



CITY MANAGER

January 11, 2017

Welcome to 2017 and what promises to be a great year here in our wonderful Dynamic City on the Bay. I wanted to provide the community with a look back at our key accomplishments in Hercules for 2016 and to share with you some exciting things which will occur in 2017.

City Finances

Hit hard by the effects of the Great Recession, the City continues on its path to fiscal sustainability. The FY 2016/17 budget adopted in June, 2016, was balanced with operating revenues exceeding operating expenses and one-time funds directed to much needed capital improvements and repairs; the City's reserves were increased, and most, but not all, employee wage and benefit concessions were restored. The 2015/16 fiscal year which ended on June 30, 2016, showed revenues were achieved as budgeted and operating expenses were below what was budgeted with positive results.

Development

- The four story residential building on Sycamore now known as Aventine was completed and is at stabilized occupancy after just a few months; a welcome addition at a key entry point to the City.
- Taylor Morrison started construction on the 144 unit Muir Pointe community on Parcel C, with the model home complex close to completion.
- The Sycamore Crossing site, which is bound by San Pablo, Sycamore, and Tsushima, was sold to Lewis Companies who are exploring a mix of retail, commercial and some residential on the site, including the possibility of the first hotel in the City.
- The Bayfront site also changed hands last year and is owned by a new entity with Canadian based builder/developer Ledcor being the principal owner; they are planning on starting construction of their first phase of residential development in the second half of 2017; this project will also include a significant commercial and retail component.
- The Planning Commission undertook a conceptual review in December of the new Safeway proposed for the Market Hall site at San Pablo and Sycamore, with the development expected to start in the second half of 2017 as well.
- The owner of the Hilltown site at San Pablo and John Muir Parkway/Highway 4 is exploring new development concepts for that site having hosted an initial community meeting in late 2016 with plans to submit for entitlements in 2017.

As a result of these projects we will soon have significantly more shopping options in Hercules. This will allow us to shop more locally, and will significantly increase our sales tax base. With all these developments and projects you may experience some traffic delays and there is always some noise associated with the construction of such large projects. We appreciate your patience as these projects move forward.

Hercules Regional Intermodal Transportation Center

The Hercules Regional Intermodal Transportation Center will make Hercules a regional transportation hub by bringing rail, bus, and possibly ferry service to Hercules. The second phase is substantially complete and will open for public use in February, 2017. This phase extended John Muir Parkway to Bayfront Boulevard with a new bridge across Refugio Creek, and includes a new Creekside trail, an interim connection to the recently completed Bay Trail extension, and the restoration of Refugio Creek. Entirely grant

funded, the completion of this phase allows for the master-planned Bayfront project to proceed. The next phase of this multi-phased project scheduled for the third quarter of 2017 will be the construction of the Bay Trail West segment from Railroad Avenue at Bayfront Boulevard toward Pinole. City officials will continue working with federal, state, and local agencies to secure the additional funding necessary to complete all phases of the project.

Capital Improvement and Repair

The long planned upgrade and expansion of the joint Pinole-Hercules Waster Water Plant is under construction, funded with a low interest loan from the State of California. This more than \$50 million project (the cost split between Pinole and Hercules) will ensure we meet water quality requirements going into the future. Close to 25% of the construction was completed by the end of 2016. In 2017 we will turn our attention to much needed improvements and repair of the local sewer collection system including the main sewer line which carries all of the waste water from Hercules to the plant in Pinole. Refugio Valley Road was reconstructed in 2016 with a major slurry seal, with new striping to take place mid-year in 2017. The City completed a number of projects on an expedited basis using the State's Uniform Cost Accounting program adopted by the City Council in 2016 including the reconstruction of the tennis practice wall in Refugio Valley Park, the repair and replacement of lighting in the Victoria by the Bay neighborhood, among others. The re-plastering of the pools at the Community Center started in December and will be completed in February as well.

Quality of Life

A number of initiatives to enhance and preserve the quality of life in Hercules have been put in place last year. Hercules became the first City in the PG & E service area to opt into their Solar Choice program which has electricity for key City facilities being supplied from renewable solar sources. Working with volunteers, we have revived a level of code compliance where we are reaching out to residents to seek their voluntary compliance with the City's codes and ensure Hercules remains a safe and attractive community. While most residents bring their property into compliance once contacted, the City Council approved a new tool to help ensure compliance with the approval in 2016 of an Administrative Citation Program which is a less costly and more effective approach to code compliance; this program will be rolled out in 2017 and some additional funds were allocated to step up code compliance efforts.

An update of the Circulation element of the City's General Plan was initiated towards the end of 2016 with the first public workshop having taken place in December. The Circulation Element update will be completed by mid-2017 and residents can find more information on that effort on the City's website. In partnership with a local company, a summer community event was introduced in 2016 – Social Bite, which was a food truck festival with entertainment in Refugio Valley Park. The City hosted two family movie nights in Refugio Valley Park in September and October. Look for these events and others to take place again in 2017.

Hercules was fortunate to have received some one-time funds from the State to be able to hire two additional Police Officers for a two year period. The first officer hired with the funding is in her field training period, and the second officer is in the Law Enforcement Academy. Public safety remains a high priority for 2017 and our community is one of the safest in the State as a result.

2017 and Beyond

2017 promises to be another good year for Hercules. The City Council continues to provide dedicated leadership for the community. In the first quarter of 2017, the City Council and our Executive Team will be dedicating time to update the City's Strategic Plan and doing goal setting to set the stage for the development of the FY 2017/18 budget. Our new Finance Director Annie To and her team are updating our finance procedures and processes and we continue to receive a clean bill of health form our annual audits, which are timely. We have been fortunate to have had the services of Sherry Kelly as our Interim Administrative Services Director/City Clerk and I look forward to welcoming a permanent replacement early in 2017 for Margaret Roberts who retired in 2016.

All of our employees, who together make up Hercules' Team Dynamic, work very hard to make Hercules a great place to live and work. I have been impressed with their collective commitment to the City and the community with many having served us through the most difficult of times and would like to thank them for their efforts and for going above and beyond every day.

I am now in my third year as the City Manager in Hercules and truly enjoy helping to move the City and community forward. If you would like to keep up with what is happening in the City of Hercules, you can go to the City's website and subscribe to the City Manager's Bi-Weekly Report under the eNotice Sign-up tab on the City's homepage: www.ci.hercules.ca.us. Happy 2017 to all!



David C. Biggs
City Manager