE SAN RAMON CA 95843		
44 ROYAL WA 799-44-094 JEN HOLDCO 23 LLC 2603 CAMINO RAMON STE SAN RAMON CA 95843		
45 ROYAL WA 799-44-095 JEN HOLDCO 23 LLC 2603 CAMINO RAMON STE SAN RAMON CA 95843		
46 ROYAL WA 799-44-096 JEN HOLDCO 23 LLC 2603 CAMINO RAMON STE SAN RAMON CA 95843		
47 ROYAL WA 799-44-097 JEN HOLDCO 23 LLC 2603 CAMINO RAMON STE SAN RAMON CA 95843		
48 ROYAL WA 799-44-098 JEN HOLDCO 23 LLC 2603 CAMINO RAMON STE SAN RAMON CA 95843		

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs			APN			CITY/STATE		
49		THOMAS	RD	799-44-109	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE	SAN RAMON	CA 95843
50	321	W LUCHESSA	AVE	799-44-110	JEN HOLDCO 23 LLC	2603 CAMINO RAMON STE	SAN RAMON	CA 95843
51	1410	1ST	ST	808-01-021	EAGLE LLC	41368 DANZON CT	FREMONT	CA 94539
52	7890	SANTA TERESA	BL	808-01-022	EAGLE LLC	41368 DANZON CT	FREMONT	CA 94539
53	1490	1ST	ST	808-01-023	EAGLE LLC	41368 DANZON CT	FREMONT	CA 94539
54		PONDEROSA	DR	808-01-024	PIROZZOLI, MONICA TRUSTEE & ET	366 5TH ST	GILROY	CA 95020
55		LUCHESSA	AV	808-19-030	CHRISTOPHER, DONALD C ET AL	305 BLOOMFIELD AVE	GILROY	CA 95020
56	6482	GREENFIELD	DR	808-20-008	SUNER CORPORATION	9761 ZUNI LN	GILROY	CA 95020-0000
57	10	W LUCHESSA	AVE	808-21-009	YAHYA, NAAIM A TRUSTEE & ET AL	1835 SULLIVAN CT	MORGAN HILL	CA 95037
58	6301	BERRYBUSH	CT	808-40-024	WARVI JOHN E	6301 BERRYBUSH CT	GILROY	CA 95020-9504
59		MONTEREY	Rd	808-49-078	YAHYA NAAIM A TRUSTEE & ET AL	1835 SULLIVAN CT	MORGAN HILL	CA 95037
60		VINTNER	ST	808-58-005	CHRISTOPHER, DONALD C ET AL	305 BLOOMFIELD AVE	GILROY	CA 95020
61	2740	HECKER PASS	RD	810-20-033	OWENS FINANCIAL GROUP INC	PO BOX 2400	WALNUT CREEK	CA 94595-0400
62	2480	HECKER PASS	HW	810-20-037	HOEY, JAMES W TRUSTEE & ET AL	2480 HECKER PASS HWY	GILROY	CA 95020-0000
63	2300	HECKER PASS	HW	810-20-039	SYNGENTA FLOWERS LLC	PO BOX 500	SLATER	IA 50244
64	6675	EAGLE RIDGE	CT	810-60-018	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
65	6685	EAGLE RIDGE	CT	810-60-019	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
66	6695	EAGLE RIDGE	CT	810-60-020	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
67	6694	EAGLE RIDGE	CT	810-60-021	SHAPELL INDUSTRIES INC	6800 KOLL CENTER PKWY	PLEASANTON	CA 94566
68	6535	EAGLE RIDGE	CT	810-72-021	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
69	6615	EAGLE RIDGE	CT	810-72-029	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
70	6625	EAGLE RIDGE	CT	810-72-030	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
71	6635	EAGLE RIDGE	CT	810-72-031	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708
72	6645	EAGLE RIDGE	CT	810-72-032	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA 92708

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs		APN				CITY/STATE			
73	6651	EAGLE RIDGE	CT	810-72-033	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
74	6655	EAGLE RIDGE	CT	810-72-034	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
75	6671	EAGLE RIDGE	CT	810-72-035	DO & PARTNERS LLC	9419 GERANIUM CIR	FOUNTAIN VALLEY	CA	92708
76		MONTEREY	RD	835-01-034	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
77		MONTEREY	RD	835-01-035	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
78		FOREST	ST	835-01-050	LEAVESLEY & FOREST LLC	611 S WESTLAKE AVE	LOS ANGELES	CA	90057
79		MURRAY	AVE	835-01-059	HIGHLY VISUAL LLC	8840 FOREST ST	GILROY	CA	95020
80		LEAVESLEY	RD	835-01-064	LEAVESLEY & FOREST LLC	611 S WESTLAKE AVE	LOS ANGELES	CA	90057
81		MONTEREY	RD	835-02-014	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
82		SAN YSIDRO	AVE	835-04-064	J FILICE & SONS LTD	751 B FIRST ST	GILROY	CA	95020
83		LAS ANIMAS	AV	835-04-067	MONTANO, LYDIA R AND ALFRED JR	15191 KARL AVE	MONTE SERENO	CA	95030-2229
84		MURRAY	AVE	835-04-068	MONTANO, LYDIA R AND ALFRED JR	15191 KARL AVE	MONTE SERENO	CA	95030-2229
85	9096	SAN YSIDRO	AVE	835-04-087	QUALITY CONSTRUCTION	453 RAVENSDALE DR	MOUNTAIN VIEW	CA	94043
86	9090	SAN YSIDRO	AVE	835-04-088	QUALITY CONSTRUCTION	453 RAVENSDALE DR	MOUNTAIN VIEW	CA	94043
87	9120	MURRAY	AVE	835-05-004	SENCION CRYSTAL	9120 MURRAY AVE	GILROY	CA	95020
88	315	LAS ANIMAS	AVE	835-05-006	315 LAS ANIMAS LP	445 CENTRAL AVE STE 200	HIGHLAND PARK	IL	60035
89		FORREST	ST	835-31-032	8805 FORREST QOZB LLC	PO BOX 787	DIABLO	CA	94528
90		MONTEREY	HW	841-02-046	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
91	395	LEWIS	ST	841-03-062	NGUYEN HUNG Q AND LE HONG T ET	11485 NEW AVE	GILROY	CA	95020
92		SOUTH	FW	841-10-039	Pacific Gas and Electric Co. ATTN:	300 LAKESIDE DRIVE	OAKLAND	CA	94612-3534
93	430	OLD GILROY	ST	841-11-075	LETTERFORMS INC	3843 CONCORD BLVD	CONCORD	CA	94519
94		SOUTH	FW	841-14-058	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
95		SOUTH	FW	841-14-059	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
96		SOUTH	FW	841-14-060	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179

**2026 WEED ABATEMENT PROGRAM  
CITY OF GILROY  
COMMENCEMENT REPORT**

Exhibit A

Situs		APN			CITY/STATE				
97		MONTEREY	RD	841-14-072	UNION PACIFIC RAILROAD	1400 DOUGLAS ST. STOP 1690	OMAHA	NE	68179
98	5870	MONTEREY	RD	841-14-080	GARLIC FARM TRUCK CENTER LLC	5000 E 2ND ST UNIT G	BENECIA	CA	94510
99	6900	CAMERON	BLV	841-17-100	MCCARTHY GILROY LLC	210 ALMENDRA AVE	LOS GATOS	CA	95030-7211
100		VENTURE	WA	841-17-121	UNITED NATURAL FOODS WEST INC	P.O. BOX 990	MINNEAPOLIS	MN	55406
101		PACHECO PASS	HW	841-18-082	AMAZON DATA SERVICES INC	PO BOX 80416	SEATTLE	WA	98108-0416
102	951	RENZ	LN	841-18-095	GILROY LOGISTICS LLC	19700 S VERMONT AVE UNIT	TORRANCE	CA	90502
103	981	RENZ	LN	841-18-096	GILROY LOGISTICS LLC	19700 S VERMONT AVE UNIT	TORRANCE	CA	90502
104	402	HADLEY	CT	841-53-032	MARQUEZ, PRISCILLA A	402 HADLEY CT	GILROY	CA	95020-5839
105		HOOVER	CT	841-53-066	NGUYEN, THU TAM	2673 MCLAUGHLIN AVE	SAN JOSE	CA	95121-2752
106		HOLLOWAY	RD	841-70-005	PARKS JOHN TRUSTEE	17036 AVALON BLVD	CARSON	CA	90746
107		SILACCI	WY	841-70-012	NAZEMI MOHAMMED H AND	PO BOX 3249	SANTA CLARA	CA	95055
108	850	HOLLOWAY	RD	841-70-026	GILROY PARTNERS LLC	67 MOUNTAIN BLVD UNIT 201	WARREN	NJ	07059
109	6970	CAMINO		841-70-049	TEMPLE GILROY LLC	527 SIMAS DR	MILPITAS	CA	95035-4723
110	5885	ROSSI	LN	841-72-001	SIEMPRE SOBRE EL DINERO LLC	190 N MONTGOMERY ST	SAN JOSE	CA	95110
111	5885	ROSSI	LN	841-72-001					
112	560	ROSSI	CT	841-72-008	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
113	5855	ROSSI	LN	841-72-009	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
114	5835	ROSSI	LN	841-72-010	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
115	5815	ROSSI	LN	841-72-011	PULMUONE FOODS USA INC	2315 MOORE AVE	FULLERTON	CA	92833
116	E	LUCHESSA	AVE	841-73-005	BERRY JAMIESON LLC	PO BOX 1802	GILROY	CA	95021
117	5980	TRAVEL PARK	CR	841-75-011	HOANG, VINCE AN TRI	5240 MONTEVERDE LN	LINCOLN	CA	95648
118	300	OBATA	CT	841-79-006	SEALAKE CORPORATION	20310 ARGONAUT DR	SARATOGA	CA	95070-4304



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Acceptance of the Cash and Investment Report as of December 31, 2025

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Finance  
 Submitted by: Harjot Sangha, Finance Director  
 Prepared by: Rosemary Guerrero, Finance Manager

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

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### RECOMMENDATION

Accept and file the cash and investment report as of December 31, 2025

### 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 December 31, 2025, the City's cash and investments totaled \$191.0 million, of which primary investments include: \$36.6 million in the Local Agency Investment Fund (LAIF), \$87.5 million in US Treasury securities, \$24.1 million in other Federal Agency non-amortized, and \$28.2 million in the California CLASS PRIME Fund.

In addition, there is approximately \$14.6 million in cash, of which \$14.3 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. The majority of this balance held by fiscal agents (\$6.9 million) 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 (\$7.0 million). The fiscal year-to-date interest earnings are \$3.8 million, which includes accrued interest as well as amortization of the discount on the securities held, with an effective rate of return of 4.1%, 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 is an activity included in the Finance Department's annual work plan.

**Attachments:**

1. Investment Report 12-31-2025\_Draft 1.27.2026-signed

CITY OF GILROY  
INVESTMENT REPORT

DECEMBER 2025



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**City of Gilroy**  
**Portfolio Management**  
**Portfolio Summary**  
**December 31, 2025**

City of Gilroy  
 7351 Rosanna Street  
 Gilroy, CA 95020  
 (408)846-0294

<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	36,597,171.94	36,597,171.94	36,597,171.94	20.75	1	1	4.034	4.090
Federal Agency Non-Amortized	24,100,000.00	24,099,101.00	24,100,000.00	13.66	629	443	4.009	4.065
Treasury Notes Securities	87,639,400.00	87,661,647.55	87,519,112.97	49.62	447	188	3.992	4.048
California Class	28,169,197.53	28,169,197.53	28,169,197.53	15.97	1	1	3.824	3.877
	<b>176,505,769.47</b>	<b>176,527,118.02</b>	<b>176,385,482.44</b>	<b>100.00%</b>	<b>308</b>	<b>154</b>	<b>3.976</b>	<b>4.032</b>
<b>Investments</b>								
<hr/>								
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	14,600,099.38	14,600,099.38	14,600,099.38		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>191,105,868.85</b>	<b>191,127,217.40</b>	<b>190,985,581.82</b>		<b>308</b>	<b>154</b>	<b>3.976</b>	<b>4.032</b>

<b>Total Earnings</b>	<b>December 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	601,275.20	3,782,131.50
<b>Average Daily Balance</b>	<b>188,461,192.84</b>	<b>195,784,415.08</b>
<b>Effective Rate of Return</b>	<b>3.76%</b>	<b>3.83%</b>
6 Month T-Bill Benchmark:	3.50%	

- NOTES:
1. Fiscal Year To Date Effective Rate of Return without Monies held with Fiscal Agents = 4.13%
  2. The Maturity Aging Factor of the City's Portfolio = 5.13 months.
  3. The unrealized gain resulting from an increase in Market Values obtained from U.S. Bank of all Securities (excluding LAIF) = \$141,635.58
  4. The LAIF balance shown includes \$5,929,637 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.

02/01/2026

Harjot Sangha, Finance Director

Reporting period 07/01/2025-12/31/2025

**City of Gilroy  
Portfolio Management  
Portfolio Details - Investments  
December 31, 2025**

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			21,642,809.96	21,642,809.96	21,642,809.96	4.090	4.034	4.090	1	
SYSLAIF03	LAIF03	LAIF - Industrial Dev. Auth.			9,024,724.63	9,024,724.63	9,024,724.63	4.090	4.034	4.090	1	
LAIF05	LAIF05	LAIF LIBRARY			5,929,637.35	5,929,637.35	5,929,637.35	4.090	4.034	4.090	1	
<b>Subtotal and Average</b>			<b>33,197,171.94</b>		<b>36,597,171.94</b>	<b>36,597,171.94</b>	<b>36,597,171.94</b>	<b>4.034</b>	<b>4.034</b>	<b>4.090</b>	<b>1</b>	
<b>Federal Agency Non-Amortized</b>												
3130B4XH9	USB-28	Federal Home Loan Bank Board		02/07/2025	11,250,000.00	11,250,900.00	11,250,000.00	4.420	4.359	4.420	399	02/04/2027
3130B8D25	USB-32	Federal Home Loan Bank Board		10/31/2025	12,850,000.00	12,848,201.00	12,850,000.00	3.755	3.703	3.755	481	04/27/2027
<b>Subtotal and Average</b>			<b>24,100,000.00</b>		<b>24,100,000.00</b>	<b>24,099,101.00</b>	<b>24,100,000.00</b>	<b>4.009</b>	<b>4.065</b>	<b>4.43</b>		
<b>Treasury Notes Securities</b>												
91282CBH3	USB-25	U. S. TREASURY NOTES		07/31/2024	10,092,000.00	10,065,760.80	10,058,888.14	0.375	4.499	4.562	30	01/31/2026
91282CJV4	USB-26	U. S. TREASURY NOTES		10/31/2024	9,694,000.00	9,697,877.60	9,694,074.57	4.250	4.178	4.236	30	01/31/2026
91282CBW0	USB-27	U. S. TREASURY NOTES		01/31/2025	20,000,000.00	19,816,600.00	19,781,658.59	0.750	4.158	4.216	119	04/30/2026
91282CLB5	USB-30	U. S. TREASURY NOTES		04/30/2025	9,910,000.00	9,956,180.60	9,939,832.35	4.375	3.781	3.833	211	07/31/2026
91282CLS8	USB-31	U. S. TREASURY NOTES		07/31/2025	20,246,400.00	20,332,852.13	20,262,844.11	4.125	3.964	4.019	303	10/31/2026
91282CMH1	USB-33	U. S. TREASURY NOTES		10/31/2025	8,328,000.00	8,379,716.88	8,374,675.59	4.125	3.537	3.586	395	01/31/2027
91282CLB5	USB-34	U. S. TREASURY NOTES		10/31/2025	9,369,000.00	9,412,659.54	9,407,139.62	4.375	3.600	3.650	211	07/31/2026
<b>Subtotal and Average</b>			<b>87,482,490.98</b>		<b>87,639,400.00</b>	<b>87,661,647.55</b>	<b>87,519,112.97</b>	<b>3.992</b>	<b>4.048</b>	<b>188</b>		
<b>California Class</b>												
CLASS PRIME	CLASS	California Class			28,169,197.53	28,169,197.53	28,169,197.53	3.877	3.824	3.877	1	
<b>Subtotal and Average</b>			<b>28,079,733.16</b>		<b>28,169,197.53</b>	<b>28,169,197.53</b>	<b>28,169,197.53</b>	<b>3.824</b>	<b>3.877</b>	<b>1</b>		
<b>Total and Average</b>			<b>188,461,192.84</b>		<b>176,505,769.47</b>	<b>176,527,118.02</b>	<b>176,385,482.44</b>	<b>3.976</b>	<b>4.032</b>	<b>154</b>		

**City of Gilroy  
Portfolio Management  
Portfolio Details - Cash  
December 31, 2025**

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	6,931,317.21	6,931,317.21	6,931,317.21	0.000	0.000		1
LEASE REV 2020A	INT FUND	U. S. BANK		07/01/2025	126.54	126.54	126.54	0.000	0.000		1
LEASE REV 2022A	INTE FUND	U. S. BANK		07/01/2025	156.64	156.64	156.64	0.000	0.000		1
LEASE REV 2020A	PRIN FUND	U. S. BANK		07/01/2025	452.44	452.44	452.44	0.000	0.000		1
LEASE REV 2022A	PRINC FUND	U. S. BANK		07/01/2025	818.53	818.53	818.53	0.000	0.000		1
WASTEWATER BOND	PYMT FUND	U. S. BANK		07/01/2025	1,436.15	1,436.15	1,436.15	0.000	0.000		1
CFD HWY 152	RESERVE FUND	U. S. BANK		07/01/2025	294,306.54	294,306.54	294,306.54	0.000	0.000		1
LEASE REV 2020A	REVENUE FUND	U. S. BANK		07/01/2025	238.50	238.50	238.50	0.000	0.000		1
CFD HWY 152	SPECIAL TAX	U. S. BANK		07/01/2025	6,338.12	6,338.12	6,338.12	0.000	0.000		1
<b>Section 115 Trust Held by PARS</b>											
OPEB	OPEB	Public Agency Retirement Servi		07/01/2025	1,447,703.77	1,447,703.77	1,447,703.77	0.000	0.000		1
PENSION	PENSION	Public Agency Retirement Servi		07/01/2025	5,585,564.88	5,585,564.88	5,585,564.88	0.000	0.000		1
<b>Wells Fargo Checking</b>											
SYSWFB	WELLS FARGO	WELLS FARGO			57,725.08	57,725.08	57,725.08	0.000	0.000		1
<b>Other Banks-Misc.Account-Petty Cash</b>											
SYSUNDERCOV	UNDERCOV	CHASE BANK		07/01/2025	698.30	698.30	698.30	0.000	0.000		1
SYS/MUFG	MUFG	MUFG / UNION BANK		07/01/2025	0.00	0.00	0.00	0.000	0.000		1
SYSPETTY	PETTY	PETTY CASH		07/01/2025	2,661.56	2,661.56	2,661.56	0.000	0.000		1
SYS/USBANK	USB-CASH	U. S. BANK		07/01/2025	21,367.33	21,367.33	21,367.33	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	100,195.71	100,195.71	100,195.71	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>188,461,192.84</b>		<b>191,105,868.85</b>	<b>191,127,217.40</b>	<b>190,985,581.82</b>	<b>3.976</b>	<b>4.032</b>		<b>154</b>



**City of Gilroy  
Investments by Issuer  
Active Investments  
Sorted by Type  
December 31, 2025**

City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020  
(408)846-0294

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	12/31/2025				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	28,169,197.53	3.877	28,169,197.53	12/31/2025	3.877			1
<b>Subtotal and Average</b>				<b>28,169,197.53</b>		<b>28,169,197.53</b>		<b>3.877</b>			<b>1</b>
<b>Federal Home Loan Bank Board</b>											
3130B4XH9	USB-28	Federal Agency Non-Amortized	Fair	11,250,000.00	4.420	11,250,900.00	12/31/2025	4.420	02/04/2027	399	02/04/2026
3130B8D25	USB-32	Federal Agency Non-Amortized	Fair	12,850,000.00	3.755	12,848,201.00	12/31/2025	3.755	04/27/2027	481	04/27/2026
<b>Subtotal and Average</b>				<b>24,100,000.00</b>		<b>24,099,101.00</b>		<b>4.065</b>		<b>442</b>	
<b>LAIF - City of Gilroy</b>											
SYSLAIF01	LAIF01	LAIF	Fair	21,642,809.96	4.090	21,642,809.96	12/31/2025	4.090			1
<b>Subtotal and Average</b>				<b>21,642,809.96</b>		<b>21,642,809.96</b>		<b>4.090</b>			<b>1</b>
<b>LAIF - Industrial Dev. Auth.</b>											
SYSLAIF03	LAIF03	LAIF	Fair	9,024,724.63	4.090	9,024,724.63	12/31/2025	4.090			1
<b>Subtotal and Average</b>				<b>9,024,724.63</b>		<b>9,024,724.63</b>		<b>4.090</b>			<b>1</b>
<b>LAIF LIBRARY</b>											
LAIF05	LAIF05	LAIF	Fair	5,929,637.35	4.090	5,929,637.35	12/31/2025	4.090			1
<b>Subtotal and Average</b>				<b>5,929,637.35</b>		<b>5,929,637.35</b>		<b>4.090</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	1,447,703.77		1,447,703.77	12/31/2025				1
PENSION	PENSION	Section 115 Trust Held by PARS	Fair	5,585,564.88		5,585,564.88	12/31/2025				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>7,033,268.65</b>		<b>7,033,268.65</b>					<b>1</b>
<b>PETTY CASH</b>											
SYSPETTY	PETTY	Other Banks-Misc.Account-Petty Cash	Fair	2,661.56		2,661.56	12/31/2025				1
<b>Subtotal and Average</b>				<b>2,661.56</b>		<b>2,661.56</b>					<b>1</b>
<b>U. S. BANK</b>											
WASTEWATER BOND	CONSTRUCTION	Monies Held by Fiscal Agents	Fair	6,931,317.21		6,931,317.21	12/31/2025				1
LEASE REV 2020A	INT FUND	Monies Held by Fiscal Agents	Fair	126.54		126.54	12/31/2025				1
LEASE REV 2022A	INTE FUND	Monies Held by Fiscal Agents	Fair	156.64		156.64	12/31/2025				1
LEASE REV 2020A	PRIN FUND	Monies Held by Fiscal Agents	Fair	452.44		452.44	12/31/2025				1
LEASE REV 2022A	PRINC FUND	Monies Held by Fiscal Agents	Fair	818.53		818.53	12/31/2025				1
WASTEWATER BOND	PYMT FUND	Monies Held by Fiscal Agents	Fair	1,436.15		1,436.15	12/31/2025				1
CFD HWY 152	RESERVE FUND	Monies Held by Fiscal Agents	Fair	294,306.54		294,306.54	12/31/2025				1
LEASE REV 2020A	REVENUE FUND	Monies Held by Fiscal Agents	Fair	238.50		238.50	12/31/2025				1
CFD HWY 152	SPECIAL TAX	Monies Held by Fiscal Agents	Fair	6,338.12		6,338.12	12/31/2025				1
SYS/USBANK	USB-CASH	Other Banks-Misc.Account-Petty Cash	Fair	21,367.33		21,367.33	12/31/2025				1
<b>Subtotal and Average</b>				<b>7,256,558.00</b>		<b>7,256,558.00</b>					<b>1</b>
<b>U. S. TREASURY NOTES</b>											
91282CBH3	USB-25	Treasury Notes Securities	Fair	10,058,888.14	0.375	10,065,760.80	12/31/2025	4.562	01/31/2026		30
91282CJV4	USB-26	Treasury Notes Securities	Fair	9,694,074.57	4.250	9,697,877.60	12/31/2025	4.236	01/31/2026		30
91282CBW0	USB-27	Treasury Notes Securities	Fair	19,781,658.59	0.750	19,816,600.00	12/31/2025	4.216	04/30/2026		119
91282CLB5	USB-30	Treasury Notes Securities	Fair	9,939,832.35	4.375	9,956,180.60	12/31/2025	3.833	07/31/2026		211
91282CLS8	USB-31	Treasury Notes Securities	Fair	20,262,844.11	4.125	20,332,852.13	12/31/2025	4.019	10/31/2026		303
91282CMH1	USB-33	Treasury Notes Securities	Fair	8,374,675.59	4.125	8,379,716.88	12/31/2025	3.586	01/31/2027		395
91282CLB5	USB-34	Treasury Notes Securities	Fair	9,407,139.62	4.375	9,412,659.54	12/31/2025	3.650	07/31/2026		211
<b>Subtotal and Average</b>				<b>87,519,112.97</b>		<b>87,661,647.55</b>		<b>4.048</b>			<b>188</b>
<b>WELLS FARGO</b>											
SYSWFB	WELLS FARGO	Wells Fargo Checking	Fair	57,725.08		57,725.08	12/31/2025				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	12/31/2025				1
SYSICS	ICS	Other Banks-Misc.Account-Petty Cash	Fair	100,195.71		100,195.71	12/31/2025				1
<b>Subtotal and Average</b>				<b>305,317.87</b>		<b>305,317.87</b>					<b>1</b>
<b>WORKING CASH</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
SYSWORKING	WORKING	Other Banks-Misc.Account-Petty Cash	Fair	1,595.00		1,595.00	12/31/2025			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>190,985,581.82</b>		<b>191,127,217.40</b>		<b>3.723</b>		<b>142</b>	



**City of Gilroy  
Purchases Report  
Sorted by Type - Type  
October 1, 2025 - December 31, 2025**

City of Gilroy  
7351 Rosanna Street  
Gilroy, CA 95020  
(408)846-0294

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>													
3130B8D25	USB-32	NOT	FAC	FHLB	12,850,000.00	10/31/2025	04/27 - 10/27	12,850,000.00	5,361.31	3.755	04/27/2027	3.755	12,850,000.00
91282CMH1	USB-33	NOT	TRC	USTN	8,328,000.00	10/31/2025	01/31 - 07/31	8,382,001.88	85,882.50	4.125	01/31/2027	3.586	8,374,675.59
91282CLB5	USB-34	NOT	TRC	USTN	9,369,000.00	10/31/2025	01/31 - 07/31	9,418,346.52	102,473.44	4.375	07/31/2026	3.650	9,407,139.62
				<b>Subtotal</b>	<b>30,547,000.00</b>			<b>30,650,348.40</b>	<b>193,717.25</b>				<b>30,631,815.21</b>
				<b>Total Purchases</b>	<b>30,547,000.00</b>			<b>30,650,348.40</b>	<b>193,717.25</b>				<b>30,631,815.21</b>



City of Gilroy  
 7351 Rosanna Street  
 Gilroy, CA 95020  
 (408)846-0294

**City of Gilroy**  
**Maturity Report**  
**Sorted by Maturity Date**

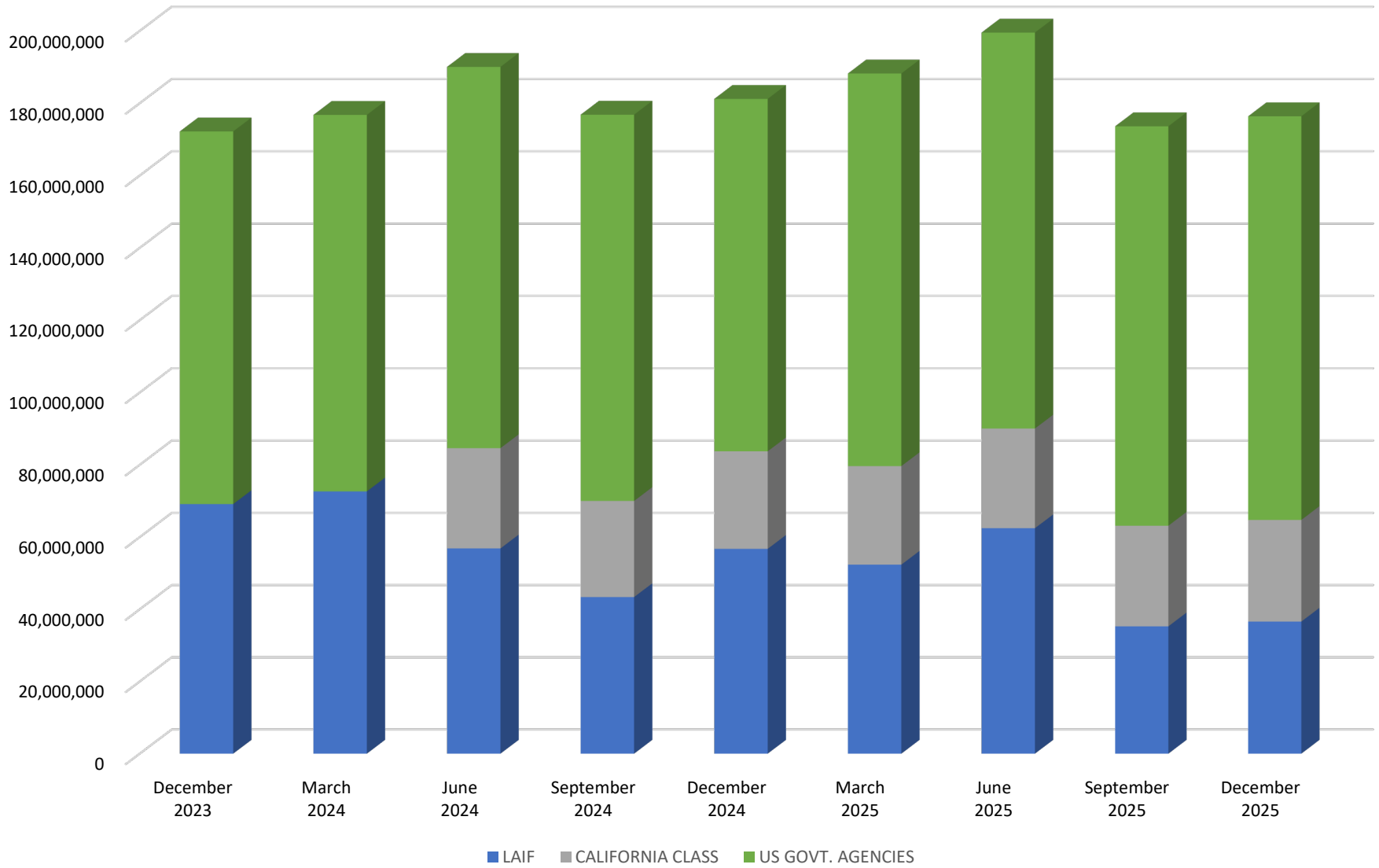
Amounts due during October 1, 2025 - December 31, 2025

CUSIP	Investment #	Type	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
91282CJE2	USB-20	NOT	TRC	USTN	9,294,000.00	10/31/2025	01/31/2024	5.000	9,294,000.00	232,350.00	9,526,350.00	232,350.00
91282CAT8	USB-24	NOT	TRC	USTN	10,461,900.00	10/31/2025	07/31/2024	0.250	10,461,900.00	13,077.38	10,474,977.38	13,077.38
<b>Total Maturities</b>					<b>19,755,900.00</b>				<b>19,755,900.00</b>	<b>245,427.38</b>	<b>20,001,327.38</b>	<b>245,427.38</b>

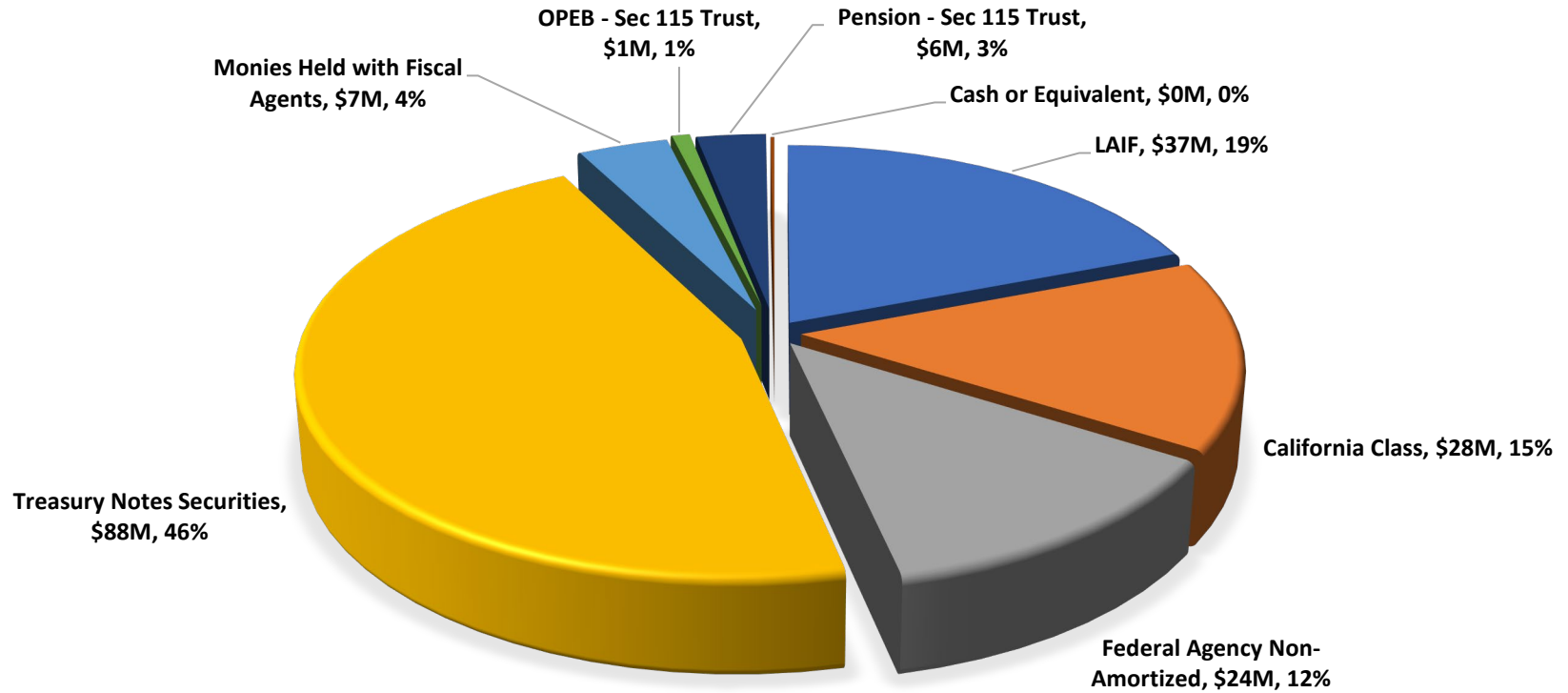
**Quarterly Movement of Investments over the Last 4 Quarters**

<b>DESCRIPTION</b>	<b>Mar 2025</b>	<b>Jun 2025</b>	<b>Sep 2025</b>	<b>Dec 2025</b>	<b>% of Total Dec</b>
<b>LAIF:</b>					
CITY OF GILROY	37,894,655	47,832,701	20,484,576	21,642,810	12.27%
GILROY INDUSTRIAL DEV AGENCY	8,734,209	8,830,459	8,927,205	9,024,725	5.12%
GILROY LIBRARY 2010 BOND	5,738,756	5,801,996	5,865,563	5,929,637	3.36%
<b>SUB TOTAL</b>	<b>52,367,619</b>	<b>62,465,156</b>	<b>35,277,345</b>	<b>36,597,172</b>	<b>20.75%</b>
CALIFORNIA CLASS	27,285,684	27,583,616	27,884,665	28,169,198	<b>15.97%</b>
<b>US GOVERNMENTAL AGENCIES:</b>					
FEDERAL AGENCY NON-AMORTIZED	-	21,250,000	21,250,000	24,100,000	13.66%
TREASURY NOTES SECURITIES	108,566,845	88,234,366	89,208,746	87,519,113	49.62%
<b>SUB TOTAL</b>	<b>108,566,845</b>	<b>109,484,366</b>	<b>110,458,746</b>	<b>111,619,113</b>	<b>63.28%</b>
<b>GRAND TOTAL (Book Value)</b>	<b>188,220,147</b>	<b>199,533,138</b>	<b>173,620,756</b>	<b>176,385,482</b>	<b>100.00%</b>

**City of Gilroy  
Investments From:  
December 31, 2023 to December 31, 2025**

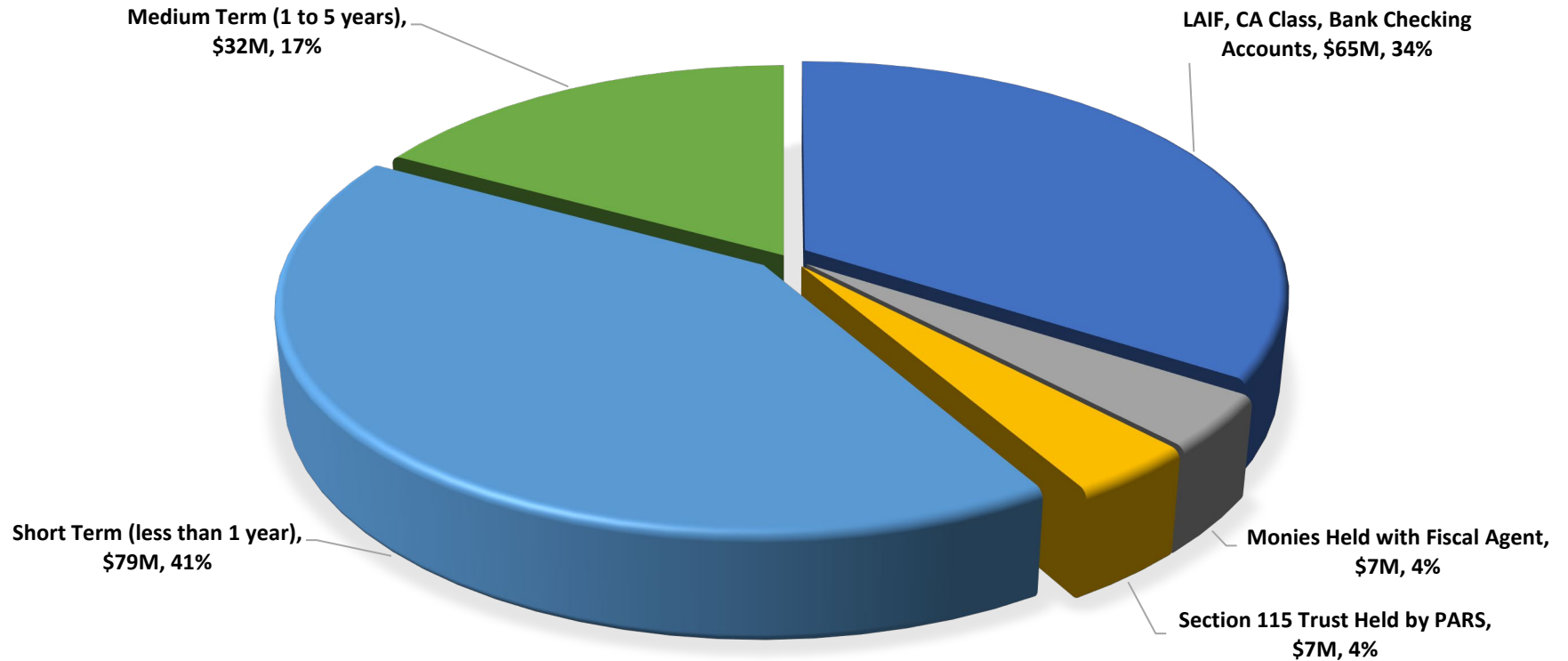


# Book Value by Investment Type As of December 31, 2025



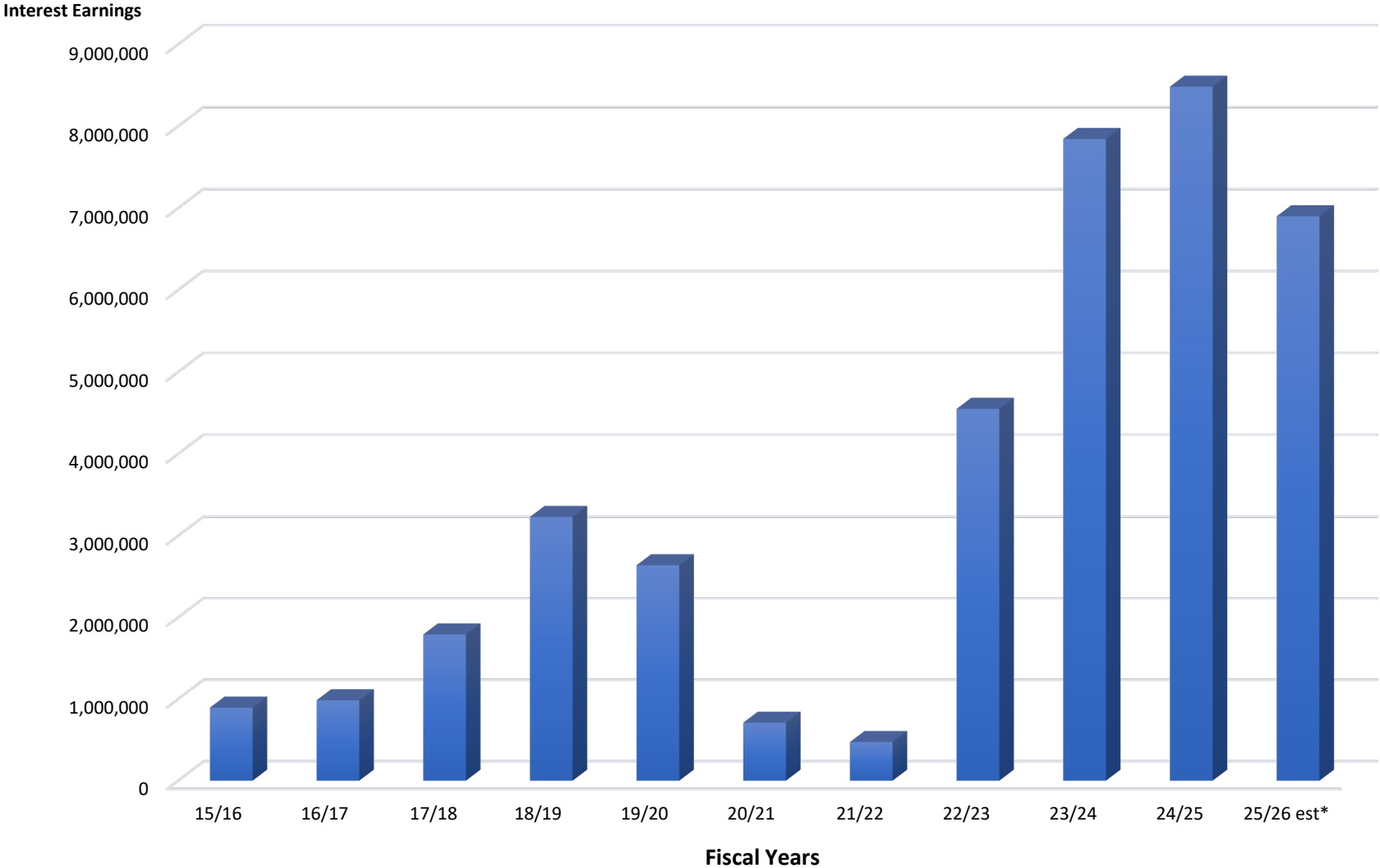
**Value of Portfolio: \$190,985,582**

# Portfolio By Maturity As of December 31, 2025



**Value of Portfolio: \$190,985,582**

# City of Gilroy Interest Earnings FY2016 - FY2026



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



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Consider Extending the Urgency Interim Ordinance Prohibiting the Issuance of Tobacco Retailer Permits Citywide for a Period of Ten (10) Months and Fifteen (15) Days**

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Michael Fossati, Planning Manager

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**STRATEGIC PLAN GOALS:** Not Applicable

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### RECOMMENDATION

1. Determine this action is exempt from environmental review under California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines;
2. Direct the City Clerk to read the ordinance extending the Urgency Interim Ordinance by title only and to waive further reading;
3. Review, approve and issue the 10-day report as required by Government Code Section 65858(d) for the extension of the Urgency Interim Ordinance; and
4. Adopt an ordinance extending the Urgency Interim Ordinance to prohibit the issuance or approval of any new Tobacco Retailer Permit Citywide for an additional ten (10) months and fifteen (15) days, with the associated findings.

### EXECUTIVE SUMMARY

Due to a significant increase in tobacco retail establishments in Gilroy in recent years, the City Council approved an urgency interim ordinance that prohibits issuing new tobacco retailer permits citywide. The urgency interim ordinance lasts for 45 days. Staff recommends extending the urgency interim ordinance to allow time to develop

appropriate City regulations, such as defining “smoke shop” either in the City of Gilroy municipal or zoning code and determining suitable locations for the proposed use. These changes require further study and public hearings with the Planning Commission and City Council, which cannot be completed before the urgency interim ordinance expires on February 19, 2026. This action extends the expiration date to January 3, 2027.

Staff plans to return to City Council with a comprehensive zoning code update in 2026, allowing time to address the issue and process the necessary code amendments for tobacco retailer operations. The City Council may also direct staff to process a municipal code amendment addressing tobacco retailer permits.

## **BACKGROUND**

On October 20, 2025, staff was directed to add an urgency interim ordinance to the November 3 City Council agenda to prohibit new smoke shops in the downtown area. Because neither the City of Gilroy’s municipal or zoning code defines “smoke shops,” staff prepared an ordinance prohibiting the issuance of tobacco retailer permits within the downtown area for Council review.

On November 3, 2025, the City Council voted unanimously to adopt Ordinance No. 2025-08, an urgency interim ordinance prohibiting the issuance of tobacco retailer permits for a period not to exceed forty-five (45) days within the downtown area.

On December 8, 2025, the City Council unanimously adopted Ordinance No. 2025-11 to extend the prohibition on new tobacco retailer permits in the downtown area for an additional 10 months and 15 days, as the urgency interim ordinance was set to expire. Staff was also directed to draft a second urgency interim ordinance to prohibit issuing new tobacco retailer permits citywide.

On January 5, 2026, the City Council voted unanimously to adopt Ordinance No. 2026-01, an urgency interim ordinance of the City of Gilroy prohibiting the issuance of tobacco retailer permits citywide for a period not to exceed forty-five (45) days. This ordinance is set to expire on February 19, 2026.

## **ANALYSIS**

California Government Code Section 65858 allows cities to adopt urgency interim ordinances that temporarily prohibit certain uses, such as new tobacco retailer permits, to protect public safety, health, and welfare during reviews of a proposed general plan, specific plan, or zoning change. The City of Gilroy exercised this authority by adopting Ordinance 2025-08 in November 2025 and Ordinance 2026-01 in January 2026.

Pursuant to Government Code Section 65858(d), the City must issue a written report

(10-day Report) at least 10 days before the original 45-day temporary moratorium expires. The 10-day Report will outline actions taken to address the conditions that prompted the urgency interim ordinance. Staff have included the required 10-day Report as Attachment 2 of this staff report, and has issued the report on January 30, 2026, on the City's website, meeting the minimum 10-day requirement.

During the creation of the 10-day Report, staff identified several issues that require attention before drafting a more permanent zoning amendment to limit or prohibit smoke shops in the City. Key actions include addressing licensing enforcement, forming a team to evaluate appropriate locations for the type of use, reviewing best practices from other cities, analyzing police data for crime patterns, and compiling lists of current tobacco retailers in comparison to population density.

The report recommends extending the urgency interim ordinance to allow time for adequate staffing, public outreach, further study of effective tobacco retailer monitoring practices, and the development of appropriate zoning and land use amendments. Plans include public hearings and creating opportunities for community input to ensure transparency. Staff recommends that the City Council extend the urgency interim ordinance to support the opportunity to find comprehensive solutions that protect the public health and welfare of Gilroy residents. In the interim, the City is actively addressing tobacco retailers operating without a permit.

## **ALTERNATIVES**

Allow the urgency interim ordinance to expire and resume processing new tobacco retailer permit applications under current City regulations.

## **FISCAL IMPACT/FUNDING SOURCE**

Implementing new municipal or zoning regulations and drafting ordinances require staff time and resources. These activities are usually funded by the City's General Fund. If the urgency interim ordinance on tobacco retailers is enacted, it will not affect existing permitted tobacco retailers.

## **PUBLIC OUTREACH**

The notice for the City Council meeting was published in the Gilroy Dispatch on January 23, 2026. Public hearing packets with this staff report are available on the City's website for viewing.

## **NEXT STEPS**

If approved, the extended ordinance will go into effect immediately and last until January 3, 2027. This time extension will provide the Community Development

Department and our internal partners with adequate time to determine standards and best practices to regulate tobacco retailer uses through changes to the general plan, specific plan, or zoning code and municipal code.

**Attachments:**

1. Proposed Extension of Urgency Interim Ordinance
2. 10-day Report

**ORDINANCE NO. 2026-XX**

**AN EXTENSION OF AN URGENCY INTERIM ORDINANCE OF THE CITY OF  
GILROY PROHIBITING THE ISSUANCE OF TOBACCO RETAILER PERMITS  
CITYWIDE FOR A PERIOD NOT TO EXCEED TEN (10) MONTHS AND FIFTEEN (15)  
DAYS**

**WHEREAS**, the City of Gilroy (“City”) is a municipal corporation duly organized as a Charter City under the California Constitution and laws of the State of California; and

**WHEREAS**, the City Council has broad discretion pursuant the California Constitution Article XI, Section 5, and the general laws of the state, including, but not limited to, the California Planning and Zoning Law (Gov. Code section 65000 et seq.) to legislate for public purposes and for the general welfare, including, but not limited to, matters of public health and safety; and

**WHEREAS**, California Government Code Section 65858 sets forth procedures for the adoption of an urgency interim ordinance to prohibit the approval of applications for additional subdivisions, use permits, variances, building permits, and other applicable entitlements and licenses for uses that may be in conflict with a contemplated general plan, specific plan or zoning proposal that the legislative body, planning commission or the planning department is considering or studying or intends to study; and

**WHEREAS**, on November 17, 2014, the City adopted an Ordinance requiring all tobacco retailers to obtain a “Tobacco Retailer Permit” to ensure that retailers comply with tobacco control laws and City business standards (Ord. No. 2014-14; Gilroy Code Section 13.66 et seq.); and

**WHEREAS**, in California, individuals under the age of 21 are prohibited from purchasing or using tobacco or cannabis products. This regulation is based on evidence that smoking is the leading cause of preventable disease and mortality worldwide. Smokeless tobacco is also associated with increased risk for several cancers, including those of the mouth, esophagus, and pancreas. Additionally, marijuana smoke contains many of the same toxins, irritants, and carcinogens found in tobacco smoke; and

**WHEREAS**, while the majority of tobacco retailers in the City operate in conjunction with another land use activity (i.e., part of a grocery store, liquor store, gas station, convenience store), in the past year-and-a-half, the City has seen a significant increase in the number of stand-alone “Smoke Shop” tobacco retail stores; and

**WHEREAS**, staff has found higher per capita concentration of tobacco retailers in the City, as compared to neighboring cities and county areas, including the City of Morgan Hill, the City of Hollister, the unincorporated area of Santa Clara County and

San Benito County; and

**WHEREAS**, the prevalence of tobacco retail establishments may contribute to various adverse effects because of the associated health risks and density to walkable areas where minors frequent. In addition, social and economic burdens due to smoking-related illnesses place demands on community health resources and increase healthcare costs. Tobacco retailer businesses can also be a target for theft and vandalism, as well as may be affiliated with the sale of illegal cannabis products and drug paraphernalia that encourage illegal activity. Hemp products have also been found to be sold in tobacco retailer businesses and smoke shops, with marketing aimed towards children featuring colorful packaging designs and sweet candy flavors. Cigarette butts and packaging contribute to litter and environmental degradation and character of the city; and

**WHEREAS**, tobacco retail stores have been a source of unlawful activities in the City, including April 2025, when the California Department of Tax and Fee Administration (CDTFA) and the City of Gilroy confiscated flavored tobacco products and hallucinogenic psilocybin that are illegal to sell from certain local tobacco retail businesses within the city limits; and

**WHEREAS**, considering the foregoing findings and events that have taken place, the City Council finds that there is a current and immediate threat to public health, safety, and welfare, and that approval of additional tobacco retailer permits would result in and exacerbate that threat to public health, safety and welfare; and

**WHEREAS**, on January 5, 2026, the City Council adopted an urgency interim ordinance prohibiting the issuance of Tobacco Retailer Permits within the City of Gilroy for a period not to exceed 45 days, as permitted per California Government Code Section 65858; and

**WHEREAS**, within the 45-day time frame, City staff drafted a 10-day Report, as required by California Government Code Section 65858(d), identifying key actions the City must take in order to alleviate the threat to public health, welfare, and safety associated with the adverse effects of tobacco products and retailers, such as addressing licensing enforcement, forming a team to evaluate appropriate locations for the type of use, reviewing best practices from other cities, analyzing police data for crime patterns, and compiling lists of current tobacco retailers in comparison to population density; and

**WHEREAS**, due to the associated findings within the 10-day Report, staff recommends the City Council adopt an extension to the prohibition of issuance of Tobacco Retailer Permits; and

**WHEREAS**, on February 9, 2026, in accordance with State law, the City Council

provided due consideration of all evidence presented and provided in the entire administrative record and held a duly noticed public hearing and took testimony regarding this extension of an urgency interim ordinance.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GILROY DOES HEREBY ORDAIN AS FOLLOWS:**

SECTION I. Recitals.

The above recitals are true and correct and hereby adopted as the City Council's findings.

SECTION II. Purpose and Authority.

In the interest of protecting the health, safety, and welfare of the residents in the City of Gilroy, it is the purpose and intent of this urgency interim Ordinance to place a temporary moratorium on the issuance of any new permit, license, or other entitlement for any tobacco retailer business within the City of Gilroy. This includes any new permit, license, or other entitlement for the relocation or physical expansion of existing business falling under the definition of a tobacco retailer business as defined in Gilroy Municipal Code Section 13.66. The City Council has authority to adopt this Ordinance pursuant to California Government Code Section 65858 as an extension of an urgency measure prohibiting any use that may be in conflict with a contemplated general plan, specific plan, or zoning proposal that the City is considering or studying.

SECTION III. Findings.

The City Council hereby finds and determines that potentially future tobacco retailer businesses in the City of Gilroy constitute an immediate threat to public health, safety, and welfare. The approval of additional entitlements for Tobacco Retailer Permits and approval of the relocation or physical expansion of existing tobacco retailer business under the City's current regulations will further threaten the public health, safety, and welfare. The adoption of the extension of the urgency interim Ordinance is therefore necessary for the immediate protection of public health, safety, and welfare. The above recitals are incorporated herein by reference as true and correct as the Council's findings.

SECTION IV. Extension of Moratorium

This Ordinance extends the temporary moratorium on the issuance of any Tobacco Retailer Permit citywide, as set forth by Chapter 13 Article VIII (Tobacco Retailer Permit) of the Gilroy Municipal Code in the City of Gilroy. This temporary moratorium shall not apply to the renewal of an existing tobacco retailer's permit previously issued by the City of Gilroy.

#### SECTION V. Violation.

Except as otherwise permitted under the extension of the urgency interim Ordinance, the establishment, relocation, or physical expansion of a Tobacco Retailer Business within city limits is declared to be a public nuisance. Violations of this urgency interim Ordinance may be enforced by any applicable laws or ordinances, including, but not limited to, injunctions or administrative or criminal penalties under the Gilroy Municipal Code.

#### SECTION VI. Term of Ordinance.

The extension of the urgency interim Ordinance shall be in effect from the date of adoption for a period of ten (10) months and fifteen (15) days, unless it is extended pursuant to California Government Code Section 65858 or other applicable law, as approved by the City Council.

#### SECTION VII. Severability.

If any section, subsection, subdivision, sentence, clause or phrase of the extension of the urgency interim Ordinance is for any reason held to be unconstitutional or otherwise void or invalid by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this urgency interim Ordinance. The City Council hereby declares that it would have passed this urgency interim Ordinance and each section, subsection, subdivision, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, or phrases may be declared unconstitutional or otherwise invalid by a court of competent jurisdiction.

#### SECTION VIII. CEQA Determination

The extension of the urgency interim Ordinance is exempt from environmental analysis under the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15061(b)(3) as it can be seen with certainty that this Ordinance has no possibility of having a significant environmental effect, as it merely preserves the status quo in accordance with Government Code Section 65858 in the interest of evaluating and preventing potential harms related to tobacco sales.

#### SECTION IX. Effective Date.

The extension of the urgency interim Ordinance, passed by at least a four-fifths vote of the City Council, is declared to be an interim urgency Ordinance for preserving the public health, safety, and welfare and shall take effect and be enforced immediately upon adoption pursuant to Government Code Section 36937(b).

SECTION X. Publication.

The City Clerk shall cause this Ordinance to be published, or summary thereof, one time within fifteen (15) days upon passage and adoption in a newspaper of general circulation, such as the Gilroy Dispatch.

**PASSED AND ADOPTED** by the City Council of the City of Gilroy this 9<sup>th</sup> day of February 2026, by the following vote:

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

APPROVED:

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Greg Bozzo, Mayor

ATTEST:

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Kim Mancera, City Clerk

## 10-Day Report

on the City of Gilroy 45-day Urgency Interim Ordinance prohibiting the issuance of tobacco retailer permits citywide pending the study and development of reasonable regulations pursuant to Government Code Section 65858(d)

### BACKGROUND

On January 5, 2026, pursuant to Government Code Section 65858, the City Council of Gilroy adopted Ordinance No. 2026-01, a 45-day urgency interim ordinance. This ordinance was enacted to address the immediate threat to public health, welfare, and safety posed by the sale of tobacco products to minors. This ordinance established a 45-day citywide moratorium on new tobacco retailer permits while a study is conducted and new regulations are developed.

Government Code Section 65858(d) requires the City to issue a written report on measures taken to address the conditions that led to the moratorium at least 10 days before the 45-day ordinance expires. Issuing this report fulfills the requirements of Section 65858(d). The 45-day moratorium will expire on February 19, 2026.

### Measures taken to alleviate the conditions that led to the adoption of the urgency interim ordinance:

1. The City has established an internal team to develop new general plan, specific plan, or zoning code and municipal code modifications relating to the location and land use involved in licensing and use related to tobacco retailers. The team will ensure compliance with current laws, identify illegal tobacco sales — particularly those involving minors and illegal substances — and review police activity to detect crime patterns. Based on its findings, the team will recommend ways to modify the general plan, specific plan, or zoning code and municipal code to strengthen the City's enforcement.
2. City staff are reviewing municipal and zoning codes from California cities to identify best practices and develop effective regulations for certain tobacco retailers. The aim is to reduce tobacco sales to minors and limit the spread of illegal substances.

These actions were taken during a brief period. However, current conditions require extending the urgency interim ordinance to allow staff sufficient time to complete analysis and research, ensuring the protection of public health, safety, and welfare for all Gilroy residents.

### CONTINUED NEED FOR THE URGENCY INTERIM ORDINANCE

Staff continue to address the need for the urgency interim ordinance. Under Council direction, staff are developing regulations for tobacco retailers, including defining and potentially prohibiting smoke shops in certain zoning districts, requiring use permits in specific areas, addressing underage access, public notification of licenses, and retailer

proliferation. These regulatory changes require further research and public hearings before the Planning Commission and City Council, which cannot be completed within the initial 45-day period. Staff therefore recommend that the City Council extend the current moratorium for 10 months and 15 days. Unless extended, the moratorium will expire on February 19, 2026. This extension will allow staff sufficient time to return to Council with proposed municipal code amendments or a zoning code update.

#### OPPORTUNITY FOR PUBLIC COMMENT

Members of the public will have the opportunity to comment on the extension of the Urgency Interim Ordinance at the City Council hearing to be held on February 9, 2026. The City will publish the required notice for this meeting pursuant to Government Code § 65090.



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Receive an Update and Provide Direction Regarding a Potential Transient Occupancy Tax (TOT) Rate Increase Ballot Measure for the November 2026 Election

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Finance  
 Submitted by: Harjot Sangha, Finance Director  
 Prepared by: Harjot Sangha, Finance Director

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

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### RECOMMENDATION

1. Receive the update;
2. Direct staff to pursue a general-purpose TOT rate ballot measure;
3. Determine whether to conduct a community survey to gauge support;
4. Provide feedback on drafting the "Ballot Question"; and
5. Direct staff to pursue a not-to-exceed tax rate structure and determine the not-to-exceed tax rate.

### BACKGROUND

The Transient Occupancy Tax (TOT) is a local tax applied to guests staying in hotels, motels, and similar lodging facilities for periods of 30 days or less. In Gilroy, the TOT was established to generate revenue to support general City services and has been a source of discretionary funding, and is governed by [Chapter 25A](#)- Transient Occupancy Tax, of the Gilroy City Code (Code).

As part of the Fiscal Year 2025-26 (FY26) and 2026-27 (FY27) biennial budget development and Council strategic planning sessions, Council expressed a desire to review the City's existing TOT rate and ordinance, particularly because Gilroy has one of the lowest TOT rates in the County.

On September 15, 2025, staff presented a report (attached) to the City Council outlining the history of the City’s TOT rates, which are currently 9% and have remained unchanged since 1983. Staff also provided the City’s historical TOT revenue trends from FY19 through FY25, and a comparison of TOT rates across other Cities in Santa Clara County, which confirmed Gilroy has one of the lowest TOT rates in the County. The average TOT rate in the County is 11.7%, and the median TOT rate is 12.0%, excluding Tourism Business Improvement District (TBID) assessments.

Staff also provided an update on the City’s TBID renewal efforts which are currently under way and will come before the City Council for action to renew the TBID for another ten (10) year term. Visit Gilroy indicated they are currently undergoing the petition process.

At the same meeting, Council directed staff to pursue a TOT rate increase for the November 2026 election and to evaluate cities that have recently succeeded in approving a not-to-exceed cap rate, and whether such ballot measure language should be pursued by Gilroy. Certain Council members also expressed interest in pursuing it as a general tax versus a special tax, which has separate voter approval requirements.

**ANALYSIS**

***General Tax versus Special Tax***

When pursuing a ballot measure, one of the first determinations is how the funds will be used, which guides whether to pursue it as a General Tax or a Special Tax, as each has different features.

The table below outlines the key differences.

<b>Feature</b>	<b>General Tax</b>	<b>Special Tax</b>
Use of Funds	Any lawful purpose	Restricted to the stated purpose
Voter Approval Threshold	Majority (50% +1)	Two-thirds (66.67%)
Budget Flexibility	High	Limited
Election Viability (success)	Higher	Lower

***Statewide November 2024 Local Revenue Measures***

For analysis, staff reviewed statewide November 2024 local revenue measures and identified 28 Transient (Lodging) Occupancy Tax measures placed before voters. These measures were pursued by cities and counties seeking to adjust their hotel/lodging tax rates to address general municipal service needs.

Staff have attached Exhibit A to the staff report, which outlines the various agencies in California that pursued TOT rate changes in November 2024, the rate changes pursued, the rate structure (set rate increase vs. not-to-exceed), and the results. The list is sorted from highest to lowest “Yes” passage percentage. Below is a summary snapshot of the 2024 TOT Measures.

<b>Metric</b>	<b>Result</b>
Total TOT Measures Statewide	28
Measures Passed	23 (82%)
Measures Failed	5 (18%)
Average “Yes” Vote (Passed Measures)	68.4%
Typical Rate Adjustment Range	2%–4% increase
All Measures Structured As	General Purpose Taxes (Majority Vote Required)
Rate Structure: Set Rate Increase	23 (82%)
Rate Structure: Not-to-exceed	4 (14%)

Key observations:

- Success rate - 82% success rate among TOT ballot proposals.
- All measures pursued were general-purpose tax - Given the strong success rate of general-purpose TOT measures in 2024 and the operational flexibility they provide, the data supports a policy recommendation to pursue any future TOT adjustment as a general tax measure where revenues may be used for any lawful governmental purpose.
- Average rate increase of 3% - Most measures involved modest adjustments in the range of 2%–4%, suggesting that incremental increases are generally more viable electorally than large jumps.
- The majority of measures, 82%, were structured as set rate increases - This indicates that set rate measures remain the dominant and more common structure statewide. However, jurisdictions are increasingly experimenting with maximum authority models that allow councils future flexibility within a voter-approved cap.
- Voter support levels - Among the 23 measures that passed, the average “Yes” vote was 68.4%, well above the simple majority threshold required for general taxes. This demonstrates that increases in lodging taxes, when appropriately designed, tend to receive strong voter approval, often because the tax is largely borne by visitors rather than residents.
- Ballot Language (High-Performing Measures)
  - Highest Passing Set-Rate Measure – Menlo Park – Passed with 83.7% and was structured as an increase to a specific new TOT rate.
  - Highest Passing Not-to-Exceed Measure – Del Rey Oaks – Passed with 76.4% and was structured as an increase of TOT up to a specified maximum rate.

With respect to the Council's interest in evaluating other cities within the County that may have a not-to-exceed TOT rate, staff reviewed and determined that Los Altos is the only jurisdiction in the County that currently has a not-to-exceed cap structure, with a current TOT not-to-exceed rate of 14%, approved with the 2018 general municipal elections.

***Lodging Operator Survey on Potential TOT Ballot Measure and Partner Input***

As part of the public outreach effort, staff conducted a brief survey of local lodging operators and solicited input from the Chamber of Commerce and Visit Gilroy, with a response deadline of Friday, January 30, 2026, at 5 pm. The survey sought feedback from operators regarding the potential changes, including the not-to-exceed rate structure and specific TOT rates. The summarized results are attached to the staff report. The City received a total of nine (9) responses.

Key observations:

- 56% of the respondents were aware that the City Council is considering a TOT rate increase.
- 56% of the respondents oppose the City potentially increasing the TOT rate, and 22%, or 2, remained neutral/needing more information.
- 56% of the respondents supported a TOT rate increase between 10% and 12%, and 44%, or 4, indicated they would not support an increase.
- The reasons cited for not supporting an increase included: making operators less competitive compared to neighboring cities, hardship of existing revenue declines, impacting local residents/harm to local businesses, and having an adverse effect by driving visitors away to other neighboring cities like Morgan Hill and Hollister.
- Not-to-exceed Rate Structure: 78% of the respondents indicated they would not support a not-to-exceed rate structure, and 22%, or 2, indicated possibly/needing more information.
- 44% of respondents indicated an increase in TOT rate will have a significant impact, followed by 33% indicating a moderate impact, and 22% indicated they were unsure.
- The reasons cited for significant and moderate impact include: low margins on existing room rates, driving business away from Gilroy, and making Gilroy less competitive. It is important for Gilroy to remain in line with or below cities like Morgan Hill and Hollister.

Chamber of Commerce – Staff received input from the Chamber of Commerce Board via its Executive Director, summarized below.

- Supportive of a 2% increase, bringing the TOT rate to 11%, aligned with Morgan Hill's current TOT rate.
- Recommends the funds be earmarked for a specific purpose, such as public safety.
- Does not recommend a cap over 2% and believes the general public may not vote favorably with the presumption City would be inclined to raise it to the maximum cap immediately even if there is a phased approach.

- Overall, it recognizes that Gilroy has the lowest TOT rate in the County, and being aligned with Morgan Hill and earmarked for public safety would garner support.

Visit Gilroy – Visit Gilroy assisted the City in communicating its survey and conducted outreach to engage lodging operators. Based on information received from the Executive Director, the Visit Gilroy Board did not formally take a position but did have informal discussions and seemed to be split, with certain opposing and while others not being opposed to the TOT rate increase, as long as it does not surpass neighboring jurisdictions, such as Morgan Hill.

### ***Community Survey***

Staff were unable to easily determine whether each agency conducted a formal community poll or survey before placing its measures before the voters. Most measures appeared to have been advanced based on fiscal analyses, revenue forecasts, Council policy direction, public meetings/hearings, and stakeholder outreach. Menlo Park was the only jurisdiction determined to cite results from a formal community survey as a rationale for placing its TOT measure on the ballot. While not required, polling can provide strategic insights and entails additional time and cost considerations, ranging from \$40,000 to \$60,000 for a statistically sound, comprehensive survey. It is believed that jurisdictions without polling can still achieve strong passage rates, particularly when structured as a general-purpose tax, with modest rate adjustments and clear messaging that the tax is paid primarily by visitors. Council is being asked to determine whether a community survey should be conducted as part of the ballot measure process.

### ***Ballot Measure Questions Examples***

#### Menlo Park

The ballot title for Measure CC was as follows:

“To maintain critical City services, such as: street/ pothole repair; park/ recreation programs; enhance emergency preparedness for storms, flooding, wildfires; police 911 emergency response/preparedness; storm drain maintenance; and for general government use; shall the City of Menlo Park measure be adopted raising the transient occupancy (hotel) tax from 12 percent to 15.5 percent, paid only by hotel/ lodging guests until ended by voters, providing an estimated \$3,600,000 annually, that cannot be taken by Sacramento, including citizen oversight?”

#### Del Rey Oaks

The ballot title for Measure R was as follows:

“Shall the measure to protect city services including police and fire, parks, bicycle and pedestrian safety, roadways and storm drains, by increasing the Transient Occupancy Tax up to 4%, raising up to \$60,000 in additional yearly revenue the State cannot take away, and taxing rent charged to “hotel” guests, including by online travel and short-term rental companies, for transient occupancy, with annual independent audits, until ended by voters, be adopted?”

The City’s ballot questions can be crafted in a similar manner but must adhere to certain requirements: Must be clear and impartial, cannot exceed 75 words, and must state what the tax does, who pays it, estimated annual revenue, use of funds (general vs. specific), and duration (sunset clause).

### ***Recommendation***

Staff recommends that the City Council:

1. Direct staff to pursue a general-purpose TOT ballot measure.
2. Determine whether a community survey should be conducted.
3. Direct staff to pursue a “not-to-exceed” rate structure to provide future flexibility, while still setting a transparent voter-approval ceiling.
4. Target a moderate rate adjustment consistent with statewide norms and as suggested by partner agencies, with increases in the 2%-4% range. Each 1% increase in TOT is estimated to generate approximately \$0.2 million in additional General Fund revenue. The current average TOT rate in the County is 12%, and the average rate pursued at the 2024 statement TOT ballot measures was 13%. Staff recommends Council not pursue a TOT rate higher than 13%.

### **ALTERNATIVES**

1. The City Council could decide to pursue the ballot as a special-purpose tax with either a “not-to-exceed” or “set rate increase” rate structure. This alternative is not recommended as the special-purpose tax would require the Council to determine the restricted purpose for which the funds are to be used, carry a higher voter approval threshold, provide limited budget flexibility, and lower election viability.

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

There is no direct fiscal impact of receiving this update. However, the following fiscal impacts have been identified based on the Council's potential decision-making.

- Community Survey – \$40,000 to \$60,000. If Council decides to direct staff to conduct a community survey, staff will solicit proposals from qualified firms and initiate the community survey as soon as possible to have the results available

within the next couple of months to help inform the decision to place the ballot measure or not at the November 2026 election.

- Ballot Measure – \$100,000. This cost estimate is for the County of Santa Clara Registrar of Voters to place the ballot measure on the November 2026 election.
- Other legal and administrative costs for drafting the resolutions and ballot materials.

If the ballot measure passes, each 1% increase in the TOT rate is expected to generate approximately \$0.2 million in additional General Fund revenue.

## **PUBLIC OUTREACH**

City staff conducted outreach to key stakeholders, including lodging operators, the Chamber of Commerce, and Visit Gilroy. If the Council ultimately decides to put the ballot measure on the November 2026 election, City staff's role would be limited to only providing education information regarding the measure, and City staff cannot engage in promoting or opposing the ballot measure utilizing City resources or while on the "job". Efforts can be led by the City Council or community members, individually or through a formed advisory group.

## **NEXT STEPS**

Staff will return to Council with the proposed ballot question and the related resolutions necessary for adoption, formally placing the initiative on the November 2026 ballot. The last date to submit the measure resolution to the Santa Clara County Registrar of Voters is Friday, August 7, 2026. Staff will plan to return to Council for formal action by April 2026. Should the Council decide to pursue a community survey, which will likely delay the timeline by another two months, however, it would still be achievable by June 2026.

## **Attachments:**

- Exhibit A – 2024 Statewide Local Revenues Measures – TOT
- Exhibit B – Lodging Operator Survey
- Exhibit C – Written responses to Lodging Operator Survey

**California Local Revenue Measure Results November 2024**  
**Transient (Lodging) Occupancy Taxes**  
**All pursued as general purpose (majority approval)**

Reference	Agency Name	County	Measure	Rate Increase	Rate Changed To	Yes %	Result	Structure (Set Rate Increase vs. Not-to-exceed)
1	Menlo Park	San Mateo	Measure CC	3.5%	15.5%	83.70%	PASS	Set rate increase (12% → 15.5% over 2 years)
2	Fort Bragg	Mendocino	Measure U	2%	14%	81.50%	PASS	Set rate increase (12% → 14%)
3	Newark	Alameda	Measure LL	4%	15%	80.40%	PASS	Set rate increase (10% → 14%)
4	Pacifica	San Mateo	Measure M	3%	15%	77.10%	PASS	Set rate increase (12% → 15%)
5	Del Rey Oaks	Monterey	Measure R	4%	14%	76.40%	PASS	Not-to-exceed / max authority (increase up to +4%)
6	Monterey Park	Los Angeles	Measure RG	1%	13%	76.20%	PASS	Set rate increase (12% → 13%)
7	Hemet	Riverside	Measure N	2%	15%	75.90%	PASS	Set rate increase (10% → 12%)
8	Carpinteria	Santa Barbara	Measure B	3%	15%	75.60%	PASS	Set rate increase (12% → 15%)
9	Dunsmuir	Siskiyou	Measure A	2%	12%	72.60%	PASS	Set rate increase (10% → 12%)
10	Del Mar	San Diego	Measure QM			71.50%	PASS	No rate change (collection/modernization)
11	County of Alpine	Alpine	Measure G	4%	14%	68.80%	PASS	Set rate increase (10% → 14%)
12	Fairfield	Solano	Measure M	2%	12%	67.90%	PASS	Set rate increase (10% → 12%)
13	Santa Rosa	Sonoma	Measure F	2%	11%	67.60%	PASS	Set rate increase (9% → 11%)
14	Solvang	Santa Barbara	Measure E	2%	14%	67.20%	PASS	Set rate increase (12% → 14%)
15	County of Santa Barbara - Uninc	Santa Barbara	Measure H	2%	14%	67.10%	PASS	Set rate increase (12% → 14%)
16	Auburn	Placer	Measure F	2%	10%	65.50%	PASS	Set rate increase (8% → 10%)
17	Mammoth Lakes	Mono	Measure L	2%	15%	63.80%	PASS	Set rate increase (13% → 15%)
18	County of Mono - Uninc	Mono	Measure Q	3%	15%	60.60%	PASS	Set rate increase (12% → 15%)
19	Rancho Cucamonga	San Bernardino	Measure Q	2%	12%	57.80%	PASS	Set rate increase (10% → 12%)
20	McFarland	Kern	Measure D	6%	12%	56.30%	PASS	Set rate increase (6% → 12%)
21	Buellton	Santa Barbara	Measure D	2%	14%	54.20%	PASS	Not-to-exceed / max authority (increase up to 14%)
22	Hollister	San Benito	Measure Y	4%	12%	52.60%	PASS	Set rate increase (8% → 12%)
23	Coachella	Riverside	Measure V	4%	15%	52.10%	PASS	Not-to-exceed / max authority (voter-approved max 13%)
24	Mission Viejo	Orange	Measure Y	4%	12%	46.70%	FAIL	Set rate increase (8% → 12%)
25	Avenal	Kings	Measure B			44.10%	FAIL	Set rate (to 15%) as part of multi-tax measure
26	County of San Bernardino - Uninc	San Bernardino	Measure K	4%	11%	43.40%	FAIL	Set rate increase (7% → 11%)
27	Ukiah	Mendocino	Measure W	3%	13%	42.00%	FAIL	Set rate increase (10% → 13%)
28	Turlock	Stanislaus	Measure C	5%	14%	37.60%	FAIL	Not-to-exceed / max authority (up to 14%)

Average of All	3%	13%	63.8%
Average of "Pass"	3%	14%	68.4%
Average of "Fail"	4%	13%	42.8%

# City of Gilroy – Lodging Operator Survey on Potential TOT Ballot Measure

9 Responses   11:39 Average time to complete   Closed Status

1. Before receiving this survey, were you aware that the City Council is considering a TOT rate increase?

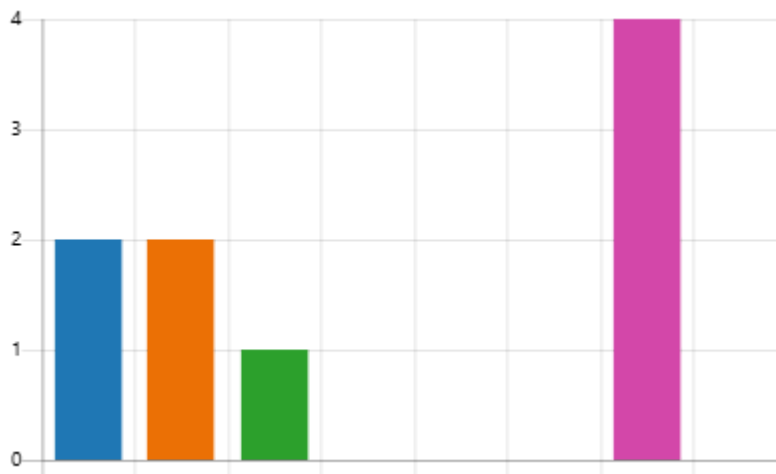


2. Overall, how would you describe your position on the City potentially increasing the TOT rate?



3. The City's current TOT rate is 9%, which is the lowest amongst the cities in the County. What TOT rate increase, if any, would you support? *(Select all that apply)*

● Increase to 10%	2
● Increase to 11%	2
● Increase to 12%	1
● Increase to 13%	0
● Increase to 14%	0
● Increase to 15%	0
● No Increase	4
● Other	0



4. If you **do not** support an increase, please briefly state why:

5  
Responses

Latest Responses

"Dear Mayor and Members of the Gilroy City Council, I am ...  
"Taxes are simply a money grab "

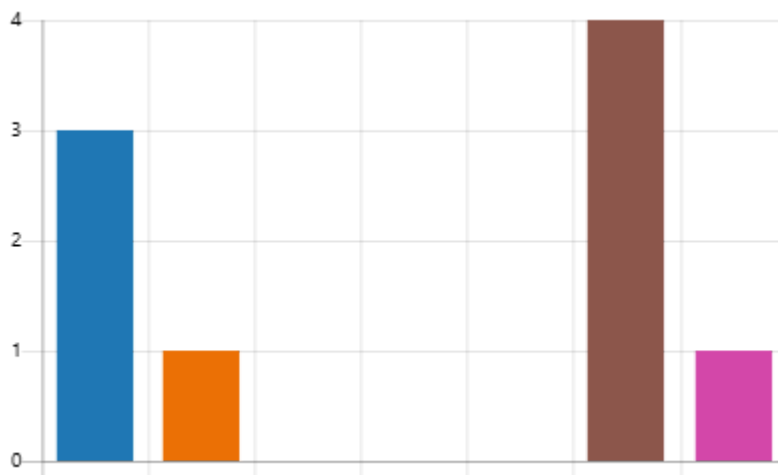
5. Would you support a ballot measure that sets a maximum TOT rate (e.g., not to exceed 15%), while allowing the City Council to adjust the rate up or down over time within that cap?

● Yes	0
● No	7
● Possibly - Need more informa...	2



6. If yes or possibly, what "not-to-exceed" cap should be considered?

● 11%	3
● 12%	1
● 13%	0
● 14%	0
● 15%	0
● I would not support a cap stru...	4
● Other	1



7. How would an increase in the TOT rate likely impact your lodging business?

- Minimal to no impact 0
- Moderate impact 3
- Significant impact 4
- Unsure 2



8. Please briefly explain the reason for your response above:

9  
Responses

Latest Responses

*"As long as Gilroy is in line or slightly below Morgan Hill a...*  
*"Companies that do work in the area set their bids for cont...*  
*"It would drive away business "*

9. Do you have any additional comments, concerns, or suggestions regarding the potential TOT ballot measure?

3  
Responses

Latest Responses

*"This increase is just another tax on not just tourist but on t...*



**Written Responses to Lodging Operator Survey**

• **Question 4: If you do not support an increase, please briefly state why:**

- "Dear Mayor and Members of the Gilroy City Council,  
I am writing as a concerned resident and taxpayer to express my strong opposition to any proposed increase to the Transient Occupancy Tax (TOT) in the City of Gilroy. While I understand the city's desire to increase revenue for essential services, raising the lodging tax is not the responsible or effective solution that residents deserve.

Higher lodging taxes can drive visitors — and revenue — away.

A proposed transient lodging tax hike could deter visitors and companies that work in the area to neighboring areas, harming local tourism and related jobs. Raising TOT could make the city less competitive compared to nearby destinations, decreasing occupancy rates for local hotels and motels.

Gilroy is known for its budget friendly accommodations which attract both leisure and business travel. We compete with cities beyond Morgan Hill and Hollister. By having a lower tax rate than these cities we can attract stays away from them and still have the same result in tax revenue via occupancy and overall volume of guests. These guests also then utilize the businesses in the city ranging from gas stations, restaurants to the big box stores.

Rather than imposing higher taxes on visitors, Gilroy should focus first on improving budgeting efficiency and ensuring that existing revenues are spent with full transparency and accountability.

For all these reasons, I urge the City Council to reject any increase to the TOT lodging tax and pursue alternative revenue strategies that do not risk harming our local hospitality industry or deterring visitors to Gilroy.

Thank you for your consideration.”

- “Impacting local residents, harm to local businesses, burden, and overall generate more revenue.”
- “Makes us less competitive”
- “Our revenues have dropped 50% from last 7 years, from the highest of \$1,500,000 to \$780,000 last year 2025. We are not even breaking even instead loosing money year after year, you all have the quarterly reports at

## Exhibit C

the city look at it, also I can come to the city with the reports. Please explain how this increase in TOT is going to help hotel owners.”

- “Taxes are simply a money grab”
- **Question 8: Please briefly explain the reason for your response above: (Response to how would an increase in TOT rate likely impact your lodging business)**
  - “As long as Gilroy is in line or slightly below Morgan Hill and Hollister, we should no be at a competitive disadvantage.”
  - “Companies that do work in the area set their bids for contracts with expected expenses. We get companies that work in other cities but stay in gilroy due to the lower overall cost. By increasing the tax rate it hits the companies bottom line so they would simply find cheaper options. The effect would be for hotels in Gilroy to lower their rates and take the hit or risk losing the business which would end up with lower overall tax and ancillary revenue to the City of Gilroy.”
  - “Customers don’t want to pay extra rate if they don’t have to”
  - “Hard to say but it makes us less competitive than nearby cities like morgan hill”
  - “It would drive away business”
  - “Lower rates inclusive of taxes might actually attract more travelers and generate more overall revenue.”
  - “Our rates are \$109 after all the commissions/fees and franchise royalties are paid out, we are getting \$60 on this we are paying utilities, 24 hour front desk to housekeepers, & maintenance person. We have cut our payroll by laying off our manger and running the hotel ourself. This is not the time to increase TOT when all the hotels are at the lowest revenue ever.”
  - “Traveling people might see cheaper prices might stay to our city if we have same price to our souring city they might there not to our city who knows we have more people staying for that reason.”
- **Question 9: Do you have any additional comments, concerns, or suggestions regarding the potential TOT ballot measure?**
  - “I know the city is hurting, because of all the outlets closing. We need to figure out another way to bring revenue to the city.”
  - “It’s hard for low budget hotels customers try to save more money wild they travel or come stay for work related”

## Exhibit C

- “This increase is just another tax on not just tourist but on the citizens of gilroy as well and would continue to increase the cost of living in our city.”



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Appointment of Planning Commissioner to Fill One (1) Remaining Open Seat and Selection and Appointment of Library Commissioner to Fill One (1) New Vacancy

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Administration  
 Submitted by: Kim Mancera, City Clerk  
 Prepared by: Kim Mancera, City Clerk

#### STRATEGIC PLAN GOALS:

#### RECOMMENDATION

1. Appoint Payman Khodabandeh to the Planning Commission to fill the existing vacancy; and
2. Select one of the two remaining candidates for appointment to the Library Commission to fill the new vacancy.

#### EXECUTIVE SUMMARY

##### BACKGROUND

At the January 26, 2026, City Council Regular Meeting, the City Council considered appointments to the Planning Commission. The Council's vote resulted in a tie between two (2) remaining candidates. As no appointment was made, the item has been brought back to the City Council for further consideration and selection.

At the conclusion of interviews during the January 26, 2026, City Council Regular Meeting, the City Council proceeded to vote on the appointment. The vote resulted in a

tie between the following two candidates:

- Britt Smith
- Payman Khodabandeh

Due to the tie vote, no appointment was finalized, and the vacancy remains unfilled. In addition, at the January 26, 2026, regular City Council meeting, the City Council appointed two (2) applicants to the Library Commission, filling all vacant seats. Since that time, one of the existing Library Commissioners, Commissioner Lowry, has submitted her resignation due to relocation, creating a vacancy for a term ending December 31, 2029.

The following candidates interviewed with the City Council at the January 5 and January 26, 2026, City Council meetings and will be considered for appointment:

- Jan Guffey
- Janet Lee

## **ANALYSIS**

### **Planning Commission**

Both remaining candidates, Britt Smith and Payman Khodabandeh, met the qualifications for service on the Planning Commission and demonstrated an interest in contributing to the City's planning and development goals. During the original meeting, Council Members expressed support for both Planning Commission candidates, which led to the tie vote. Since the meeting, one of the candidates, Britt Smith, has withdrawn their application, resulting in the one candidate, Payman Khodabandeh, to be considered for the appointment.

### **Library Commission**

Similarly, both remaining candidates, Jan Guffey and Janet Lee, for the Library Commission meet the qualifications for service and have confirmed their interest in supporting the mission and work of the Library Commission.

To ensure the Planning Commission and Library Commission can continue to operate with a full commission, Council is recommended to make the appointments to fill the vacancy.

## **ALTERNATIVES**

None.

**FISCAL IMPACT/FUNDING SOURCE**

None.

**PUBLIC OUTREACH**

**NEXT STEPS**

Council will make the appointment to the Planning Commission and Library Commission.

**Attachments:**

1. Khodabandeh, Payman - Planning Commission\_Redacted
2. Guffey, Jan - Library Commission
3. Lee, Janet - Library Commission and-or Library Bond Oversight\_Redacted



Boards/Committees/Commissions Application Form

Board/Committee/Commissions • Planning Commission

First Name Payman

Last Name Khodabandeh

Home Address [Redacted]

City Gilroy

State CA

Zip 95020

Are you a registered voter within the City of Gilroy? Yes

Primary Phone Type Mobile

Primary Phone Number [Redacted]

E-mail Address [Redacted]

Driver's License/ID Number [Redacted]

Date of Birth [Redacted]

Last 4 of SSN [Redacted]

List your qualifications for this appointment: Personally, I have spent 13 years working in the tech industry, as a Global Account Executive. I have an abundance of skills related to relationship building, presentations, public speaking, and contract negotiations. My roots are deeply tied to Gilroy and the community as my brother started his business in Gilroy over 12 years ago. Having to spend plenty of time in Gilroy due to my brother, I was quickly won over by the charm, community, and purchased my own home roughly 2 years ago in the heart of Gilroy.

List any service to the community including any prior appointments: N/A

What are your goals while serving on this Board/Commission/Committee? I want to be a pillar in my community, I firmly believe I can have a great impact in the area I live and call home. My goal is to serve my community to best of my capabilities, by ensuring we drive growth that aligns to our community long term goals.

Why are you most qualified to serve on this Board/Commission/Committee? My interpersonal skills, relationship building, and background will allow me to be very successful in this role. With my personal roots in Gilroy its in my best interest to make sure we are able to grow the community and support the current residents. Especially with my background playing hockey in San Jose, I will be

able to support the upcoming hockey rink and planning to ensure we align with our communities needs, wants, and future growth.

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By clicking on this box, I declare under penalty of perjury that I am currently a registered voter within the City limits of the City of Gilroy. Furthermore, I understand that this application and any attachments are subject to disclosure under the Public Records Act and must complete mandatory Open Government Ordinance Training. I further understand that members of the Planning Commission, Parks and Recreation Commission, Building Boards of Appeals, and Physically Challenged Board of Appeals are also subject to filing the Fair Political Practice Commission's Statement of Economic Interest Form 700 relating to financial disclosures.

- I agree.

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Signature

A handwritten signature in black ink, appearing to be 'JL', written over a horizontal line.

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Date

01/17/2026

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\*All Commission, Board and Committee applications are a public record.

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## Boards/Committees/Commissions Application Form

<b>Board/Committee/Commissions</b>	• Library Commission
<b>First Name</b>	Jan
<b>Middle Name</b>	T
<b>Last Name</b>	Guffey
<b>Home Address</b>	1251 Blue Parrot Ct
<b>City</b>	Gilroy
<b>State</b>	CA
<b>Zip</b>	95020
<b>Are you a registered voter within the City of Gilroy?</b>	Yes
<b>Primary Phone Type</b>	Mobile
<b>Primary Phone Number</b>	(408)416-6254
<b>E-mail Address</b>	jantguffey@gmail.com
<b>Driver's License/ID Number</b>	6026646
<b>Date of Birth</b>	May 10, 1951
<b>Last 4 of SSN</b>	5863
<b>List your qualifications for this appointment:</b>	Hi! I am a former librarian and have always loved books since I entered the cool sanctuary of my small town library in hot Visalia, California, as a kid. Books have taken me across continents and across the millenia to experience the lives of others, enriching my life and my understanding of my world. I started a book club about 25 years ago when we were living in San Jose, and I still meet regularly with those old friends as we read and discuss books together each month. I am a consistent and appreciative patron of our beautiful Gilroy Public Library.
<b>List any service to the community including any prior appointments:</b>	I have not served in any official capacity in the City of Gilroy, though through our Environmental Action Committee of our local Gilroy AAUW chapter, we helped put on the first Earth Day celebration in Gilroy in some years in 2025, and hope to do so again this year in April 2026.
<b>What are your goals while serving on this Board/Commission/Committee?</b>	To enhance the public library services to all the population of Gilroy.
<b>Why are you most qualified to</b>	As stated above, I am an avid reader, current consistent user of our wonderful

serve on this  
Board/Commission/Committee?

Gilroy Public Library, and I am a former librarian with the City of San Jose.

By clicking on this box, I declare under penalty of perjury that I am currently a registered voter within the City limits of the City of Gilroy. Furthermore, I understand that this application and any attachments are subject to disclosure under the Public Records Act and must complete mandatory Open Government Ordinance Training. I further understand that members of the Planning Commission, Parks and Recreation Commission, Building Boards of Appeals, and Physically Challenged Board of Appeals are also subject to filing the Fair Political Practice Commission's Statement of Economic Interest Form 700 relating to financial disclosures.

- I agree.

Signature



Date

12/16/2025

\*All Commission, Board and Committee applications are a public record.



# City of Gilroy Application for Board, Commission and Committee Appointment

Board /Commission/Committee of Interest: Library Commission and/or Library Bond Oversight

Name: Janet Lee

Phone numbers(s) / email address\*: [REDACTED]

Are you a registered voter within the City limits? Yes  No

Physical Address\* [REDACTED], Gilroy CA 95030

List your qualifications for this appointment: Public library user of books, media, and Libby,  
high school teacher, aware of literacy and learning, informal training in public finance

List any service to the community including any prior appointments: No prior appointments  
but looking to get more involved in our local community programs

What are your goals while serving on this Board/Commission/Committee?: Increase awareness  
of boards/commission/committee work to the general public, encourage additional participation

Why are you the most qualified to serve on this Board/Commission/Committee?: willing and  
interested in serving locally in a topic that I am interested in - media, information, community,  
knowledge, literacy, etc

**\*All Board, Commission and Committee applications are a public record**

Mail or email your application to:

Kim Mancera, City Clerk  
City of Gilroy  
7351 Rosanna Street, Gilroy, CA 95020  
kim.mancera@cityofgilroy.org

The City of Gilroy accepts applications at any time and will keep them on file for one year.



# City of Gilroy

## STAFF REPORT

**Agenda Item Title: Abatement of Sixth Street Temporary Encampment on APN: 841-18-089**

Meeting Date: February 9, 2026  
From: Scot Smithee, Interim Chief of Police  
Department: Police Department  
Submitted by: Scot Smithee, Interim Chief of Police  
Prepared by: Luke Powell, Captain

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### STRATEGIC PLAN GOALS:

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### RECOMMENDATION

Provide direction to staff regarding how the City should proceed with the Sixth Street temporary encampment, located on City-owned property (APN: 841-18-089) on the south side of Sixth Street, west of Camino Arroyo Drive, including one of the following options:

1. Direct staff to proceed with immediate abatement of the encampment, affirming uniform enforcement of Ordinance No. 2023-07, establishing Chapter 5 of the Gilroy City Code, banning the use of certain areas of public right-of-way as sleeping or living accommodations; OR
2. Adopt a resolution suspending enforcement of Gilroy City Code Chapter 5 for a period of time not to exceed ninety (90) days, authorizing the City to continue to provide sanitation-related services (portable restrooms and solid waste removal) to the temporary encampment during the suspension and abating the said encampment after the suspension period.

### EXECUTIVE SUMMARY

The City has an existing ordinance, adopted in 2023 (attached), that prohibits the use of certain public rights-of-way as sleeping or living accommodations. The ordinance was a result of Council priorities dating back to fiscal year 2022 for the unhoused community,

when the Council formed an Unhoused Ad Hoc Committee to address some of the challenges. After various discussions from 2022 through 2023, the Council ultimately adopted the current ordinance in June 2023. Enforcement was originally discretionary and subject to staffing and budgetary constraints, and has since become active.

The City Council is requested to provide policy direction regarding the future of an unhoused encampment currently located on a small parcel of City-owned land (APN: 841-18-089) on the south side of Sixth Street, west of Camino Arroyo Drive. The temporary encampment was established on the City parcel in response to the closure of a long-term managed camp by Santa Clara Valley Water District (Valley Water) in late 2025. The temporary camp was considered necessary to respond to immediate humanitarian needs, notably impending inclement weather and major holidays, and as a stopgap measure to allow the City to engage with Santa Clara County and Valley Water on alternative short- and long-term options.

City staff concurrently held multiple discussions with Valley Water and Santa Clara County to identify alternatives for interim and long-term programs and to assess the feasibility of sites owned by each agency. The discussions included a site visit to a Valley Water-owned property near the Sixth Street temporary encampment, where Santa Clara County has raised several technical infeasibility issues. County staff also shared prior experience with sanctioned encampments that faced significant challenges. Those discussions have yet to yield substantive results or commitments, as any interim or long-term option covering such a broad range of complex topics and layered challenges will require sufficient time and research. However, interagency discussions are ongoing to develop solutions and alternatives.

The encampment was permitted to establish with the clear understanding that the location would be abated soon after January 1, 2026, pursuant to Chapter 5 of the Gilroy City Code. The temporary allowance was communicated as short-term humanitarian accommodation and not an endorsement of the location as a lawful or permanent encampment site. Since opening, the City has incurred ongoing operational costs to support health and safety needs at the site. The encampment was scheduled for abatement on February 3, 2026. During City Council public comment on January 26, 2026, a request was made for a ninety (90) day extension of the abatement timeline.

Staff is seeking Council directions to:

1. Direct staff to proceed with immediate abatement of the encampment, affirming uniform enforcement of Ordinance No. 2023-07, establishing Chapter 5 of the Gilroy City Code, banning the use of certain areas of public right-of-way as sleeping or living accommodations; OR
2. Adopt a resolution suspending enforcement of Gilroy City Code Chapter 5 for a period of time not to exceed ninety (90) days, authorizing the City to continue to provide sanitation-related services (portable restrooms and solid waste removal) to the temporary encampment during the suspension and abating the said encampment after the suspension period.

## BACKGROUND

### History of Ordinance

The City has an existing ordinance, adopted in 2023 (attached), that prohibits the use of certain public rights-of-way as sleeping or living accommodations. The ordinance was a result of Council priorities dating back to fiscal year 2022 for the unhoused community, when the Council formed an Unhoused Ad Hoc Committee to address related challenges. After various discussions from 2022 through 2023, the Council ultimately adopted the current ordinance in June 2023. Enforcement was originally discretionary and subject to staffing and budgetary constraints, and has since become active. The staff report from June 2023 has been included as an attachment, which discusses the ordinance formation.

### History of the Encampment

The Sixth Street temporary encampment is the result of successive displacements across multiple jurisdictions, not a newly formed encampment. The individuals currently residing at the Sixth Street temporary encampment are part of a long-standing group that has relocated multiple times over several years following successive abatements by various public agencies.

- **Valley Water Property (Tomkins Court):** The group was originally located on Santa Clara Valley Water District (Valley Water) property near Tomkins Court. From approximately 2020 through 2025, during the COVID-19 era, encampments at this location were permitted but regulated by Valley Water. During this period, the encampment existed adjacent to a food distribution site operated by the Compassion Center, and over time, a semi-organized community developed.

While the encampment remained open, Valley Water and partner agencies dedicated approximately 20 staff hours per week to encampment management, monitoring, and coordination.

In late 2025, Valley Water decided to close the encampment. In the month leading up to the closure, approximately 54 hours of staff time were dedicated to preparatory activities. During the week of the closure (November 3–7, 2025), an estimated 100 staff hours were required to complete the abatement and relocation efforts.

- **County Property (North of Sixth Street):** Following the Valley Water abatement, the group relocated to County of Santa Clara property located west of the County Public Health building, on the north side of Sixth Street, and west of Camino Arroyo Drive.
  - November 3, 2025: First call for service related to a single tent on the property

- November 4, 2025: Community Engagement Team (CET) responded to multiple tents in the field (approximately 2 hours of staff time)
- November 12, 2025: Assisted County with closure notifications (approximately 4 hours)
- November 14, 2025: Assisted County with enforcement and outreach (approximately 6 hours)
- November 15, 2025: Assisted County with final closure activities (approximately 6 hours)

After several weeks, Santa Clara County abated this encampment.

- **Attempted Relocation to State Right-of-Way:** Following the County abatement, the group immediately attempted to relocate beneath the U.S. Highway 101 and Sixth Street overcrossing. The California Highway Patrol immediately directed the individuals to vacate the area due to safety concerns and jurisdictional restrictions within the State right-of-way.
- **Temporary Relocation to City Property (Sixth Street):** On Saturday, November 15, 2025, immediately preceding forecasted inclement weather and major holidays (Thanksgiving, Christmas, and New Year's), the City made a discretionary and temporary decision to allow the group, approximately twenty (20) individuals, to establish an encampment on a small City-owned parcel on the south side of Sixth Street.

This decision was made with the explicit understanding that the location was temporary and subject to abatement after the first of the year. City staff concurrently held multiple discussions with Valley Water and Santa Clara County to collaborate on interim programs and to explore feasibility of sites owned by the respective agencies. The discussions included a site visit of a property owned by Valley Water near the Sixth Street temporary encampment, which has several technical infeasibilities raised by Santa Clara County (including the property designated for agriculture use and partially being in a flood zone). County staff also shared prior experience of sanctioned encampments facing significant challenges. These discussions involving such a broad range of complex topics and layered challenges will require adequate time and research. Interagency discussions are ongoing to develop solutions and alternatives.

Since its establishment, the encampment has generated the following service demand:

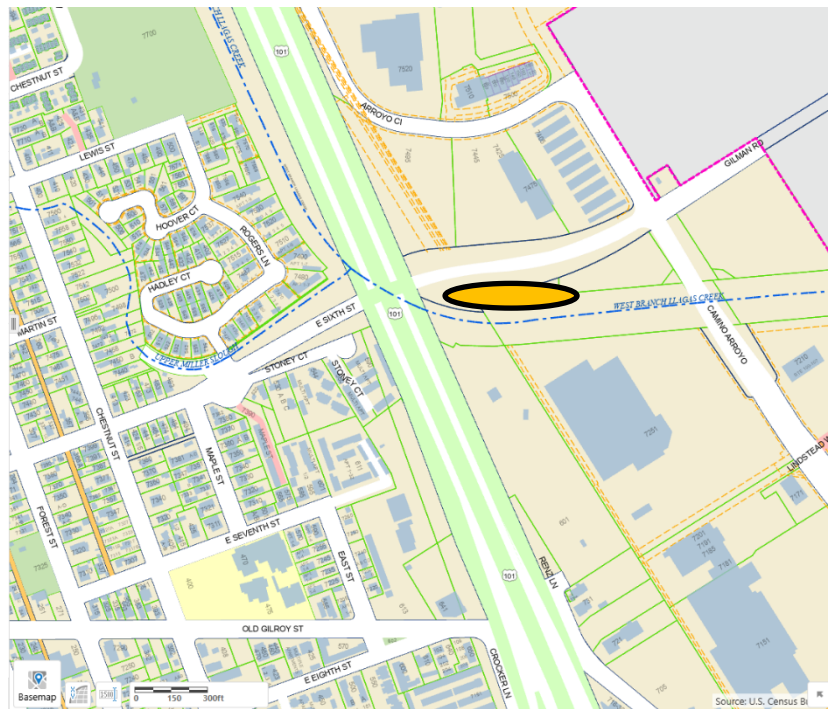
- One initial call for service related to a nearby business concern regarding rodents and a reported stolen item from a trash bin

- No subsequent calls for service to Police or Fire Departments

Ongoing City involvement has included:

- Approximately 1.5 staff hours per week for routine check-ins and monitoring
- Approximately 1.5 staff hours per week coordinating with community-based organizations (PitStop, South County Community Services, and Carry the Vision)
- Public Works Staff is performing solid Waste removal from the site and general litter pick-up from the periphery every other business day; 5 hrs per week. Portable restrooms are on site for use at the camp and are managed by Public Works, at a monthly cost of \$420.00, which includes once-a-week cleaning and stocking. Public Works has ordered fold-down bollards, with an anticipated installation date by March 13<sup>th</sup>, at the Camino Arroyo entrance to preclude unauthorized vehicle access to the encampment. The bollards will be delivered in the last week of February as the bollards are made to order.

Location Map: South side of Sixth Street, west of Camino Arroyo Drive. Encampment location indicated in orange



## **CURRENT CONDITIONS AT THE SITE**

Representatives of the encampment assert it has functioned in an orderly manner since its establishment in November 2025. They report:

- No calls for service to police or fire departments attributed to the encampment;
- Minimal complaints from surrounding businesses or residents;
- Efforts by residents to maintain cleanliness and order at the site.
- City staff can confirm that the City has incurred ongoing costs to support basic sanitation and health measures at the site, including:
  - Rental and servicing of portable restroom facilities; and
  - Regular trash collection services multiple times per week.

While conditions may have remained generally stable, the encampment remains inconsistent with existing municipal code provisions governing camping near City infrastructure and public rights-of-way. While these conditions are noted, they do not alter the site's inconsistency with applicable municipal code provisions or eliminate the City's obligation to manage public property in a safe and lawful manner.

The site is directly adjacent to a dedicated bicycle and pedestrian path, which provides access from Sixth Street to Camino Arroyo and the broader bicycle network. The camp, at times, results in physical blockage of this path. Security concerns (perceived or real) are undoubtedly impacting the use of this bicycle/pedestrian link.

## **ANALYSIS**

### **Legal and Policy Considerations**

The [Gilroy Municipal Code Chapter 5](#) prohibits the use of public rights-of-way and City-owned property as sleeping or living accommodations when such use interferes with public safety, access, or infrastructure. Specifically, Gilroy Municipal Code Section 5.2 makes it unlawful to sit, lie, sleep, or store personal property in a street, sidewalk, or other public right-of-way when it reasonably appears the area is being used as a sleeping or living accommodation.

Section 5.2 further restricts camping or the placement of personal property within 100 feet of critical infrastructure, including but not limited to roadways, bridges, storm drainage facilities, and similar public facilities, as well as areas necessary for safe access, maintenance, and emergency response. The current encampment location on

City-owned property directly abutting the Sixth Street Bridge, which falls within a designated restricted area and is therefore not a lawful location for camping under the Municipal Code.

Staff is seeking City Council direction on whether to temporarily suspend enforcement of Gilroy Municipal Code Chapter 5 and continue sanitation efforts or to continue with abatement in accordance with Chapter 5. The group has requested a 90-day delay in enforcement. It is within the City Council's authority to determine how and when abatement occurs under Chapter 5 and to determine the length of the suspension of enforcement on APN: 841-18-089.

Enforcement of Chapter 5 has been temporarily deferred to allow the City Council the opportunity to discuss and provide direction. Absent explicit Council direction, staff will proceed with scheduled abatement on February 18, 2026, consistent with Municipal Code provisions governing camping near Sixth Street Bridge (City infrastructure).

### **Service Coordination and Housing Pathway Efforts**

City staff, in coordination with County and nonprofit partners, have conducted ongoing outreach to individuals residing at the encampment. These efforts have focused on connecting individuals with available services and long-term housing pathways, recognizing that housing availability and individual readiness vary.

Service engagement has included coordination with Santa Clara County Behavioral Health and Office of Supportive Housing, as well as local nonprofit and outreach organizations that provide case management, behavioral health referrals, and housing navigation assistance. Outreach teams have offered services related to mental health support, substance use treatment referrals, and connection to jobs, legal documents, medical insurance, and shelter or interim housing resources where available.

As of the end of January 2026, Santa Clara County staff provided the following regarding the residents at the Sixth Street temporary encampment:

- Most of the residents are enrolled in the County's coordinated entry system. This system connects individuals experiencing homelessness to housing resources through an assessment process and a coordinated, prioritized approach. A few have not made initial contact as service teams are still attempting to engage.
- One resident moved into the Ochoa shelter. Another is currently in process.
- Six residents are moving into interim housing, while completing the process and awaiting permanent supportive housing.

While some residents have engaged with service providers, others have declined or deferred services, which is consistent with outreach efforts observed in similar encampment settings. City staff will continue to coordinate with County and nonprofit

partners during any Council-directed timeframe to encourage service participation and transition toward more stable housing solutions.

**Council Options and Risk Consideration**

Council Option	Benefits	Risks / Considerations
<b>Immediate Abatement</b>	<ul style="list-style-type: none"> <li>Enforces existing Municipal Code</li> <li>Eliminates ongoing City costs (sanitation, porta-potties)</li> <li>Reduces long-term infrastructure and liability risk</li> </ul>	<ul style="list-style-type: none"> <li>Displacement without guaranteed housing options</li> <li>Potential public concern or legal scrutiny</li> <li>Requires coordinated outreach and notice</li> </ul>
<b>Postponement for a period of time not to exceed ninety (90) days (Requested)</b>	<ul style="list-style-type: none"> <li>Maximizes time for housing navigation efforts</li> <li>Aligns with service-provider timelines</li> <li>May reduce immediate displacement impacts</li> </ul>	<ul style="list-style-type: none"> <li>Increased City costs and liability exposure</li> <li>Precedent for future encampments and selective versus uniform enforcement</li> <li>Requires formal resolution suspending code enforcement</li> <li>No guarantee of housing placement within the timeframe</li> </ul>

**Conclusion**

In conclusion, the staff is seeking Council policy direction on whether to uniformly enforce Ordinance 2023-07 or to suspend enforcement at the Sixth Street encampment site, specifically, or for a period not to exceed ninety (90) days.

Each option carries operational, legal, fiscal, and humanitarian considerations that require Council policy direction. Regardless of the option selected, staff seeks clear Council direction to ensure actions taken are legally sound, operationally feasible, and aligned with the City's adopted policies and community expectations.

## **ALTERNATIVES**

Council could direct staff to proceed with abatement on a specific future date (more than ninety (90) days), providing additional advance notice to encampment residents while maintaining a firm enforcement timeline.

## **FISCAL IMPACT/FUNDING SOURCE**

Ongoing City costs associated with the encampment include sanitation services, waste management, and staff time. Should Council direct a postponement of abatement, these costs will continue for the duration of the authorized period. Immediate abatement would reduce ongoing operational expenses but may increase short-term staff and one-time contractor costs associated with enforcement and cleanup.

## **PUBLIC OUTREACH**

City staff have been coordinating with Santa Clara County departments and nonprofit service providers regarding individuals residing at the encampment. Outreach efforts have focused on connecting residents with available services, including behavioral health support, case management, and housing navigation.

To date, no formal City-led public outreach process has been conducted specific to this staff report. However, at the January 26, 2026, Council meeting, Council received public comment from the occupants of the encampment requesting an extension to the abatement. Further, staff have received limited informal feedback indicating minimal complaints from surrounding businesses or residents. Should Council direct a postponement of abatement, staff will continue coordination with service providers and monitor community impacts during the authorized period.

## **NEXT STEPS**

Following City Council direction, staff will take the following actions, as applicable:

- If Council directs immediate abatement, staff will coordinate notice, outreach, and enforcement actions in compliance with applicable law and City policy.
- If Council directs a postponement for a period of time not to exceed ninety (90) days, staff will prepare and implement a resolution temporarily suspending enforcement of applicable Municipal Code provisions at this specific location for

the authorized period, while continuing outreach and reporting back as appropriate, and abate the encampment after the suspension period.

Regardless of the option selected, staff will continue to coordinate with the County and nonprofit partners to support service engagement and mitigate impacts associated with encampment activity.

**Attachments:**

1. Ordinance 2023-07
2. June 2023 Ordinance Adoption Staff Report
3. Draft Resolution (If Council Directs Postponement)

## ORDINANCE NO. 2023-07

### AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GILROY ADDING CHAPTER 5 TO THE GILROY CITY CODE RELATING TO BANNING THE USE OF CERTAIN PUBLIC RIGHTS-OF-WAY AS SLEEPING OR LIVING ACCOMMODATIONS

**WHEREAS**, the City Council of the City of Gilroy ("City") has considered the report from City staff and all public comment(s), if any, on the need to enact an ordinance in accordance with prohibiting the use of public rights-of-way as sleeping or living accommodations; and

**WHEREAS**, the City finds that it has a legitimate and compelling interest in protecting the public health, welfare and safety of its residents, as well as preserving the same within the City, its parks and other public property; and

**WHEREAS**, the City must appropriately consider various interests and formulate policy to best protect public health, safety, welfare, property, and the environment, with limited resources; and

**WHEREAS**, the City Council acknowledges the lack of nightly shelter beds and housing currently available regionally and recognizes the systemic lack of state and federal investment in shelter and public health services for those experiencing homelessness; and

**WHEREAS**, the City Council acknowledges that it is currently unavoidable that some people will live or shelter for survival outdoors until they are able to access affordable or free shelter or housing. In Gilroy, this has typically meant sheltering, sometimes for extended periods of time, on City rights-of-way and City property, and at times on other agencies' property; and

**WHEREAS**, public rights-of-way and public property are generally intended for public use and travel. The City Council is the authority for public rights-of-way within the City; as such, the City must consider the safety of motorists and pedestrians travelling on roadways and sidewalks, including to and from neighboring properties, businesses, and residences. The City has had increasing concerns regarding safety due to camping on or in rights-of way and public property in or near streets, roads, sidewalks, and public access points; and

**WHEREAS**, the safety and protection of the most vulnerable population in Gilroy, children, is of paramount concern to the City Council; and

**WHEREAS**, the City Council has heard reports from residents of negative interactions between those using public rights-of-way as sleeping and living accommodations and children travelling on paths towards, and locations near, schools and parks; and

**WHEREAS**, the City has also been made aware of instances where encampment locations near bridges in creeks have resulted in damaging activities that if had been left unaddressed could have resulted in eventual infrastructure failure that would negatively impact public safety; and

**WHEREAS**, the City Council recognizes the difficult challenge of balancing the needs of the residents and public at large to access clean and sanitary public areas, as well as the assurance of safe travel with the needs of individuals who have no alternatives for living accommodations and the storage of their personal property, but also balancing those needs with the concerns of residents that using such property as living and sleep accommodations and storing personal property interferes with the rights of other members of the public to use public areas for their intended purposes and can create a public health or safety hazard that adversely affects those who use public areas.

**WHEREAS**, the City has determined that an ordinance is necessary to protect the public health, welfare and safety of residents of the City, by enacting regulatory restrictions on using public rights-of-way for sleeping or living accommodations at designated locations; and

**WHEREAS**, the City will maintain a map showing the portions of the City impacted by this ordinance, included and attached as Attachment A to this resolution; and

**WHEREAS**, the area affected by this ordinance accounts for 24.4% of the total area of the City, leaving a large majority of the City’s total area, 75.6% in total, unaffected by this ordinance; and

**WHEREAS**, the City now desires to proceed with the process of enacting this ordinance for the purpose of protection of the public health, welfare and safety of its residents.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GILROY DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION I**

The foregoing recitals are true and correct and are incorporated herein by this reference.

**SECTION II**

Chapter 5 of the Gilroy City Code shall be added to read as follows:

**Chapter 5  
Ban on the use of certain areas of public rights-of-way as sleeping or living accommodations**

## 5.1 Definitions

The definitions contained in this section shall govern the construction, meaning and application of words and phrases used in this Chapter, and shall not apply to any other Chapter of the Gilroy City Code.

- (a) "City Employee" means any full or part-time employee of the City of Gilroy.
- (b) "Personal Property" means any tangible property, and includes, but is not limited to, goods, materials, merchandise, tents, tarpaulins, bedding, sleeping bags, hammocks, sheds, structures, mattresses, couches, chairs, other furniture, appliances, and personal items such as household items, luggage, backpacks, clothing, documents and medication.
- (c) "Public right-of-way" means all property that is owned, managed, or maintained by the City, or where the City possesses a property interest allowing public use of such property (such as a right-of-way interest), and shall include, but not be limited to, any public street, space, ground, building or structure.
- (d) "Sidewalk" means that portion of a street, other than the roadway, set apart by curbs, barriers, markings or other delineation, for pedestrian travel.
- (e) "Street" means a way or place of whatever nature, publicly maintained and open to the use of the public for purposes of vehicular travel or parking, and includes every highway, avenue, lane, alley, court, place, square, sidewalk, parking lot, parkway, curbs, bikeway or other public way in this City which has been or may hereafter be dedicated and open to public use, or such other public property so designated in any law of this state.
- (f) "Tent" means a collapsible shelter made of fabric or a tarp stretched and sustained by supports, which is not open on all sides and which hinders an unobstructed view behind or into the area surrounded by the fabric.

## 5.2 Prohibition of using public rights-of-way as sleeping or living accommodations.

### (a) Parks and playgrounds

No person shall obstruct by sitting, lying, or sleeping, or by storing, using, maintaining, or placing personal property on a street, sidewalk, or other public right-of-way in the following locations when it reasonably appears, in light of all the circumstances, the participants in conducting these activities are in fact using the area as a sleeping or living accommodation regardless of the intent of the participants or the nature of any other activities in which they may also be engaging:

1. Within five hundred (500) feet of any park or playground. This prohibition applies all year, overnight, on any weekends and weekdays, even when such facilities may be generally considered closed.

### (b) Other public rights-of-way

No person shall obstruct by sitting, lying, or sleeping, or by storing, using, maintaining, or placing personal property on a street, sidewalk, or other public right-of-way in the following locations:

1. In a manner that impedes passage, as provided by the Americans with Disabilities Act of 1990, Pub. L, No. 101-336, 104 Stat. 328 (1990), as amended from time to time;
2. Within five hundred (500) feet of any school or daycare facility. This prohibition applies all year, overnight, on any weekends and weekdays, even when such facilities may be generally considered closed.
3. Within one hundred (100) feet of critical infrastructure, including water wells, storm drain basins, railways, bridges and under- and over-passes.
4. Within ten (10) feet of any operational or utilizable building entrance, exit, driveway or loading dock.
5. Within five (5) feet of any fire hydrant, fire plug, or other fire department connection.
6. In a manner that obstructs or unreasonably interferes with the use of the right-of-way for any activity for which the City has issued a permit.
7. In a manner that obstructs any portion of any street or other public right-of-way open to use by motor vehicles, including any portion thereof marked as a bike lane.
8. City creeks and creek embankments within Gilroy City Limits.

### **5.3 Penalties**

A violation of this section involving a person who willfully resists, delays, or obstructs a City employee from enforcing this section or who willfully refuses to comply after being requested to do so by a City employee shall be punishable as a misdemeanor. All other violations of this section shall be enforceable only as infractions pursuant to Gilroy City Code Section 1.7 or by issuance of an administrative citation pursuant to Gilroy City Code Section 6A.13.

### **SECTION III**

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Gilroy hereby declares that it would have passed and adopted this ordinance, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases may be declared invalid or unconstitutional.

### **SECTION IV**

This Ordinance shall take effect thirty (30) days after its adoption. The City Clerk is hereby

directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

**PASSED AND ADOPTED** this 19<sup>th</sup> day of June 2023 by the following roll call vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>	<b>BRACCO, CLINE, MARQUES, TOVAR, BLANKLEY</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>	<b>ARMENDARIZ</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>	<b>HILTON</b>

APPROVED:

*Marie Blankley*

[Marie Blankley \(Jun 20, 2023 10:19 PDT\)](#)

Marie Blankley, Mayor

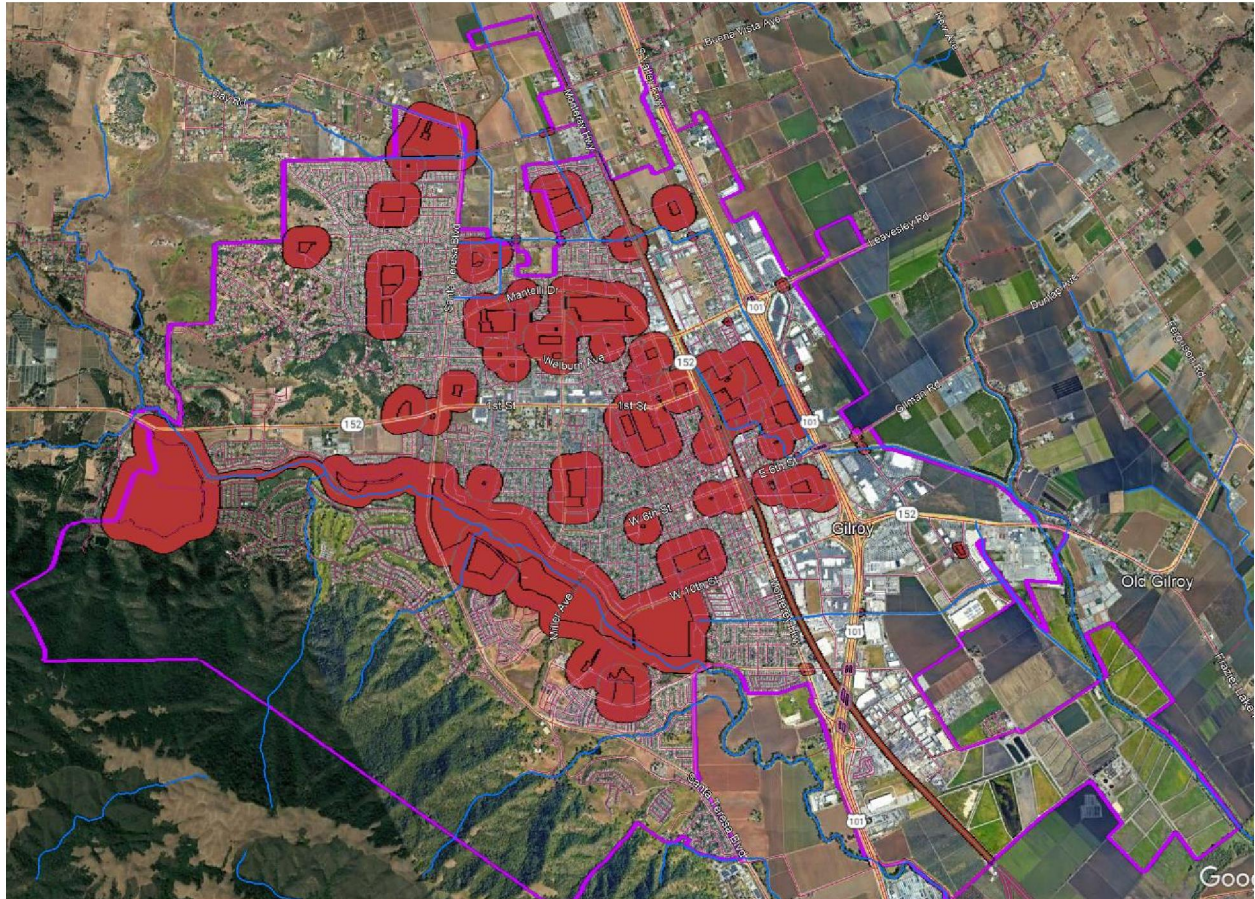
ATTEST:



Thai Nam Pham, City Clerk

## **ATTACHMENT A**

### **Map of Affected Areas within the City Limits of Gilroy**





## CERTIFICATE OF THE CLERK

I, THAI NAM PHAM, City Clerk of the City of Gilroy, do hereby certify that the attached **Ordinance No. 2023-07** is an original ordinance, or true and correct copy of a city Ordinance, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said held on Council held **Monday, June 19, 2023**, at which meeting a quorum was present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this **Monday, June 19, 2023**.

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Thai Nam Pham, CMC, CPMC  
City Clerk of the City of Gilroy





# City of Gilroy

STAFF REPORT

**Agenda Item Title:** Introduction and First Reading of an Ordinance of the City Council of the City of Gilroy Adding Chapter 5 to the Gilroy City Code Relating to Banning the Use of Certain Public Rights-of-Way as Sleeping or Living Accommodations

Meeting Date: June 5, 2023  
From: Jimmy Forbis, City Administrator  
Department: Administration  
Submitted By: Bryce Atkins, Assistant to the City Administrator  
Prepared By: Bryce Atkins, Assistant to the City Administrator

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## **STRATEGIC PLAN GOALS**

Not Applicable

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## **RECOMMENDATION**

1. Motion to read the ordinance by title only and waive further reading of the ordinance; and
2. Introduce an ordinance of the City Council of the City of Gilroy adding Chapter 5 to the Gilroy City Code relating to banning the use of certain public rights-of-way as sleeping or living accommodations.

## **BACKGROUND**

The issue of the unhoused, both the conditions they face as well as the impacts on communities, has been in the national spotlight for years and has been an issue that sees increasing coverage in the media and in resident calls for service. The City Council has discussed this topic and formed an Unhoused Ad Hoc Committee to help address some of these challenges. Previous Council discussions on this matter include the following:

- July 5, 2022 – Discussion was held about the unhoused and efforts to address no-camping prohibitions. Council authorized the Gilroy Police Department (“GPD”) to enforce no-camping ordinances on public property if it offers space at

a homeless shelter to individuals beforehand and ensures that the particular shelter that it is offering to connect the individual with could accommodate their needs pursuant to The Americans with Disabilities Act (“ADA”). Additionally, Council authorized City personnel to clean and clear encampments in public parks and other public lands in compliance with a written protocol – GPD Police Policy 411 – that provides a number of safeguards required by the Courts, including outreach and notice to occupants, provision of social services, photographic documentation, safeguarding of occupants’ personal property, and the making available of shelter space for displaced occupants.

- September 12, 2022 – Discussion was held about what other cities have done and that is consistent with the Boise decision and that an ordinance prohibiting sitting, lying, or sleeping outside at particular times or in particular locations would be constitutionally permissible. Staff received directions to bring back key points for a potential ordinance that would prohibit camping in certain locations.
- March 20, 2023 – Discussion on draft key policy points for a potential ban on what was referred to as camping in and near parks, schools, daycares, and critical infrastructure. The Council provided feedback to staff on modifications to be made and their concerns with the language. The ordinance for introduction this evening was based on a modified policy outline based on Council’s comments at this meeting.
- May 15, 2023 – Discussion was held regarding the proposed ordinance to obtain direction if the ordinance was to proceed with introduction and a public hearing. Discussion included the impact assessment of the ordinance and approach to enforcement. The City Council directed no changes to the ordinance at this meeting.

### **City Supported Services and Programs for the Unhoused**

In addressing this issue overall, the City has and continues to help provide or coordinate the provision of services and regulations to lessen impacts on the community. Some of the work that the City has contributed towards this effort includes the following:

Work performed to coordinate and provide services to the unhoused:

- Support Affordable Housing Efforts – This includes the Measure A Housing Project at the 8th and Alexander location and supporting the efforts alongside Santa Clara County to bring additional affordable housing programs to Gilroy.
- Safe Parking Program – although the City was unable to identify a suitable service provider, the project is still a standing recommendation for pursuit by the City.
- Partner with the City of Morgan Hill – the City has been working with Morgan Hill on emergency response and unhoused issues, including consistent inclement weather sheltering policies and programs.

- Continue supporting unhoused service providers through CDBG grant funding – The City Council recently approved the most recent CDBG allocations to our unhoused service providers on May 1, 2023.
- Coordinate monthly check-in meetings with lead unhoused service providers to address local unhoused issues – Community Development staff has taken a leadership position to help coordinate these meetings of service providers to help provide services to the unhoused in the community.
- Endorsement of Destination Home’s Community Plan to End Homeless.
- Researching an agency to provide drug rehabilitation, job training, and job placement services.
- Partner with the County Office of Supportive Housing – this has helped the City to gain access to its federal Permanent Local Housing Allocation funding.
- Quality of Life Officers – hired two officers who are trained and tasked to both help connect the unhoused to service providers and, when necessary, enforce laws in and around encampments.

Work being performed to mitigate impacts:

- Mobile Garbage Removal Program – the City engaged a contractor to do select cleanup activities, and now the City has concluded the hiring process to hire two part-time employees to help with roving cleanup activities.
- Purchase of a garbage removal dump truck – this has assisted Code Enforcement and other staffing in the garbage and illegal dumping cleanups.
- Organization of community cleanup days – this work continues, with two cleanup events done, one on May 20th and continuing monthly.

### **Current Policy Restated**

At the July 5, 2022 meeting, Council authorized the Gilroy Police Department (“GPD”) to enforce no-camping ordinances on public property if it offers space at a homeless shelter to individuals beforehand and ensures that the shelter that it is offering to connect the individual with could accommodate their needs pursuant to the Americans with Disabilities Act (“ADA”). Additionally, Council authorized City personnel to clean and clear encampments in public parks and other public lands in compliance with a written protocol – GPD Police Policy 411 – that provides several safeguards required by the Courts, including outreach and notice to occupants, provision of social services, photographic documentation, safeguarding of occupants’ personal property, and the making available of shelter space for displaced occupants.

### **Initial Council Direction**

The City had a meeting on September 12<sup>th</sup> where a discussion of the Los Angeles ordinance was conducted. The ordinance, which sought to establish a no-camping ban surrounding daycares and parks, was adopted by the City of Los Angeles but had not yet taken force. At the conclusion of this meeting, staff received direction to bring back key points for a potential ordinance that would prohibit unhoused camping in certain locations. Generally, this included:

- 500 feet of schools, parks, daycares, playgrounds, and other locations where children are expected.
- In areas with critical infrastructure.
- Locations that would restrict access to public safety or public infrastructure locations.
- Creeks.
- Definition of camping.

## **ANALYSIS**

### **Ordinance Overall**

The basis for the ordinance, as discussed at previous meetings, is tied to language that scaled back the breadth of the *Boise* decision. Legal challenges presented by the 2019 *Boise* decision restricted the ability of local agencies to enforce ordinances against camping on public property. The key issue that was presented is the court decision explaining that a municipality cannot criminalize sitting, sleeping, or lying in public “when no sleeping place is practically available in any shelter.” However, there was language that scaled back the breadth, as well as other courts elaborating on the limits, such as:

Naturally, our holding does not cover individuals who do have access to adequate temporary shelter, whether because they have the means to pay for it or because it is realistically available to them for free, but who choose not to use it. Nor do we suggest that a jurisdiction with insufficient shelter can never criminalize the act of sleeping outside. *Even where shelter is unavailable, an ordinance prohibiting sitting, lying, or sleeping outside at particular times or in particular locations might well be constitutionally permissible* [emphasis added]. So, too, might an ordinance barring the obstruction of public rights of way or the erection of certain structures. Whether some other ordinance is consistent with the Eighth Amendment will depend, as here, on whether it punishes a person for lacking the means to live out the “universal and unavoidable consequences of being human” in the way the ordinance prescribes. (Id. at 1136.)

### **Revisions**

At the March 20, 2023 Regular Meeting, Council discussed the key policy points, making changes and asking clarification questions. Topics of adjustments included the inclusion of creeks, the need to refine language regarding the degree of prohibition in parks, and a need for simplification when it came to critical infrastructure. At the May 15<sup>th</sup> meeting, a proposed ordinance was presented, which included these edits. No further edits were directed.

### **Ordinance Provisions**

The ordinance focuses on the ban on public rights-of-way. As defined in the proposed ordinance, the public right-of-way is all property that is owned, managed, or maintained by the City or where the City possesses a property interest allowing public use of such property (such as a right-of-way interest) and shall include, but not be limited to, any

public street, space, ground, building or structure. The enforcement provisions only pertain to these areas. For example, if an individual is attempting to use property that is not owned by the City, such as a creek owned by Santa Clara Valley Water District, the City would not enforce against it under this ordinance since it is not a public right-of-way.

### Ordinance Prohibition Areas

Below is a brief description regarding the classifications that drive the prohibition areas surrounding using public rights-of-way as sleeping or living accommodations. These areas are described and analyzed in the staff report for the May 15, 2023 agenda item regarding the proposed ordinance. All these prohibition area categories are contained within the ordinance under Section 5.2, beginning on the third page of the attached ordinance.

#### 5.2(a) Parks and playgrounds

Parks and playgrounds are contained in the ordinance but with different language regarding the ban from the other prohibition areas. The ordinance was modified from the original language proposed on March 20, 2023. Originally combined into a single category along with schools and daycares, parks were pulled out separately from the others as a result of discussion with the City Council, wanting to make allowances for all residents, housed and unhoused, to use the park in such a manner as is customary for a park. There was a concern raised that the language of sitting, lying, and sleeping in the park would limit the unhoused from using the park for its customary types of use. As such, the language for this section was modified from the original proposal. The language in the ordinance states:

*No person shall obstruct by sitting, lying, or sleeping, or by storing, using, maintaining, or placing personal property on a street, sidewalk, or other public right-of-way in the following locations when it reasonably appears, in light of all the circumstances, the participants in conducting these activities are in fact using the area as a sleeping or living accommodation regardless of the intent of the participants or the nature of any other activities in which they may also be engaging:*

- 1. Within five hundred (500) feet of any park or playground. This prohibition applies all year, overnight, on any weekends and weekdays, even when such facilities may be generally considered closed.*

This change allows for the use of the park for normal, non-camping park purposes while not allowing camping in the park.

5.2(b) Other public rights-of-way

This section identifies the other public rights-of-way that are prohibited from use as sleeping or living accommodations. Each of these falls under this prohibition language:

*No person shall obstruct by sitting, lying, or sleeping, or by storing, using, maintaining, or placing personal property on a street, sidewalk, or other public right-of-way in the following locations:*

There are eight categories identified, each provided below. Of these, three are not tied to any specific, fixed location, and two categories are too small and numerous to map efficiently and effectively. Therefore, there are three of these categories that were used to designate the prohibited areas on the map in Attachment A to the ordinance, in addition to parks as mentioned above. They are identified with an **(m)** added to the end of the categories below for mapped prohibition areas. The eight categories in this section of the ordinance are as follows:

- 1. In a manner that impedes passage, as provided by the Americans with Disabilities Act of 1990, Pub. L. No. 101-336, 104 Stat. 328 (1990), as amended from time to time;*
- 2. Within five hundred (500) feet of any school or daycare facility. This prohibition applies all year, overnight, on any weekends and weekdays, even when such facilities may be generally considered closed. (m)*
- 3. Within one hundred (100) feet of critical infrastructure, including water wells, storm drain basins, railways, bridges and under- and over-passes. (m)*
- 4. Within ten (10) feet of any operational or utilizable building entrance, exit, driveway or loading dock.*
- 5. Within five (5) feet of any fire hydrant, fire plug, or other fire department connection.*
- 6. In a manner that obstructs or unreasonably interferes with the use of the right-of-way for any activity for which the City has issued a permit.*
- 7. In a manner that obstructs any portion of any street or other public right-of-way open to use by motor vehicles, including any portion thereof marked as a bike lane.*
- 8. City creeks and creek embankments within Gilroy City limits. (m)*

**Overall Impact Information**

The staff report for the May 15, 2023 City Council Regular Meeting provided an extensive analysis of each mapped category and should be reviewed for that analysis. Overall, the only currently known encampments within the prohibition area that are on public rights-of-way are individuals located on the City-owned portion of Uvas Creek, roughly estimated at between 75 and 100 individuals.

In totality, 24.4% of the total area contained within the City Limits falls within the prohibition area under this ordinance, leaving 75.6% of the City's total area not affected by this ordinance, which is most of the total area of the City. The original report had

31.6% of the total City area affected, however further map refinement requires an adjustment to the percentage. Below is the breakdown from the City’s GIS data of the total City area, and the total amount of area affected by this ordinance within the City limits:

Prohibition Areas	Acreage
Schools	1,073.43
Preschools and Daycares	526.22
Parks	1,526.28
Water Division Wells	25.20
Gilroy Bridges	31.12
Railroad – Only the portion in City Limits	119.35
Under and Over Passes	20.99
City portion of the Creek	28.25
Subtotal of Prohibition Coverage	3,350.84
Duplicate Area Adjustment within City Limits	-762.97
Proposed Area Covered by Prohibition	2,587.87
City Limits	10,586.75
Percent of City Area Affected by Prohibition	24.44%
Percent of City Area Not Affected by Prohibition	75.56%

**Enforcement**

The ordinance does not criminalize sleeping in the open. It limits the locations, prohibiting the use of certain public rights-of-way from being used as sleeping or living accommodations. It provides that the only act subject to a misdemeanor is the refusal to relocate from a prohibited area when instructed to do so by a City employee.

Once the ordinance is adopted, the Quality of Life Officers and Community Development staff will engage our Local Service Providers Group to outreach to those within the prohibited areas during the 30-day waiting period for the ordinance to become effective. The intent is to allow the maximum time for accessing services from our local and regional service providers and attempting voluntary compliance. Enforcement is discretionary and subject to various staffing and budgetary constraints.

**ALTERNATIVES**

Council may choose to reject or modify the ordinance. Should Council determine to modify the proposed ordinance, the introduction process would be restarted with a new introduction and first reading.

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

Adopting the ordinance will not have a financial impact on the City. The costs of advertising the ordinance, as well as enforcement of such policies, will be carried out through existing staff resources and financial resources that are already appropriated each year.

### **PUBLIC OUTREACH**

This subject has been discussed at multiple public meetings. These include the following:

- July 5, 2022;
- September 12, 2022;
- March 20, 2023;
- May 15, 2023; and
- tonight's meeting.

These discussions have focused on creating a policy to address unhoused individuals utilizing parks, creeks, and other public areas as living and sleeping accommodations. In addition, the City Council created an Unhoused ad hoc committee, which developed 14 recommendations to help both the unhoused and to mitigate the effects of the unhoused on their neighboring communities.

Additionally, the City advertised this public hearing in the local newspaper and on the City's website.

Upon adoption, the City will finalize and release informational materials and maps of the prohibited areas within City Limits and coordinate across departments to help maximize the outreach to those affected by the ordinance, as well as the public.

### **NEXT STEPS**

Once introduced, the ordinance will be placed on the June 19, 2023 City Council Regular Meeting consent calendar for a second reading and adoption.

### **Attachments:**

1. Proposed Ordinance with a map of affected areas as Attachment A.

**RESOLUTION NO. 2026 –**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY TEMPORARILY STAYING THE ENFORCEMENT OF CHAPTER FIVE OF THE GILROY CITY CODE FOR THE 6<sup>TH</sup> STREET ENCAMPMENT LOCATED ON ASSESSOR'S PARCEL NUMBER: 841-180-89**

**WHEREAS**, 959 unhoused individuals in the City of Gilroy were counted in the 2025 Point-in-Time report issued by Santa Clara County, which is an 8% decrease from the 1,048 individuals counted in 2023, yet continues to reflect a significant unmet need for shelter and housing resources; and

**WHEREAS**, the City of Gilroy adopted a resolution endorsing the Santa Clara County Community Plan to End Homelessness (2020-2025), which has guided the City and other nonprofits, government entities, and community members as they work to address the needs of unhoused individuals and is currently being updated; and

**WHEREAS**, the South County is currently served by two shelters: the Gilroy Armory Shelter, a year-round shelter with a capacity of 100; and an inclement weather shelter, also known as the Ochoa Center which operates mid-December through mid-March, with capacity to accommodate 35 to 40 households with at least one minor dependent; and

**WHEREAS**, The City of Gilroy acknowledges the lack of shelter beds and housing currently available regionally and recognizes the systemic lack of state and federal investment in shelter and public health services for those experiencing homelessness; and

**WHEREAS**, the City of Gilroy has two Quality of Life Officers in the Police Department who among other duties assist in connecting unhoused individuals with service providers and resources offered by the County of Santa Clara and nonprofit organizations and assessing and mitigating health and safety concerns of the unhoused; and

**WHEREAS**, after two encampments were cleared on property belonging to the Santa Clara Valley Water District, and Santa Clara County in November 2025, some unhoused individuals encamped on City property abutting the 6<sup>th</sup> Street Bridge, just north of the Miller Slough; and

**WHEREAS**, the City of Gilroy and local service providers have supplied needed services for unhoused individuals at the 6<sup>th</sup> Street Encampment since formation; and

**WHEREAS**, the 6<sup>th</sup> Street Encampment abuts the 6<sup>th</sup> Street Bridge and Chapter 5 of the Gilroy City Code bans the use of bridges and certain other public rights-of-way for camping, sleeping or living accommodations; and

**WHEREAS**, the City of Gilroy issued a cleanup notice scheduled to occupants of the 6<sup>th</sup> Street Encampment for February 3, 2026 (since extended to Feb. 18, 2026) in alignment with the no camping provisions contained in Gilroy City Code Chapter 5; and

**WHEREAS**, the City of Gilroy recognizes that the events that cause people to enter into homelessness are complex, while also acknowledging that the Santa Clara County is not equipped to provide living or sleeping opportunities for unhoused individuals in South County that will remain secure, sanitary and safe; and

**WHEREAS**, Inhabitants of the 6<sup>th</sup> Street Encampment have attempted to self-govern so as to minimize adverse impacts on their neighbors and the environment; and

**WHEREAS**, following issuance of notice of a planned February 3, 2026 clean-up, several individuals and organizations spoke to the Council during public comment on January 26, 2026; and

**WHEREAS**, several individuals and organizations requested the City delay encampment closure; and

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GILROY:**

**SECTION A.** Based upon the facts stated in the recitals above, the City Council of the City of Gilroy agrees that the encampment should be permitted to remain open for a period not to exceed ninety (90) days from the adoption date of this resolution; and

**SECTION B.** Based upon the facts stated in the recitals above, the City Council of the City of Gilroy hereby directs staff to temporarily suspend the abatement of the 6<sup>th</sup> Street Encampment for a period of **XX** days, during which time City staff will continue outreach, sanitation efforts, and facilitate coordination with County and nonprofit service providers; and

**SECTION C.** This temporary delay is made without prejudice and with no guarantee that the City, County, or any other agency or nonprofit organization will be able to provide supportive living or safe sleeping opportunities for unhoused individuals in Gilroy (including those in the 6<sup>th</sup> Street Encampment) in this time period or thereafter. It does not constitute a waiver of the City's right to enforce its ordinances to require clearance of the 6<sup>th</sup> Street Encampment or any public property on which an individual or group may be violating Chapter 5 of the City Code.

ADOPTED this 9<sup>th</sup> day of February, 2026, by the following vote:

AYES:  
NOES:  
ABSENT:

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Greg Bozzo, Mayor

ATTEST:

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Kim Mancera, City Clerk



## City of Gilroy

### STAFF REPORT

**Agenda Item Title: Pilot Below Market Rate (BMR) Preservation Program Update and Overall BMR Housing Program Overview**

Meeting Date: February 9, 2026  
 From: Harjot Sangha, Interim City Administrator  
 Department: Community Development  
 Submitted by: Sharon Goei, Community Development Director  
 Prepared by: Sharon Goei, Community Development Director, Christie Thomas, Housing and Community Services Manager

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**STRATEGIC PLAN GOALS:** Promote Safe and Affordable Housing for All

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### RECOMMENDATION

Receive a report on the Pilot Below Market Rate (BMR) Preservation Program and an overview of the BMR Housing Program.

### EXECUTIVE SUMMARY

A significant milestone for 2025 was the successful launch of the Pilot BMR Preservation Program, through which the City purchased and sold a senior BMR unit to another income-qualified household. The unit closed escrow on January 12, 2026. This Pilot Program, approved by the City Council in March 2025, demonstrates a viable model for preserving affordability, and staff believes it will guide future preservation efforts in partnership with the County of Santa Clara Office of Supportive Housing.

In addition, this report provides an overview of the City's BMR Housing Program. Over the past three decades, more than 300 affordable ownership units have been developed in Gilroy. Some units have been sold out of the program, gradually reducing the number of active deed-restricted homes. At this time, approximately 250 deed-restricted ownership units across 12 developments are active in the portfolio. Since assuming the portfolio in 2016, the City, supported by its Program Administrator, HouseKeys, since April 2017, has continued to preserve affordable housing units, assist income-qualified households, and meet Housing Element objectives, through monitoring, preservation

efforts, and down payment assistance programs.

Over the past year, the program achieved several key accomplishments. With City collaboration, the Program Administrator maintained daily customer service, processed resale and refinance transactions, improved portfolio data systems, hosted over 50 informational sessions, and expanded outreach to both homeowners and prospective buyers. Compliance monitoring was completed for 100% affordable rental developments. Enhanced outreach was initiated to BMR ownership communities in 2025. This effort has been positive, achieving a 64% compliance rate among homeowners contacted as of November 2025. The Program Administrator and the City are continuing to contact the homeowners to complete the compliance process.

Despite substantial progress, the program continues to face challenges, including complex inherited resale agreements, long-term portfolio attrition, limited local funding to acquire units, staffing demands, and instances of homeowner non-compliance that require staff and administrator intervention.

Regionally, the City remains active in collaborative affordable housing efforts, including participation in the Santa Clara County Planning Collaborative and monthly County-hosted regional meetings.

Overall, the City's BMR Program continues to expand its reach and effectiveness, supporting homeownership opportunities for low- and moderate-income households while working to preserve long-term affordability within Gilroy's housing stock.

## **BACKGROUND**

The City of Gilroy's BMR portfolio currently consists of approximately 250 ownership single-family housing units within 12 developments. The majority of the portfolio was acquired by the City in 2016 following the closure of South County Housing and its successor agency, Neighborhood Housing Services Silicon Valley. Since 2017, the program has been administered by HouseKeys, serving as the City's BMR Program Administrator.

The BMR portfolio includes a mix of senior and single-family homeownership developments. These homes are deed-restricted for 30 – 40 years, depending on the development, and are sold to low- and moderate-income households. Due to the diverse origins of the portfolio, the resale agreements vary across developments; however, each agreement includes restrictions that provide the City with the opportunity to preserve long-term affordability upon resale within the deed-restricted period.

Resale values are determined based on formulas outlined in the resale agreement. The City retains an equity share and, in most cases, the option to purchase the home within a 90-day window. Most BMR resale agreements also allow the house to be sold at fair market value after a designated time period.

In prior years, limited local funding and high resale values have restricted the City's ability to purchase BMR homes when resold, thereby losing the option to preserve affordability. The Pilot Below Market Rate Preservation program, initiated in 2025, provides a new tool to address this challenge by leveraging loan funds from the Santa Clara County Office of Supportive Housing to purchase and resell certain BMR homes to income-qualified buyers.

Down payment assistance loans from various programs support most properties within the BMR portfolio. Examples are the BEGIN and CalHome programs, which originated from the State as grants to cities and counties to provide deferred down payment assistance to first-time low- and moderate-income homebuyers. As these down payment assistance loans are repaid to the City, the funds are deposited into City ReUse accounts, allowing continued issuance of down payment assistance to future low- and moderate-income homebuyers. Loan payoffs are deferred for 30 years or paid in full upon resale. Because most BMR resale homes have been sold out of the program, the City ReUse funds have grown, positioning the City to support additional affordable housing opportunities with down payment assistance.

The Housing Element describes many program goals that can be accomplished through the City's Below Market Rate program, including providing funding sources to assist homeownership, monitoring and resale controls on current portfolio owner-occupied below market rate units, preservation of below market rate units and their affordability, and the development of an affordable housing policy.

## **ANALYSIS**

### **Program Accomplishments**

#### Overall Program

Over the past three decades, more than 300 affordable ownership units have been developed in Gilroy, supported by over \$3 million in down payment assistance for low- and moderate-income families, individuals, and seniors. Some units have been sold out of the program, gradually reducing the number of active deed-restricted homes. At this time, approximately 250 ownership units are active in the portfolio. The BMR program has enabled local households to achieve housing stability, build equity, and contribute to the local economy while preserving affordability within Gilroy's neighborhoods.

#### Accomplishments

Administration of the program allows for the management of the day-to-day portfolio transactions, including daily customer service to homeowners, calculating loan payoffs, managing refinance and resale transactions, determining eligibility, updating the annual Santa Clara County income and rent chart, conducting virtual and in-person orientations and Q&A sessions (referred to on the administrator's website as FAQ sessions), and marketing the program to prospective buyers.

The current Program Administrator continues to develop and manage the HouseKeys City of Gilroy BMR website, [www.housekeys5.com](http://www.housekeys5.com). They have created 20 different “How To” and “Info” videos related to the program, which are available on the website. The website enables current homeowners to create accounts and log in to submit service requests, as well as prospective buyers to create IDs and enter lotteries for resale home purchases or to express their interest in ownership of and rental of below-market-rate housing units. Between January and November 2025, 258 new Gilroy Prospective Home Buyer applicants created user IDs, totaling 3,598 Gilroy Prospective Home Buyer Program Application IDs. An additional 70 Senior Home Buyer Program IDs were created to enter the lottery for the Pilot BMR Preservation Program Senior BMR resale unit. Between March and November of 2025, 203 new Prospective Gilroy renters created IDs, totaling 1,748 Gilroy Rental Program Applicant IDs.

From January to November 2025, administration of the program allowed for enhanced data management systems, response to 111 Gilroy-related phone calls, 63 miscellaneous service requests/questions, and provided portfolio management services to 14 current homeowners. The administrator provided an updated portfolio list and submitted quarterly reports to the City. Additionally, they collaborated with staff to update program guidelines and monitored compliance for both ownership units and 100% affordable apartment developments under City agreements.

Administration of the program included communication with existing BMR homeowners by conducting two in-person community meetings and one virtual meeting with apartment property managers. From January to November of 2025, there were 41 virtual general Q&A sessions and 8 general BMR Program orientations. Both current and prospective homeowners and renters are welcome to attend Q&A sessions, where they can ask questions in either Spanish or English.

## **Affordable Housing Preservation**

### Pilot Below Market Rate Preservation Program

Through the 2025 Pilot Below Market Rate Preservation Program, the City successfully purchased a low-income senior unit in the Village Green Development and resold it to another low-income senior household. Escrow closed on January 12, 2026. The pilot program demonstrates a feasible model for preserving a small number of BMR ownership units as they become available for resale.

Staff desires to continue implementing this model in partnership with the County, utilizing 12-month bridge loan at 0% interest from the County and the City’s Housing Trust Fund resources to purchase future BMR units as opportunities arise, and to provide down payment assistance to keep them affordable for low- and moderate-income households.

### 100% Affordable Apartment Development Compliance Efforts

The Program Administrator, in collaboration with City staff, conducts annual compliance monitoring of 100% affordable housing rental developments in Gilroy, as per their City agreement. Monitoring ensures that units remain income-restricted and are rented to qualified tenants at approved rent rates. This process also fosters stronger working relationships between City staff and property management teams, promoting consistent communication and facilitating early identification of issues.

In 2025, compliance monitoring packages were sent to all developments under agreement. Of the 12 developments monitored, eight (8) completed their compliance submissions, representing a compliance rate of 62% as of November 2025. The Program Administrator and the City will continue to work with the other four (4) developments to complete their monitoring process.

#### Ownership Unit Compliance Efforts

The Program Administrator and staff continued to expand outreach efforts to homeowners within the City's 12 BMR ownership developments. They conducted two community meetings which included four developments. Afterward, compliance verification packages were mailed to 75 homeowners, with responses tracked for annual reporting purposes. As of November 2025, 48 (64%) homeowners returned compliance materials confirming adherence to resale and occupancy requirements. The Program Administrator and the City are continuing to contact the homeowners to complete the compliance process.

### **Program Challenges**

#### Administrative Complexity

The City's inherited portfolio includes varying restrictions, timelines, down-payment assistance loans, and affordability formulas across developments, requiring a time-consuming, detailed review and individualized administrative handling for every transaction.

#### Portfolio Management Challenges

While administration of the program has achieved many successes with the Gilroy portfolio, it wasn't without challenges. Staff turnover at both the City and Program Administrator levels has led to delays in completing some long-term project goals within the BMR program. For example, there is no adequate one-size-fits-all software solution to manage the BMR housing portfolio. As a result, the Program Administrator embarked on developing its own customized software to manage its clients' portfolios, but this has not been without challenges and customer service delays.

As noted above, the portfolio comprises a variety of resale and loan agreements, many of which require a complex, detailed process to calculate payoffs and equity shares, making these calculations difficult and prone to errors. This process, therefore, requires tremendous program administration staff and City oversight and necessitates the creation of a multi-layer review process. Because the majority of the portfolio is an

acquisition, an additional challenge has been obtaining an accurate portfolio unit and loan count; many original files were never accounted for, and some records are not available at the County Assessor level. City staff will continue to work with the Program Administrator to compile a comprehensive inventory list.

#### Financial Limitations

Limited funds in the local Housing Trust Fund constrain the City's ability to exercise purchase options or expand program capacity. The Housing Trust Fund receives loan repayment or equity share payment from time to time when the City is notified of transactions initiated by property owners. Nevertheless, there is no anticipated timing for these payments, and there is no dedicated ongoing revenue stream for the Housing Trust Fund.

#### Program Attrition

Many BMR units have been sold out of the program, gradually reducing the number of active deed-restricted homes.

#### Homeowner Non-Compliance

A handful of BMR homeowners do not follow the guidelines outlined in their agreement, and the Program Administrator and City staff must investigate and work to bring the homeowners into compliance or demand that the unit be sold to another income-qualified household.

#### City Staffing Demands

Despite having a BMR Program Administrator, because this is a City program, City staff still receive almost daily communication from homeowners and/or their representatives, realtors, and title companies.

City staff must collaborate with the Program Administrator to update policies, guidelines, and procedures, discuss agreements and loan documents, and provide support on resale equity shares and loan payoff calculations, as well as general portfolio management and compliance matters. Due to the acquisition of the portfolio, ongoing historical portfolio research is necessary for most transactions. City staff must also assist with marketing the program via email campaigns and tabling at community events, among other activities.

Homeowner down payment assistance and 100% affordable apartment loans require monthly and annual loan portfolio reconciliation and state reporting. These functions are performed by City staff rather than the Program Administrator.

City staff must also manage the Program Administrator contract and monthly billing, receive and manage quarterly portfolio reports, attend weekly Administrator portfolio meetings, and participate in various outreach meetings.

The current Program Administrator contract expires on June 30, 2026, and City staff

has initiated a Request for Proposals (RFP) process for a BMR program administrator, effective July 1, 2026. In recent years, the City has increased its priority on housing by creating a focused Housing and Community Services Division that enables the City to make more concentrated efforts to address housing needs across the community. While the City did not have such an internal Division in previous years and experienced prolonged challenges that have resulted in a heavy, accumulated workload to organize the City's BMR portfolio, the current Housing and Community Services team members have been able to achieve incremental progress and will continue to build upon the successes accomplished to date to organize the City's BMR program.

### **ALTERNATIVES**

There are no alternative recommendations. This report is provided primarily for informational purposes.

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

There is no fiscal impact to receiving this report. Fiscal impact related to the Pilot BMR Preservation Program was included in the adopted budget. No new appropriations are necessary at this time.

### **PUBLIC OUTREACH**

The staff report is available through the City's website, and this item was included on the publicly posted agenda for this meeting.

### **NEXT STEPS**

For the Pilot BMR Preservation Program, as escrow successfully closed for the program's first unit on January 12, 2026, the County loan is being paid off, and staff plans to purchase and resell another low-income BMR unit as it becomes available.

The current BMR Program Administrator contract expires on June 30, 2026. City staff initiated an RFP process for a BMR program administrator in December 2025.

### **Attachments:**

None



## City of Gilroy

### STAFF REPORT

**Agenda Item Title:** Request to Reopen the Wayland Parking Lot at Las Animas Veterans' Park

Meeting Date: February 9, 2026

From: Matt Morely, City Administrator

Department: Administration

Submitted by: Bryce Atkins, Deputy Director of Community Development

Prepared by: Bryce Atkins, Deputy Director of Community Development

**STRATEGIC PLAN GOALS:** Not Applicable

### RECOMMENDATION

Council consideration of a future agenda item regarding the potential reopening of the Wayland Parking Lot at the Las Animas Veterans' Park.

### EXECUTIVE SUMMARY

N/A

### BACKGROUND

Council Member Carol Marques provided the attached FAIR Memo to Interim City Administrator Brad Kilger. Staff has reviewed the FAIR Memo, and Interim City Administrator Harjot Sangha approved its placement on this agenda.

This FAIR Memo requests an item to discuss the reopening of the Wayland Parking Lot at the Las Animas Veterans' Park. Should Council determine to proceed with this item for future discussion, staff time will be spent preparing the agenda item to discuss the following items, though more elements may need research and/or analysis:

- **Public Works**

- Logistics and costs of opening and closing the gate daily, including who is responsible (private security or GPD).
  - Cost of addressing an ADA-compliant path of travel to and from the parking lot.
  - Cost of lighting the path of travel to and from the parking lot.
  - Cost of parking lot infrastructure improvements, including ADA parking striping and signage, pavement rehabilitation, additional lighting, surveillance cameras, etc.
- **Police**
    - Potential for increased patrols.
    - Record of calls for service to the parking lot.
- **Community relations**
    - Engagement with local community members to garner public input for Council consideration.
- **Council considerations**
    - Metrics for determining whether and when the parking lot may need to be re-evaluated for closure, partial reopening, or full reopening.

## **ANALYSIS**

None — this is a first step in the FAIR Memo process on whether the City Council would like to give direction for the item to be brought back to a future agenda meeting for discussion and potential action. Per the FAIR Memo, the original Council action involved closure of both the Wayland and Hanna parking lots. Further analysis will be conducted if the Council approves the topic for a future agenda and can include discussion regarding one or both of the closed parking lots.

## **ALTERNATIVES**

Council may approve or deny the request for a future agenda item.

## **FISCAL IMPACT/FUNDING SOURCE**

None — this is a first step in the FAIR Memo process. A detailed fiscal impact analysis will be conducted by staff if the Council approves the topic for a future agenda.

**PUBLIC OUTREACH**

This item was included on the publicly posted agenda.

**NEXT STEPS**

If approved, staff will schedule the future agenda item at a subsequent Council meeting consistent with the Future Agenda Item Request Policy.

**Attachments:**

1. FAIR Memo: Las Animas Wayland Parking Lot

## Las Animas Wayland Parking Lot

During covid, homeless were allowed to shelter in place in city parks and parking lots. Unfortunately, under the leadership of the previous city administrator, police were not directed to do sweeps of the Wayland and Hanna Street Parking Lots at Las Animas Park when crime occurred.

Being the Wayland Parking lot is concealed, individuals set up camping in the parking lot and drug dealing and drug use became a lifestyle. There are neighbors who live right adjacent to this parking lot that got fed up with the criminal behavior. After enduring gang fights, weapons, and consistent drug use, a group of neighbors from the neighborhood got together and convinced the City Council to close both city parking lots permanently.

One neighbor gave the Council at a City Council meeting, a petition with 98 signatures in strong support of closing down the two parking lots – Hanna Street (because that is where she lived) and Wayland. Based on her petition and a few neighbors' arguments that night, the Council voted to close the two lots. However, when she emailed the petitions to each of the Council members after the meeting and the petitions were looked over, there were only 20 valid signatures. The rest of the signatures were from different parts of the city and countryside which were not valid since the signers had never experienced firsthand what the neighbors were going through.

Since that time, the Gilroy Tennis Club Board members have tried to get the Wayland Parking lot re-opened. A gate was installed at the entryway to this parking lot which was to be locked at 10:00 every night. Any car refusing to leave, was to be towed at the owner's expense. After two nights, our former city administrator suspended this policy because car owners were refusing to move. The city manager would not have them towed because he said it was too much work for the city employees—even though, the tow truck company would do all the paperwork.

So for three years now, this parking lot has been permanently closed. Our club would like to have it re-opened and policed correctly. My vice-president, Bob Nettleblad, and I have spoken with the Police Chief, various police officers and the mayor. Police and the police chief have said there is no problem in policing the lots.

It is important to have the Wayland Parking lot re-opened because of its close proximity to our tennis courts. At night with it getting dark so early, there are no lights between the handball courts and the Mantelli Parking Lot. We are walking in darkness and feel unsafe listening to the various voices in the park that we cannot see. We feel that keeping the lot closed, is a serious safety issue.

I have tried to set up a meeting with the home owners' association to no avail. These people like the serenity of the closed lot and do not want to see it re-opened. However, it can be argued that every resident knew what he or she was moving next to when the home was purchased. This is a city owned park supported by tax payers. Tennis players, Little League families and people coming to walk their dogs have all been inconvenienced by a few people who want it kept closed for their own wishes.

It would never be suggested that the parking lot should be returned to its original crime ridden state. What is being suggested is that we open it on a trial basis and the police patrol the park regularly. The parking lot could be locked up first when the City's security team comes on duty. There are solutions that need to be addressed. Shutting down of city run property is not the way to deal with criminal activity. We want this activity extinguished not moved around the City. Opening up these lots on a trial basis to see what needs to be mitigated is the best way to get a win for all.

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(We are arguing for the Wayland Parking lot but we have no objection to whatever is decided for the Hanna Street parking lot.)