

# City of Gilroy

FY 2012 and FY 2013  
Operating Budget  
and  
FY 2012 – 2017  
Capital Improvement  
Budget

## City Council

Al Pinheiro, Mayor  
Cat Tucker, Mayor Pro Tempore  
Bob Dillon  
Dion Bracco  
Perry Woodward  
Peter Arellano  
Peter Leroe-Muñoz

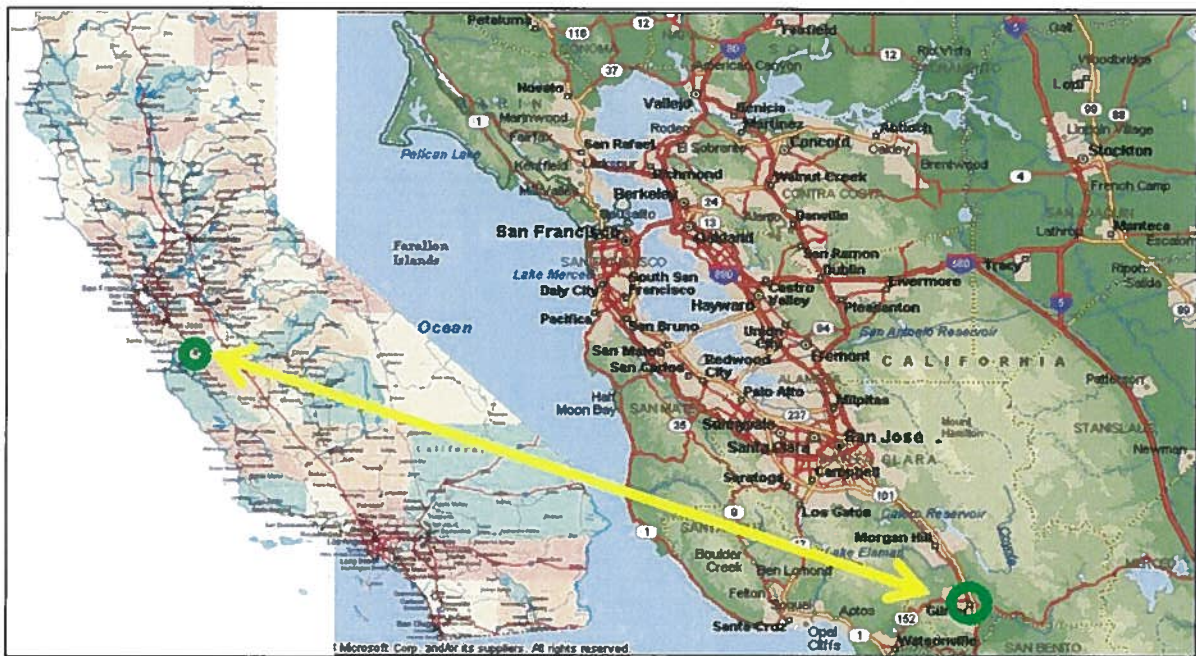


Thomas J. Haglund, City Administrator

# City of Gilroy Introduction

## Regional Setting

Gilroy is situated in south Santa Clara County at the southern tip of the San Francisco Bay Area — a dynamic urban area of 7,000 square miles, nine counties, 100 cities and a population of 6.8 million, making it the fifth most populous metropolitan region in the United States. The City is part of the enterprising and technologically advanced San Jose/Silicon Valley sub-region and is within an hour's drive of the scenic beauty of both the San Francisco and Monterey Bay Areas. Gilroy lies at the crossing of US Highway 101 and State Highway 152, giving it direct access to the San Francisco Bay Area, San Benito, Monterey and Santa Cruz counties, and the Central Valley.



## Environmental Setting

The Gilroy section of the Santa Clara Valley is a broad, gently sloping, fertile plain enclosed on the northeast by the Diablo Mountains of the Contra Costa range and on the west by the Santa Cruz Mountains. At the southern end, the Santa Clara Valley merges into the Pajaro Valley.

The City enjoys a beautiful and unique location within this valley setting, situated in the eastern foothills of the Santa Cruz Range and bordered by the Llagas and Uvas creeks that flow southward into the Pajaro River. Despite its growth, Gilroy continues to harbor a rural and historic character, especially in the older neighborhoods where buildings dating back to the mid-1800s can be found. There is a sense of abundant open space, due mainly to the wide, tree-lined

streets in the older neighborhoods; the large areas of undeveloped land surrounding the newer sections of town; and the City's pristine mountainous backdrop.

Gilroy's climate is a pleasant balance between extremes. The cooling breezes from the Pacific Ocean keep the average temperature at a comfortable 62 degrees. While summer temperatures have been known to cross 100 degrees, the average July high temperature is about 90 degrees. Winter temperatures drop to an average of about 50 degrees and the first freeze generally arrives in November. The average date of the last freeze is around March 1. The climate is perfect for agriculture: the average agricultural growing season in the valley ranges from 300 to 350 days per year.

### **Early History: A Town Built on Diversity**

The earliest recorded inhabitants of the Gilroy area were the Ohlone Indians, who occupied the area between 1000 and 3000 years ago and lived as hunters and gatherers until the arrival of the Spanish in the 1700s. Two Spanish land grants, the Las Animas and the San Ysidro, and many Mexican grants divided the area into large ranchos that raised cattle for hide and tallow.

Gilroy's namesake—John Cameron Gilroy—arrived from Scotland in 1814 and made his way to Rancho San Ysidro. The first American settlers arrived in 1843 in the first California-bound wagon train. Following the gold rush years, pioneers flooded the fertile Gilroy area with farms of every size and description. Settlers joined the Spanish and Mexican pioneers in stock raising and grain farming, and the area, growing from the small settlement of San Ysidro into the village of Pleasant Valley, became known as the Hay and Grain Capital of California.

The town of Gilroy got its start in 1850 as a stage stop along the San Jose to Monterey Road. By the time it was incorporated by the State as a charter city in 1870, it was the third largest community in Santa Clara County, with a brewery, a flouring mill, and a distillery. The railroad arrived in Gilroy in 1869 and made the community the hub of south Santa Clara Valley.

### **A Rich Agricultural Legacy**

In its first hundred years, Gilroy's economy was dominated by agriculture and agricultural processing, with its primary crops changing over the years in response to changing markets as well as the introduction of new crops



and new growing techniques by waves of new immigrants.

Orchard crops flourished well into the 1950s, when Gilroy was known as the Prune Capital of California. Garlic production for the commercial market only started after the arrival of Japanese farmers in 1918. By 1940, the largest grower of garlic in the US was Kiyoshi Hirasaki of Gilroy.

Agricultural industries—canneries as well as dehydrators, dryers and packers, breeding, and the seed industry—have long been the backbone of Gilroy’s industry, and continue to play an important role, with Olam Spices and Vegetables (formerly Gilroy Foods) and Christopher Ranch remaining the City’s two largest private employers.



Started in 1979, the Gilroy Garlic Festival celebrates Gilroy’s role as the Garlic Capital of the World. The festival attracts over 130,000 people to Gilroy each year, and has given almost \$9 million back to the community.

### **Post-War Development and the Silicon Valley Boom**

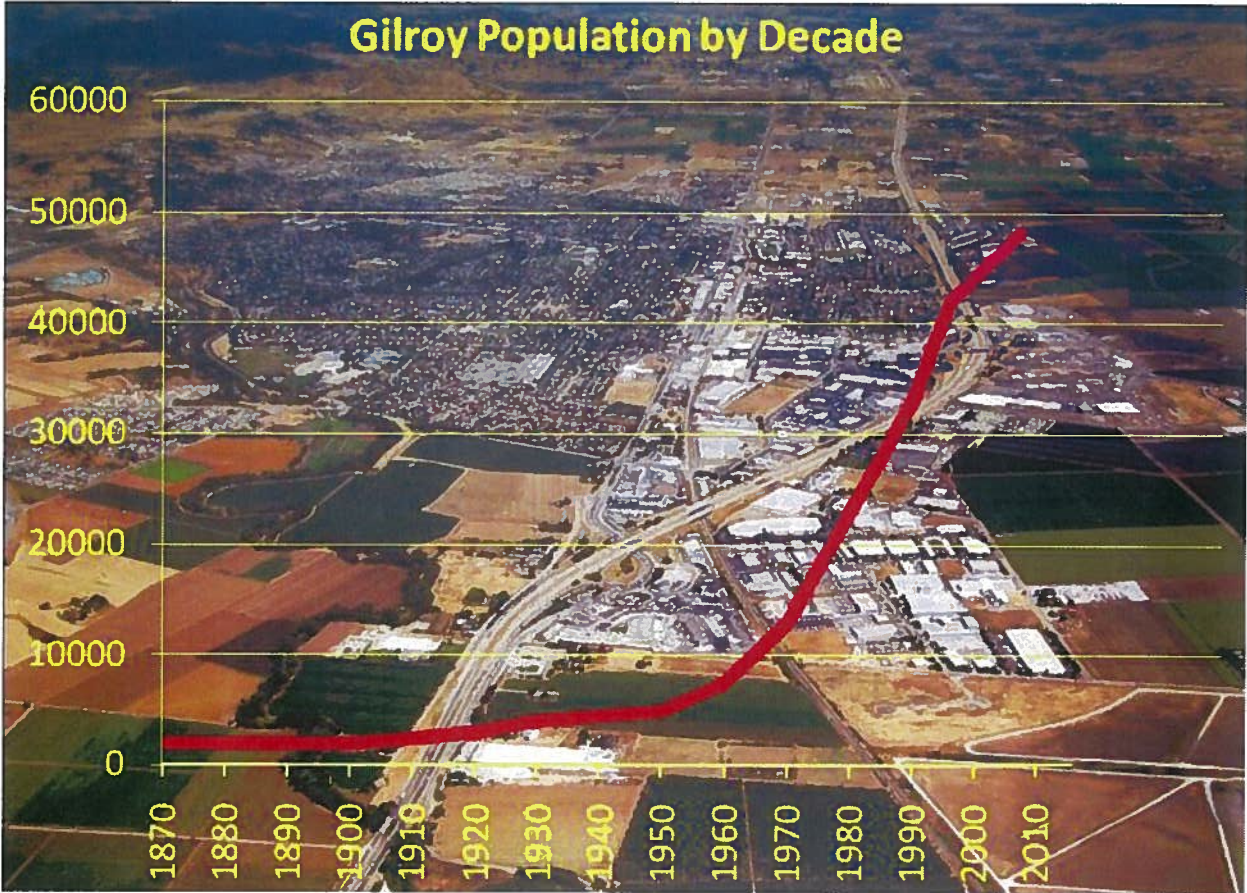
Gilroy’s city limits remained unchanged for the first 80 years of the City’s history, defined by a 1.5 mile rectangle of land known as the “old quad” and its grid system of streets laid out in 1867 by a local physician, Dr. David Huber.

California grew rapidly in the post-war years, and Silicon Valley and other employment centers began to flourish in north Santa Clara County in the late 1950s. With the completion of the US Highway 101 by-pass in the early 1970s, the City of Gilroy became more accessible and its growth rates rose sharply. While agricultural sector growth began to slow down, manufacturing, retail, and service sectors began to grow at a faster rate. Gilroy now encompasses 16 square miles.

Today, Gilroy’s growth is closely linked with economic activity in the Bay Area as a whole, and with Silicon Valley in particular. The sustained economic growth of the 1990s—led by information-related technology companies in north Santa Clara County—has fueled Gilroy’s continued growth, both in population and in jobs. While agriculture remains an important part of the local economy, a large and growing proportion of City residents commute north to jobs, and an increasingly diverse local economic base is developing.

The nationwide economic downturn and recession which began in 2008 had a significant impact on Gilroy, especially considering the large retail sales base which contributes substantially to the City of Gilroy’s general fund. Proactive and aggressive management and targeted expenditure

reductions have maintained services to the community and weathered this storm, positioning Gilroy well for the economic recovery in process.



### **Economic Setting**

Gilroy's economy has been dominated by agriculture and its related industries (food processing, etc.) since the 1800s. However, the growing influence of Silicon Valley and regional population growth have resulted in significant changes in the local economy during the past twenty years. Today, Gilroy's economy is diversified into non-agricultural commercial and industrial activities such as light manufacturing, wholesale operations, automobile sales, and large retail centers.

The economic boom in Silicon Valley which began in the early 1990s had profound impacts on the local economy, resulting in significant increases in home prices and land values as well as significant decreases in local unemployment. As is the case nationwide, the current economic slowdown and recession had a significant impact on the value of local real estate.

This unprecedented economic activity continued into the next decade, resulting in an economic setting characterized by the following:

### **Development and Construction Activity**

Prior to the Great Recession, local real estate development and construction industries experienced a high demand for new residential, commercial, and industrial development. Although limited by the City's Residential Development Ordinance, (RDO), new housing construction saw a surge of activity, as RDO allocations approved in earlier years were built out. Housing developments in the northwest quad, north-central Gilroy, and Eagle Ridge brought new households to the City, residents of which commute to work in the north county area. Construction activity was also high in the southeast industrial area. In 2008, development and construction activity declined dramatically, however there are indications that modest growth is on the horizon.

### **Regional Retail Services**

The Gilroy Outlets, Auto Mall area and new retail developments east of Highway 101 have put the City on the map as a regional retail destination, and helped strengthen the City's tax revenues. These developments are clustered near the City's highway interchanges, and primarily on the east.



### **Manufacturing and Wholesaling**

Manufacturing and wholesale/distribution operations locate in Gilroy to take advantage of its proximity to Silicon Valley and easy access to Highway 152, leading to Interstate 5 and the Central Valley. These operations have located in the Forest Street industrial park, the southeast industrial area, and in some sites formerly occupied by food-processing facilities.



## **Revitalization, High Speed Rail and Challenges for the Future**

Commercial development in the First Street, Leavesley and Tenth Street corridors has added millions of square feet of retail and professional services space to the city. Downtown revitalization efforts have helped attract some new businesses to the area and retained existing businesses, creating a core area of antique stores, specialty shops, and restaurants. Restored historic buildings also add to the downtown's character, including the Old City Hall and Train Depot. However, some vacant storefronts persist and the City is focusing additional efforts at revitalizing these spaces.



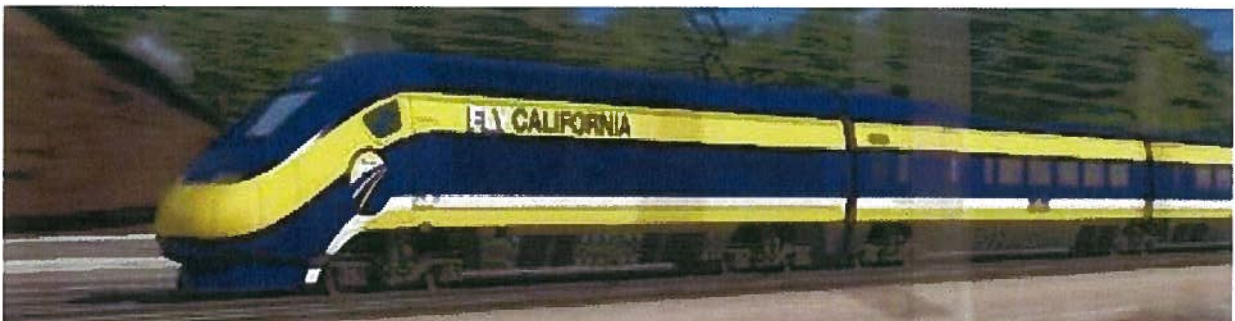
Within the past five years major projects including the Downtown Streetscape, the C.J. Laizure Police Building, and the Camino Arroyo Bridge have been added as significant assets to the community. The new Gilroy Library, currently under construction, is scheduled for completion in the Spring of 2012.



### **High Speed Rail**

The High Speed Rail Project is sponsored by the State of California and is administered by the California High Speed Rail Authority (CHSRA) and the Federal Railroad Administration. The City of Gilroy will be affected by this project because the CHSRA proposes to operate the train system through Gilroy and locate a high speed train station here.

The City of Gilroy, like other affected parties, is awaiting the completion of many different studies before determining a specific recommendation on a track alignment and station location. The city will first review and analyze those studies before making any recommendation. In the meantime, city leaders are heavily engaged with top officials of the CHSRA to ensure that the public is kept apprised on the many significant impacts, both good and bad, that will occur when the train system is constructed.



## **City of Gilroy Boards and Commissions**

The City of Gilroy is able to provide the level of service and urban planning which the citizens of Gilroy deserve and expect in large part due to the efforts of civic-minded individuals who volunteer many hours to study a myriad of issues, then provide guidance to staff and the City Council. This citizen involvement is highly welcomed and very much appreciated. Listed below are the boards and commissions which serve the city and a very brief description of their mission.

### **Arts and Culture Commission**

Responsible for advising the Recreation Department and the City Council on all matters pertaining to cultural and artistic activities and cooperating with other governmental agencies and civic groups in encouraging, promoting and stimulating the growth of broad based arts in the community.

### **Bicycle Pedestrian Commission**

Advises the City Council and City Administrator on matters related to the bicyclists and pedestrians in the City.

### **Building Board of Appeals**

Hears appeals from customers concerning the interpretation or decision by the Building, Life and Environmental Safety Division of code-required compliance.

### **Historic Heritage Committee**

Acts as an advisory board to the City Council and Planning Commission on issues relating to the identification, protection, retention and preservation of historic sites and historic neighborhoods in the City of Gilroy.

### **Housing Advisory Committee**

Participates in the development of Housing Element policies and objectives, assists staff and the City Council in identifying housing needs within the community, advises City Council regarding existing and potential affordable housing programs and guidelines, and serves as a medium for informational exchange with community representatives and stakeholders on housing related matters.



### **Library Bond Oversight Committee**

Serves the role of citizens' oversight of bond funds expended for the Gilroy Community Library project. The Committee reviews and concurs that expenditures of the bond proceeds were spent in accordance with Measure F through the end of construction.

### **Library Commission**

Serves as an advisory and liaison body to the Gilroy City Council, the City staff and Community Librarian on matters concerning the Gilroy Library.

### **Parks and Recreation Commission**

Responsible for advising the Recreation Department and the City Council on all matters pertaining to public parks, urban forestry, recreation, and cooperating with other governmental agencies and civic groups in the advancement of sound park and recreation planning and programming.

### **Personnel Commission**

Advises and reviews job descriptions and classification recommendations for City positions. Further, this Commission serves as a neutral body to hear appeals of disciplinary matters regarding full-time City employees.

### **Physically Challenged Board of Appeals**

Conducts hearings regarding action taken by the Building Life and Environmental Safety Division in enforcement of providing public accommodations for the physically challenged.

### **Planning Commission**

Reviews all planning applications for various types of land use entitlements including subdivisions, planned unit developments, zone changes, conditional use permits and variances from the City's development standards.

### **Public Art Committee**

Responsible for developing the Public Art Plan, ensuring the quality of artwork created under the plan and developing budgets and scope of projects.

### **Youth Commission**

Serve as a youth advisory group to the City Council, making recommendations on issues affecting local youth. The Commission has extensive involvement with the planning, organization and implementation of programs.