

CITIES



10. CITY OF GILROY

AGENCY OVERVIEW

The City of Gilroy was incorporated on March 12, 1870 and became a charter city on February 8, 1960. Gilroy provides a range of services including: community development (planning, building inspection, and housing); police protection; fire protection (including emergency medical and emergency preparedness); public works (engineering, parks and landscape maintenance, street maintenance, storm drainage, street trees, traffic, sewer, and water); and recreation (sports, aquatics, cultural arts, museum, senior center, and youth center). The City contracts for library services, solid waste disposal, curbside recycling, and street sweeping. Regional waste water treatment and disposal is provided by a joint powers agency which includes Gilroy and Morgan Hill. City services (including wastewater, solid waste, parks and recreation, storm water drainage, law enforcement, and library) were studied in the August 2006 South Santa Clara County Service Review.

Water services to the City are provided through the Water System Division of the Public Works Department. Water conservation is part of the Environmental Programs Section of the Community Services Department. Recycled water is provided by the South County Regional Wastewater Authority (SCRWA). Water services were studied as part of the Countywide Water Service Review in June 2005.

Type and Extent of Services

Services Provided

The Water System Division provides drinking water to residential, commercial, and industrial customers within the City. The Engineering Division of the Public Works Department oversees water project planning, design, engineering, and construction. The Water System Division is responsible for water quality, municipal wells, distribution and storage, leak detection, and is responsible for monitoring public and private backflow devices. Gilroy is also supported by the Santa Clara Valley Water District (SCVWD) water conservation program.

The City of Gilroy utilizes local groundwater as its sole source of water supply. Recycled (non-potable) water for irrigation purposes is produced by SCRWA.

Service Area

The City's water service area includes all water service customers within the city limits, consisting of approximately 16.2 square miles. The City does not serve any properties outside the city limits.

Services to Other Agencies

The City provides emergency water to Gavilan College as requested.

Contracts for Water Services

The City does not contract with other agencies or water purveyors for water services.

Collaboration

The City collaborates with the SCVWD, and is a member of a joint powers authority with the City of Morgan Hill on the SCRWA.

Boundaries

The Gilroy water service boundary is the same as the city limits. The present bounds encompass approximately 16.2 square miles. Gilroy overlies the Llagas groundwater Sub-basin.

ACCOUNTABILITY AND GOVERNANCE

The City operates under a city council-city administrator form of government with a seven-member City Council elected at-large and a City Administrator appointed by the City Council.

The Mayor is directly elected for a four-year term. The Mayor Pro Tempore is selected by the Council at the first meeting after the November General Election for a two-year term. Council Members are elected to overlapping four-year terms. Current member names, positions, and term expiration dates are shown in Figure 10-1.

Figure 10-1: City of Gilroy City Council

City of Gilroy				
Public Works Department Contact Information				
Contact:	David Stubchaer, Senior Civil Engineer			
Address:	7351 Rosanna Street, Gilroy, CA 95020			
Telephone:	408-846-0275			
E-mail/Website:	david.stubchaer@cityofgilroy.org / www.cityofgilroy.org			
City Council				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Peter Arellano	Council Member	November 2014	Elected At-large	4 years
Dion Bracco	Council Member	November 2014	Elected At-large	4 years
Bob Dillon	Council Member	November 2012	Elected At-large	4 years
Peter Leroe-Muñoz	Council Member	November 2014	Elected At-large	4 years
Al Pinheiro	Mayor	November 2012	Elected At-large	4 years
Cat Tucker	Mayor Pro Tempore	November 2012	Elected At-large	4 years
Perry Woodward	Council Member	November 2012	Elected At-large	4 years
Meetings				
Date:	First and Third Mondays at 6:00 PM			
Location:	City Council Chambers, City Hall, 7351 Rosanna Street, Gilroy			
Agenda Distribution:	Posted on the 'City Meetings' page of the City website.			
Minutes Distribution:	Available on the 'City Meetings' page of the City website; along with agendas and reports.			

The City Council meets the first and third Monday at 6:00 PM in the City Council Chambers. Meeting which fall on recognized holidays are held the following Monday. Agendas are posted on the City website. Complete agenda packets, including minutes and reports, are available for review on the City website. City Council minutes from 1868 are also available on the City Council webpage.

Council meetings are broadcast live on Government Access Television Channel 17. Meetings are also available for viewing as searchable video, and are archived on the City Council webpage.

The City of Gilroy does not have a water-related advisory commission or committee.

Basic information on Water is currently on the Community Services Department webpage. Detailed information regarding water supply and water distribution is not provided; however links are readily accessible to the Annual Water Quality Reports and the Water Conservation program.

The 2010 Urban Water Management Plan (UWMP) is available at www.cityofgilroy.org/files/uwmp.

A detailed contact list of personnel is not provided, however inquiries/complaints/questions can be made to basic department telephone numbers listed on the City website under the 'Contact Us' link.

If a customer is dissatisfied with the City's water services, that customer may write a letter to the Operations Manager of the Water Systems Division, or contact the Public Works Department as indicated above. The City does not have an electronic complaint form for water-related issues. In calendar year 2010 there were a total of five water-related complaints; three for odor/taste, none for color, none for turbidity, two for pressure, and none for water outages. These complaints accounted for 0.04 percent of the 12,905 customers served.

The City of Gilroy demonstrated full accountability and transparency in its disclosure of information and cooperation with Santa Clara LAFCO. The Water System Division responded to the questionnaires and cooperated with all document requests.

MANAGEMENT AND STAFFING

Daily operations of the Engineering Division and the Water System Division are under the direction of the Director of Public Works-City Engineer, who reports directly to the City Manager. The Water Billing Division is under the Direction of the Director of Finance. As an integrated operation, the Public Works Department has a total of 47.32 full time equivalent (FTE) positions organized into six major functions: Landscape Maintenance; Street Maintenance; Engineering; Wastewater Collection; Water System; and Backflow Prevention. A total of 16.23 FTE positions are dedicated to the Water Enterprise Fund, as detailed in Figure 10-2.

Figure 10-2: Water Service Staff Allocation

Position	FTE	Position	FTE
<u>Water Billing</u>		<u>Water System</u>	
Finance Director	0.25	Public Works Director/City Engineer	0.40
Assistant Finance Director	0.25	Budget Analyst	0.40
Revenue Officer	0.33	Engineering Tech/Inspector II	0.90
Budget Analyst	0.25	Senior Civil Engineer	0.20
Accountant II	0.25	Operations Services Supervisor	0.70
Purchasing Coordinator	0.25	Senior Maintenance Worker	0.70
Supervising Accounting Assistant	0.50	Maintenance Worker I/II	6.70
Accounting Technician	0.25	Administrative Secretary	0.33
Accounting Assistant I/II	2.00	Office Assistant II	0.27
		<u>Backflow Prevention</u>	
		Operations Services Supervisor	0.30
		Senior Maintenance Worker	0.30
		Maintenance Worker II	0.30
		Office Assistant II	0.40
		Total	16.23

Performance evaluations of all employees are conducted annually. The probation period for new employees is twelve months, with evaluations at six and twelve months. The agency tracks the employees' workload through work logs, service requests, and performance and benchmarking measures that are included in the annual budget.

Efficiencies have been gained recently with the installation and operability of a new Supervisory Control and Data Acquisition (SCADA) System; and by utilizing 'off peak' pumping of municipal wells, flushing 20 percent of hydrants each year, reduction in the number of water leaks, use of water meters for construction water, and replacement of 600 water meters per year with 'radio read' meters. The City has exceeded its water use reduction goal.

The City adopted the 2010 Urban Water Management Plan on May 16, 2011. A Water System Emergency Response Plan was prepared in August of 2011. The City updated its Water Master Plan in May of 2004.

POPULATION AND PROJECTED GROWTH

The 2010 United States Census population for Gilroy is 48,821. The average household size is 3.39 per the United States Census.

ABAG projects that the population of Gilroy will increase to 69,600 by 2035, a 42.6 percent increase over the twenty-five year period.

Gilroy, along with San Jose, Santa Clara and Milpitas are expected to experience the highest growth rates between 2010 and 2035. Gilroy in fact, will have the second highest percentage of growth at 42.6 percent, exceeded only by Milpitas at 58.7 percent.

The City 2002-2020 General Plan was updated in June of 2002. The Public Facilities and Services Element briefly addresses water as part of the Infrastructure Section. It contains one general goal, two policies related to water supply, and three action items related to infrastructure improvements, coordination with SCVWD, and updating the Water Master Plan.

FINANCING

Financial Adequacy

The Water Fund is an enterprise fund in which charges for services generate the necessary funds to provide the services. No General Fund monies are utilized by the Fund. The Water Fund is dedicated to water service including administration, operations, capital improvements, maintenance, backflow prevention, and billings and collections. For budget purposes, capital improvements are treated separately. The City of Gilroy adopts a biennial budget to better plan for revenues and expenditures.

Revenue Sources

In FY 08-09, the Water Fund generated \$8.1 million, in FY 09-10 the Fund generated \$8.3 million, and in FY 10-11 the Fund was projected to generate \$7.5 million. The reductions in revenue are attributed to the lingering economic recession, cooler and wetter weather conditions, and water conservation.

In FY 10-11, the Water Fund was projected to generate almost \$7.5 million in direct revenue from the following sources:

User Fees	\$7,043,630	94.0%
Connection/Installation Charges	\$184,260	2.5%
Bank and Interfund Interest	\$222,298	3.0%
Interfund Transfers In	\$42,420	0.6%
Miscellaneous Revenues	\$2,260	<0.1%
Total	\$7,494,868	100%

As indicated above, significant revenues are derived from water sales.

Rates

The current water rate structure became effective on January 1, 2009. Rates are dependent on the zone within the City, water use, and meter size. The City's service area is broken down into three zones. Monthly residential rates are based on a tier structure to encourage water conservation. Tier 1 (0 to 5,000 gallons) costs are between \$0.88 and \$2.38 per 1,000 gallons; Tier 2 (5,001 to 15,000 gallons) costs are between \$1.73 and \$3.23 per 1,000 gallons; Tier 3 (15,001 to 30,000 gallons) costs are between \$4.65 and \$6.16 per 1,000 gallons; and Tier 4 (more than 30,000 gallons per month) costs are between \$6.78 and \$8.28 per month. In addition, customers pay a monthly meter fee based on meter size. A three-quarter inch meter costs \$6.02 per month, regardless of zone.

A new rate study is currently underway and is being prepared by HDR Engineers.

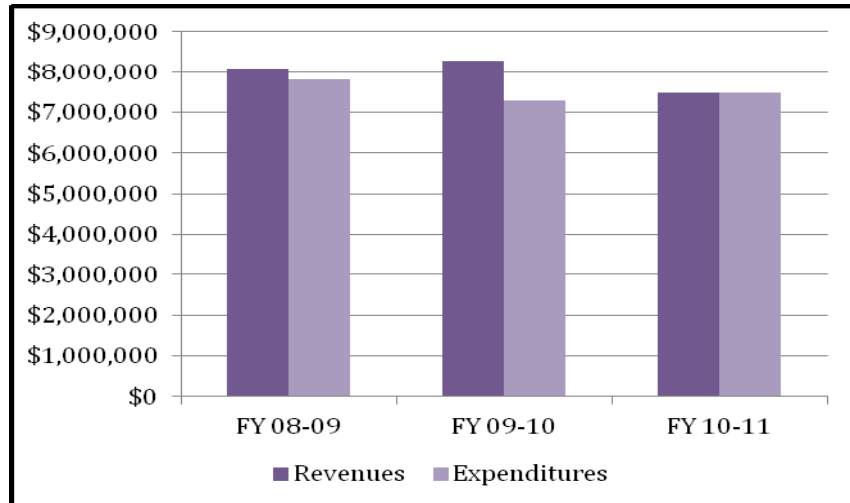
Expenditures

Figure 10-3: Expenditures and Revenues (FYs 08-09, 09-10 and 10-11)

For FY 11-12, the Water Fund expenditure is expected to total almost \$7.2 million, which is 6.4 percent of the City total expenditure (all funds) of \$112.9 million.

In FY 08-09, the Water Fund spent a total of \$7.8 million, in FY 09-10 the Fund spent \$7.3 million, and in FY 10-11 the Fund was projected to spend

\$7.5 million. Revenues and Expenditures of the Fund for the past three fiscal years are shown in Figure 10-3.



Primary expenses in FY 10-11 were:

Salaries and Benefits	\$534,071	6.9%
Materials and Services	\$1,372,351	18.7%
Capital Outlay	\$525,074	6.8%
SCVWD Pumping Charges	\$2,887,837	38.5%
Interfund Charges/Allocations	\$744,143	9.7%
Depreciation	\$1,419,139	19.4%
Total	\$7,482,615	100%

Capital Outlays

The current budget includes 19 capital improvement projects scheduled over the six-year planning period (2012-2017), seven of which are funded for FY 11-12 as follows:

❖ Tapping Machine, D-5	\$1,472
❖ Fire Hydrant Meters	\$1,339
❖ Office Furniture	\$2,060
❖ Pipe Threader	\$5,974
❖ Bench Meter Tester	\$6,695
❖ Chlorinators	\$5,335
❖ Water Meter Replacements	\$100,000
Total	\$122,875

Particular focus is being placed on water meter conversions to 'radio read' meters. Over the six-year CIP period, the City will expend \$3,283,769 million on water-related improvements.

In FY 15-16 and FY 16-17, the City plans to reconstruct the First Street water main (\$892,000) and paint and repair water storage tanks (\$1,675,000).

Long-term Debt

The Water Fund does not have any long-term debt.

Reserves

The City of Gilroy has two general reserve funds; one is a General Fund Reserve at a minimum of 25 percent of General Fund expenditures, and the other is an Economic Stability Reserve at 15 percent of General Fund expenditures. The City has been able to maintain these reserves. There are no specific reserve funds dedicated to water. As of June 30, 2011, the fund balance for the Water Enterprise Fund stood at \$15,161,572. This fund balance can be considered Water Fund Reserves and would be sufficient to fund water operations for 24.3 months.

WATER SUPPLY

The City currently uses local groundwater as the sole source of potable water supply. The City also makes use of recycled water primarily for landscape and agricultural irrigation purposes.

The City's municipal water system extracts groundwater from underground aquifers through nine active wells located throughout the City. The municipal water system receives only light chlorination for water quality purposes, and the City routinely tests the wells. The water quality of the active wells is generally considered to be good.

Santa Clara Valley Water District (SCVWD) is the principal groundwater management agency in the Santa Clara Valley, and the City currently pays a groundwater production service charge to SCVWD. The fee serves as a source of funding for operating costs associated with the District's groundwater recharge program, as well as the District's imported water program, which contributes water to the recharge program in the South County.

Gilroy overlies the Llagas Sub-basin and shares this groundwater resource with the other water providers in the South County. SCVWD estimates the storage capacity of the Llagas Subbasin to be between 150,000 and 165,000 acre feet.

The City's nine wells have a firm capacity of 15.5 million gallons per day or 17,369 acre feet per year (AFY). In 2010, the City pumped 7,322 AFY of groundwater for use within the City.

Drought Allocations

The City has adopted a Phase 1 Voluntary Water Conservation Program, and a Phase 2 Mandatory Water Conservation Program. These programs, which were adopted in 2003, establish rules and protocol for conserving water during periods of water shortage.

Recycled Water

Wastewater from Morgan Hill and Gilroy is treated to a tertiary level at the South County Regional Wastewater Authority (SCRWA) facility in southeast Gilroy. SCVWD owns the distribution system. Water is distributed to ten irrigation customers in the Gilroy area with a combined usage of 700 acre feet per year. Current users include the Gilroy Golf Course and Sports Park, Obata Farms, and three residential areas. The City anticipates that the use of recycled water will increase by 22 percent by 2015, and will remain the same through 2035. For more information on SCRWA, refer to Chapter 26.

Emergency Preparedness

Water Supply Hazards

The Water System Division is on call 24/7 and is prepared to respond to any leaks or breaks in a timely manner, and is able to be on site within 30-minutes of dispatch.

Emergency Water Supply

An emergency backup water supply is provided by above-ground water storage tanks, with an effective capacity of 13.0 million gallons. This storage capacity can provide one day of emergency water under a maximum daily demand scenario.

Interties and Back-up Supply

Gilroy does not have interties to any other water purveyor in the area.

WATER DEMAND

The City's projected water demands to 2030 are shown in Figure 10-4.

Figure 10-4: City of Gilroy Water Demands

Planning Horizon (Past and Future)	Water Demands (AFY)
2010	7,322
2015	8,465
2020	8,296
2025	9,036
2030	9,776
<p><i>Source:</i> Adapted from 2010 City of Gilroy UWMP, Table 3-4 Existing and Projected Supply versus Demand Comparison, 2010 Urban Water Management Plan, City of Gilroy, page, 3-6.</p>	

Based on the projected increase to supply capacity and standby production, the City can adequately meet the maximum day demand, as well as standby production

needs for the projected future demands. Figure 10-5 illustrates the anticipated available supply versus demand comparisons for the next 20 years.

Figure 10-5: City of Gilroy Existing and Projected Supply versus Demand Comparison (AFY)

	2010	2015	2020	2025	2030	2035
Existing and Projected Water Supply						
Average	23,000	23,000	23,000	23,000	23,000	23,000
Wet	33,500	33,500	33,500	33,500	33,500	33,500
Single Dry	19,700	19,700	19,700	19,700	19,700	19,700
Multiple Dry	21,000	21,000	21,000	21,000	21,000	21,000
Existing and Projected Water Demand						
Average Annual	7,312	8,465	8,296	9,036	9,776	-
Existing and Projected Water Demand As a Percent of Supply by Hydrologic Condition						
Average	32%	37%	36%	39%	43%	-
Wet	22%	25%	25%	27%	29%	-
Single Dry	37%	43%	42%	46%	50%	-
Multiple Dry	35%	40%	40%	43%	47%	-
<p><i>Source:</i> 2010 City of Gilroy UWMP, Table 3-4 Existing and Projected Supply versus Demand Comparison, 2010 Urban Water Management Plan, City of Gilroy, page, 3-6.</p> <p><i>Notes:</i></p> <p>1. Assumes that water supply is made available at the natural groundwater recharge rate noted in the SCVWD 2010 UWMP Table 3-4.</p> <p>2. Assumes that water supply is to remain constant for respective hydrologic conditions as noted in the SCVWD 2010 UWMP Chapter 10.</p>						

From Figure 10-5, it is evident that groundwater supplies are more than adequate to meet projected demand needs into the future, regardless of hydrologic condition. Even by 2030, demands are not expected to exceed 50 percent of the assumed groundwater supplies available to the City.

WATER INFRASTRUCTURE AND FACILITIES

The Gilroy water system is a comprehensive water supply, storage and delivery system. The system consists of three pressure zones. A total of nine wells located throughout the City are capable of producing 17.6 million gallons per day (MGD), with a pump capacity of 13,000 gallons per minute. The City does not plan to drill another well until 2018.

Water Treatment Facilities

Gilroy does not have any water treatment facilities. Groundwater is lightly chlorinated for water quality purposes.

Water Storage Facilities

The City has 11 active storage tanks with a combined storage capacity of 13 MG.

Conveyance and Distribution Facilities

The water distribution system is composed of over 120 miles of distribution lines. The distribution system also consists of six pump stations, each with three pumps, two of which are on standby for emergency purposes. The system also features zero pressure reducing valves, 1,550 fire hydrants, 1,312 backflow prevention devices, and 12,905 water service connections. The system also includes an automated Supervisory Control and Data Acquisition (SCADA) System that control distribution of water throughout the system.

The City reported that in calendar year 2010 there were four main line breaks or leaks, and six service connection breaks or leaks. The City did not issue any 'boil water' orders or report any water outages.

Infrastructure Needs & Capital Improvement Program

The current capital improvement program identifies 19 capital improvement projects scheduled over the six-year planning period. Particular focus is being placed on replacing water meters (\$100,000 each year). In FY 16-17, the City plans to reconstruct the First Street water main and paint and repair water storage tanks. Refer to the Financing Section for details.

Shared Facilities

The City does not share any facilities with any other agencies or organizations.

WATER QUALITY

Source Water

According to CDPH's Drinking Water Source Assessment, which evaluates the vulnerability of water sources to contamination, Well No 1 and Well No. 2 are vulnerable to the following activities associated with contaminants detected in the water supply: metal plating/refinishing/fabricating, automobile repair shops and gas stations, machine shops, and dry cleaners. The City reports that these wells are tested monthly to monitor the presence of these contaminants.

According to the California Department of Public Health (CDPH) Drinking Water Source Assessment, which evaluates the vulnerability of water sources to contamination, the SVCWD's surface source waters are susceptible to potential contamination from sea water intrusion and organic matter in the Delta and from a variety of land use practices, such as agricultural and urban runoff, recreation activities, livestock grazing, and residential and industrial development. Local sources are also vulnerable to potential contamination from commercial stables and historic mining practices.

Treated Water

Quality of treated water can be evaluated according to several measures. For the purposes of this report, the following indicators are used: the number of violations as reported by the EPA since 2000, the number of days in full compliance with Primary Drinking Water Regulations in 2010, and any deficiencies identified by DPH as prioritized health concerns.

The City of Gilroy does not treat water derived from the City's municipal wells. Groundwater is lightly chlorinated for water quality purposes.

According to the federal Environmental Protection Agency (EPA) through its Safe Drinking Water Information System (SDWIS), the City of Gilroy did not have any health based violations or monitoring and reporting violations during the 2000-2010 period.

The City's 2010 Water Quality Report indicates that the City's potable water supply from groundwater sources met all state and federal drinking water health standards. In order to insure that water quality standards are met, drinking water samples are collected daily throughout the City and analyzed for a variety of regulated and unregulated contaminants. Samples are tested by the City's certified laboratory and an independent laboratory using the latest testing procedures and equipment. Of the parameters tested, none were found to be higher than the California Department of Public Health (CDPH) allows. The City continues to test for perchlorate (salts derived from perchloric acid) resulting from a perchlorate plume originating at the Olin Site in Morgan Hill. City has tested for perchlorate since February of 2003, with all results showing non-detect except at 3 Wells which are below the MCL.

The CDPH Annual Water System Sanitary Survey was conducted in January and February of 2011, with the following items identified for follow-up action:

- ❖ Conduct additional sampling and testing for synthetic organic chemicals (SOC) on eight wells in the first and second quarter of 2011.

The required testing was completed by March 30 and June 20, 2011, as required.

The survey also identified minor deficiencies at four storage tanks and three wells. These deficiencies have been remedied by the City.

CITY OF GILROY SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- ❖ The current 2010 population of Gilroy is 48,821.
- ❖ ABAG estimates that Gilroy will grow by 42.6 percent over the next 25 years to an estimated population of 69,600.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ Groundwater supplies are more than adequate to meet projected demand needs into the future, regardless of hydrologic condition.
- ❖ The Gilroy water supply and distribution system has sufficient capacity to serve all water customers within its service area.
- ❖ An emergency backup water supply is provided by above-ground water storage tanks, with an effective capacity of 13.0 million gallons. This storage capacity can provide approximately 24 hours of emergency water under a maximum daily demand scenario.
- ❖ The Water Systems Division has a modest Capital Improvement Program, but does include \$100,000 per year for water meter replacement.
- ❖ The City provides high quality water based on city compliance with drinking water regulations, a lack of health and monitoring violations since 2000, and timely thorough city response to California Department of Public Health infrastructure and operational concerns.
- ❖ The City continues to test for perchlorate (salts derived from perchloric acid) resulting from a perchlorate plume originating at the Olin Site in Morgan Hill. The City has tested for perchlorate since February of 2003, with all results showing non-detectible.
- ❖ City management methods appear to generally meet accepted best management practices. The City prepares a budget before the beginning of each fiscal year, has a detailed Capital Improvement Program, conducts periodic financial audits, maintains relatively current transparent financial records, regularly evaluates rates and fees, tracks employee and department workload, and has established a process to address complaints.

Financial Ability of Agency to Provide Services

- ❖ As an Enterprise Fund, the Gilroy water system has sufficient financial resources to provide an adequate level of service. Gilroy has not revised its water rates since January of 2009. A rate study is currently being conducted to determine whether water rates need to be raised.
- ❖ The City has a modest capital improvement program that includes upgrading of water meters. Extensive improvements to the water system are not yet necessary due the relatively young age of the system. The City does not plan to drill another well until 2018.

Status and Opportunities for Shared Facilities

- ❖ The City water system is a stand-alone enterprise, without any connections or interties to any other water system. The City does utilize recycled water from the South County Regional Wastewater Authority.
- ❖ The City collaborates with the Santa Clara Valley Water District, and partners with the City of Morgan Hill on the South County Regional Wastewater Authority.
- ❖ The City has not identified further opportunities for facility sharing.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- ❖ Accountability is best ensured when contested elections are held for governing body seats, constituent outreach is conducted to promote accountability and ensure that constituents are informed and not disenfranchised, and public agency operations and management are transparent to the public. The City demonstrated accountability with respect to all of these factors.
- ❖ The City does not have a water-related advisory commission or committee.
- ❖ Efficiencies have been gained recently with the installation and operability of a new SCADA system, utilizing 'off peak' pumping of municipal wells, flushing 20 percent of hydrants each year, reduction in the number of water leaks, use of water meters for construction water, and replacement of 600 water meters per year with 'radio read' meters. The City has exceeded its water use reduction goal.
- ❖ No alternative government structure options have been identified for Gilroy.