



CITY COUNCIL STAFF REPORT

ITEM NO. 7.1

DATE: July 13, 2026

TO: Honorable Mayor and City Council

FROM: Brandon Cardwell, Innovation and Economic Development Director

SUBJECT: Authorization to negotiate a Development Agreement with Gillig to facilitate campus expansion.

RECOMMENDED ACTION

Staff recommends that the City Council adopt a resolution authorizing staff to negotiate a Development Agreement with Gillig for the general subject areas identified in this report.

SUMMARY

Gillig, a bus manufacturer located in the Oaks Business Park, has requested that the City close a portion of Discovery Drive to facilitate a proposed campus expansion, and has submitted a Development Agreement application to effectuate this request. The Livermore Development Code requires the City Council to authorize staff to negotiate a Development Agreement before negotiations may begin and to identify the general subject areas for negotiation.

Staff recommends that the City Council authorize staff to negotiate a Development Agreement with Gillig that would generally address closure of a portion of Discovery Drive, establish a Performance Schedule ensuring Gillig's campus expansion occurs in a timely manner, and include potential right-of-way dedication and trail-related public improvements.

The proposed Development Agreement is expected to provide significant public benefits, primarily through increased tax revenues, job creation, and retention of a major employer in Livermore.

Authorizing staff to negotiate would not approve a Development Agreement or authorize or require the street closure. The City Council would consider the final Development Agreement and all required street vacation actions at a future public meeting. There are no environmental or fiscal impacts resulting from authorization to negotiate. The proposed action is consistent with the 2023-2028 Strategic Plan.

DISCUSSION

Background

In October 2024, Gillig, a bus manufacturer located in the Oaks Business Park at 451 Discovery Drive, contacted City Economic Development and Community Development staff regarding a potential campus expansion. The proposed expansion would occur adjacent to Gillig's existing facility and would include approximately 17 acres along the western side of Discovery Drive.

The expanded campus would include approximately 80,000 to 110,000 square feet of office space, 80,000 square feet of warehouse space, 500 employee parking stalls, and a new transit bus parking and fleet support area, as shown on the conceptual site plan included as Attachment 1. Gillig proposes to consolidate its operations in Livermore, move its aftermarket parts facility to Livermore, provide additional employee parking, provide an enhanced and dedicated area for storage, testing, and preparation of its bus products, and allow for future zero emission vehicle flexibility with potential site preparation for electric transit fast charging stations and hydrogen fueling infrastructure. The proposed development would generate significant cross-traffic across the northern portion of Discovery Drive, with buses, equipment, and employees crossing the public right-of-way at regular intervals.

To avoid conflicts with public traffic, ensure that future operations are not constrained, and facilitate the proposed campus expansion, Gillig has requested that the northern portion of Discovery Drive be privatized or otherwise closed to public traffic. This portion of Discovery Drive is referred to in this report as the "Closure Segment." The proposed street closure area is shown in Attachment 2.

Gillig submitted an application for a Development Agreement (DA26-001) as required by Livermore Development Code Chapter 9.04, including a formal request for the City to vacate the Closure Segment.

Authorization to Negotiate

Livermore Development Code Section 9.04.040(B) requires the City Council to determine whether it wishes to consider a Development Agreement before a final agreement is brought forward for approval. The Development Code also requires the City Council to authorize the general subject areas for negotiation before negotiations begin.

Given Gillig's application and the public benefits described in this report, staff recommends that the City Council authorize staff to negotiate a Development Agreement with Gillig addressing the following general subject areas:

1. Street closure and reversion;
2. Campus expansion and relocation of Gillig operations to Livermore; and
3. Right-of-way dedication and trail construction.

This agenda item requests authorization to negotiate only. It does not approve a Development Agreement, authorize the street closure, or approve any future development. If authorized, staff would begin negotiations with Gillig within the general subject areas identified above.

Any final Development Agreement would return to the City Council for consideration at a subsequent public meeting, following review and recommendation by the Planning Commission.

Street Closure

Since October 2024, staff has worked collaboratively with Gillig and a traffic consultant to evaluate the

potential effects of closing the Closure Segment. Based on the preliminary traffic report included as Attachment 3, a majority of peak-hour trips along the Closure Segment are generated by Gillig employees. The report concludes that, provided Gillig employees retain access to the Closure Segment, closure of the street would not result in significant Level of Service impacts at surrounding intersections. For this reason, staff has determined that the proposed street closure is technically feasible.

Local street vacations are governed by California Streets and Highways Code Section 8320 et seq. Before vacating a public street, the City must determine that the street is unnecessary for present or prospective public use and that the vacation serves a public purpose. In addition, the City must complete the General Street Vacation process, which includes a public protest hearing and separate final adoption.

Based on the traffic study prepared for the proposed closure, staff has preliminarily determined that Discovery Drive is not heavily used by members of the public other than Gillig employees and that its closure would not result in a significant impact to area levels of service. Gillig has also reported excessive nighttime speeding and other potentially dangerous activity within the Discovery Drive right-of-way. Based on this information, staff has preliminarily concluded that Discovery Drive may be unnecessary for public use and that its closure could enhance public safety and serve a public purpose. If the City Council authorizes staff to begin Development Agreement negotiations that include closure of Discovery Drive, staff would return at a future public hearing with a more complete public use and public purpose analysis and all required General Street Vacation actions, consistent with state law.

Public Benefit

Article XVI, Section 6 of the California Constitution prohibits cities from making gifts of public funds or things of value to private parties. Accordingly, when a City action or agreement provides value to a private entity, the City should identify and document the public purpose served by that action. In addition, Livermore Development Code Section 9.04.050(D)(1) requires that all Development Agreements provide a benefit to the City.

The proposed Gillig campus expansion would provide significant public benefits to the City, primarily through increased tax revenue, job creation, private investment, and retention of one of Livermore's major employers. Gillig preliminarily estimates that the new campus expansion would generate approximately \$450,000 in annual tax revenue, represent an approximately \$60 million investment in Livermore, and provide for 240 new jobs.

If authorized to negotiate, staff would seek to secure public benefits for the City consistent with the general subject areas identified in this report.

PILLAR

2: Economy That Prospers

GOAL

5: Facilitate the development of commercial and industrial projects that provide high-quality local jobs and support a diverse local economy

ENVIRONMENTAL DETERMINATION

Authorization to negotiate a future Development Agreement is not a “project” under the California Environmental Quality Act, or CEQA, because it would not cause a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Any future campus expansion, Development Agreement, or street vacation action would be subject to separate environmental review in accordance with CEQA, as applicable.

FISCAL AND ADMINISTRATIVE IMPACTS

Authorization to negotiate would require staff time to negotiate the terms and timing of a potential Development Agreement. The Development Agreement application fees paid by the applicant are intended to recover the City’s costs associated with processing the application.

ATTACHMENTS

- 1. Campus Expansion Concept Plan
- 2. Proposed Road Closure Segment
- 3. Preliminary Traffic Study
- 4. Resolution

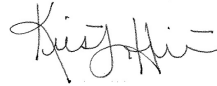
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