



**MINUTES**

**HERCULES CITY COUNCIL AND REDEVELOPMENT AGENCY**

Joint City Council Finance Sub-committee

and

Ad Hoc Citizens Advisory Finance Committee (CFAC)

**June 3, 2011**

City Hall Council Chambers Room

111 Civic Drive, Hercules, CA 94547-1771

**Members Present**

Myrna DeVera, Vice-Mayor, John Delgado, Council Member,  
Hector Rubio, Chair, Virgilio DeLaVega, Vice-Chair  
Frank Batara, Gabriel Naguiz, William Wilkins,

**Staff Present**

Fred Del Torchio, Liz Warmerdam,  
Frank Fox, Bill Goswick, Ruben Rodriguez, Alex Abetkov

**Guests Present**

Anton Jungherr, Dan Romero, Mike Bowermaster,  
Laila Kearney, Sherry McCoy, Tom Lochner

Meeting Called to Order: 6:10 PM

**1. Budget Preparation (Warmerdam/Deltorchio)**

Liz Warmerdam began with an overview of the budget process to date starting with the General Fund's structural deficit as identified by Municipal Resources Group to be \$6.2 million for Fiscal Year 2010-2011, and the City's revenue stream of \$12.7 million.

To eliminate the deficit, the City has laid off 26 employees (non-sworn officers); cut City funded programs; allocated staff costs from the General Fund to other funds maintained by the City; and restructuring of the Parks and Recreation department. These cuts have reduced the City's expenditures by \$3.0 million; however, a structural deficit of \$3.2 million remains. The City is negotiating with the Teamsters for wage and benefits concessions to close the remaining gap; Unrepresented (UR) and Senior Represented (SR) employees are expected to follow with the concessions agreed to by the Teamsters.

Employee concessions are estimated at \$1.34 million and Hercules Police Officers Association (HPOA) at \$1.22 million; further reducing the expenditures so that only a deficit of \$640,000 remains.

In the event that no concessions are agreed to by the Teamsters and HPOA, the Finance department is preparing an emergency "Doomsday" budget where all Parks and Recreation programs will be closed, including the Teen Center, Senior Center, Swim Center, and Library to close the \$3.2 million gap.

## **2. Budget Discussion – Police Department (Goswick/Warmerdam)**

Bill Goswick distributed a draft budget of expenditures for FY2011-2012 including a cost breakdown for 14 program areas and activities performed by the Police Department. In FY2010-2011 the department had a budget of \$7.0 million and comprised 37% of the General Fund. The proposed budget is \$5.5 million, comprising 43% of the proposed \$12.7 million General Fund.

Budget reductions have already begun with early retirements of sworn officers, and layoffs of non-sworn staff. Cost savings will also be achieved by higher use of the unpaid Explorers group to assist in writing parking tickets and other non-emergency duties; older police vehicles will not be replaced, but higher maintenance costs will be realized as some vehicles have logged nearly 100,000 miles. Mandated training will be performed in-house as much as possible since the reimbursement of outside training only recovered 70% of the costs.

The current staff is 29 employees of which 26 are sworn officers with a ratio of 1.04 officers per 1000 residents. This is the minimum level of officers needed by the Department to actively patrol and make stops; a ratio below 1.0 only allows the department to react to calls and would eliminate the investigative team. Each officer has an average cost to the General Fund of \$170,000 in salary and benefits; including a retirement contribution equal to 35% of salary.

Discussion continued on line items of the program areas:

- Dispatch center costs of \$500,000 are paid to Pinole to cover two full-time dispatchers on duty 24/7 plus a records clerk, cross trained to cover during sick days and holidays. Fire district does not use the Pinole dispatch center and has its own facilities.
- HPD has police motorcycles that are dual purpose machines suitable for paved and dirt roads; primarily used to patrol fire trails, green belt areas, and special events.
- Police radio replacement program will purchase new radios in conjunction with Richmond and 4 other West County cities using a 4-year lease-to-buy program. The joint purchase will take advantage of volume discounts from the manufacturer. The current HPD radios were purchased in August 2000. This cost includes funds for signal enhancements to add repeaters to cover dead zones that may be discovered after the system is operational. The backbone for the system will be paid through grants from Homeland Security.

Discussion continued on the possibility of HPD merging with the Pinole Police Department as a joint department. The opportunity is viable since the police chiefs for both cities have retired and both cities are facing budget shortfalls. The possibility exists of a new chief being hired and vetted by both cities and tasked with merging the two departments into a regional police force. Deltorchio stated that combined operations can be readily worked out due to the similar sizes of the two cities and police agencies; however, he pointed out that it would be

difficult politically as citizens of both cities may be reluctant to relinquish direct control of their respective agencies.

The Hercules Police Officers Association (HPOA) is considering placing a parcel tax on a future ballot to pay for police services, and needs a resolution or an ordinance from the City Council allowing a parcel tax for public safety. HPOA is currently raising funds to champion a parcel tax, which can cost up to \$60,000 to pass the tax. Any parcel tax would have a sunset clause. The cities of El Cerrito and Kensington are known to have passed parcel taxes for public safety. If passed, funds from a parcel tax would not be received until 18 months later since it must be added by the assessor to the property tax bills which are paid semi-annually.

Discussion continued on possible solutions to increase revenues:

- Raise franchise fees from Richmond Sanitary, Comcast, and other utilities
- Increase sales tax rate
- Parcel tax - \$1.0 million could be raised by a tax of \$118 per parcel.

HPOA and the Teamsters will meet with the Interim City Manager next week with responses to the proposed concessions on employee benefits. Any tentative agreement must be voted on and ratified by employees. Unrepresented employees and senior level employees are expected to match concessions accepted by the Teamsters. HPOA may propose alternate concessions. Layoff notices were given to 3 sworn officers bringing the number of officers to 21, which is the service level of FY 2003-2004 prior to the construction of Victoria by the Bay, Promenade and Bayside developments.

Meeting Adjourned: 9:10 pm

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