



**MINUTES**

**HERCULES CITY COUNCIL AND REDEVELOPMENT AGENCY**

Joint City Council Finance Sub-committee

and

Ad Hoc Citizens Advisory Finance Committee (CFAC)

**June 22, 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 de la Vega, Frank Batara,  
William Wilkins, Gabriel Naguit

**Staff Present**

Liz Warmerdam, Kathleen VonAchen, Fred Deltorchio  
Bill Goswick, Pedro Jimenez, John McGuire, Dennis Tagashira

**Guests Present**

(Please insert names from sign-up sheet)

Meeting Called to Order: 6:00 PM

**1. Continuation of Budget Workshop (Warmerdam & VonAchen)**

Liz Warmerdam distributed a list of City Council memberships in various organizations and their related fees. WCCTAC stood out at a cost of \$42,772. Discussion ensued on the merits of maintaining all these memberships and whether some should be cancelled.

All agreed that the City must not isolate itself from other communities and should maintain its contacts with various State and local agencies as we continue seeking grants. The finance department will inquire into the high cost for WCCTAC and seek a reduction if merited.

Discussion returned to the projected revenues and expenditures of the City departments on a line-by-line basis.

- City Manager: Line items for Consulting Services and other Professional Services will be cut in half to \$75,000.
- Risk Management: General Liability, Workers Comp and ERMA increased due to higher costs.
- Unemployment Insurance is higher. City is self-insured and responsible for unemployment benefits; costs will rise due to the recent layoffs. Calculations are based on salary earned; the maximum unemployment benefit is \$448 per week.
- Education reimbursement for all departments reduced to \$0.00 from \$27,000.
- Cable Access TV payments to Pinole to broadcast public meetings will have a slight reduction to \$22,000 based on actual expenses.
- Finance Department will pay \$210,000 in assessments for City owned land – Parcel C.
- Community Development: Increased the line item for Other Professional Services to \$60,000 for the possibility of demolishing homes affected by the landslide on Carson St. Estimates of \$28,000 per home were received by staff.

Police Department:

- Bill Goswick stated that replacement vehicle purchases will be postponed, but offset with an increase in the vehicle repair budget to \$65,000 for the higher costs to maintain three vehicles with 100,000+ mileage. Replacement vehicles may be purchased in the future either new, or slightly used from other agencies with staff reductions and surplus vehicles.
- Dispatch services will be reduced to \$465,000 at actual cost paid to Pinole; less than the \$500,000 budgeted in the past.
- Other Government Agency Charges of \$655,000 are primarily booking fees paid to the county jail. HPD is looking at ways of recovering some of this cost, perhaps via a poundage fee paid for by bail bondsmen.

Parks & Recreation:

- Pedro Jimenez will meet with the Senior Center users and discuss reductions in staff and hours of operation.
- Three supervisors received layoff notices; one each in the Aquatics, Teen Center and Senior Center programs; four supervisors remain in other programs.
- Consolidated sites for childcare at a single location. Operated with six full time staff, compared to 13 last year. Reduced size of each program and limited the number of participants.
- City support for additional library hours will be cut entirely. Friends of the Hercules Library (FHL) will contract with the County and fundraise for the \$41,000 needed to maintain 5 additional hours and retain the full time librarian. The library budget will show \$41,000 as revenue from FHL, and \$41,000 as an expense paid to the County.
- Parks & Recreation will be revenue neutral and not subsidized by the General Fund. Its budget will be \$1.93 million in revenues and expenditures.

**2. Master Fee Schedule (Warmerdam & Tagashira)**

Liz Warmerdam presented the updated fee schedule. The majority of fees were increased to cover the costs of providing the services, with a few exceptions:

The Live Scan Background Check fee was too high when compared to neighboring communities; volunteers needing the service were going to Pinole where the fee is much lower. The fee was reduced to align with neighboring communities.

Discussion continued with the Planning Department fees. Dennis Tagashira proposes changing the current flat fee structure into Deposit Accounts whereby a developer would deposit a lump sum that would drawn down as services are performed for Zoning changes, General Plan Amendments, Plan Development Plans, etc. Any remaining funds at the end of the process would be refunded back to the developer.

Deposit accounts are used by Walnut Creek, Pleasanton and other cities that are experiencing rapid growths in development and population. Staff at these cities recommend the deposit accounts as a way of recovering the continuing costs incurred by the planning department during the review and approval process.

At present, Planning charges a flat fee at the start of the development process; however, the complexity of the tasks and the costs to be incurred by Planning are not fully known at that time. Dennis explained that the current flat fee, has not fully recovered the costs on any project in the last 5 years.

Council member Dan Romero strongly objected to raising the Planning fees as they would discourage developers from building in Hercules. He cited a conversation with a developer who felt the new fees would adversely affect a project by triggering the prevailing wage requirements should the City grant waivers to these new fees.

Committee members requested further clarification on how Planning fees could trigger prevailing wage requirements since the higher Planning fees are being instituted to recover the planning costs of the project and as such are not typically subject to waiver. Discussion continued with no resolution.

Liz Warmerdam offered a compromise to maintain the current fee structure, but have Dennis Tagashira study the effects of the Deposit Accounts and bring his findings to the committee for further discussion. Liz noted that the Master Fee Schedule could be changed at any time by Council action, and recommends that the Council review the fees on a quarterly basis.

The committee agreed to the compromise and will revisit the Planning fees within the first quarter of the new fiscal year.

Warmerdam directed the discussion towards a recommendation from Francisco Associates for the Lighting and Landscaping Districts to setup a capital reserve account for the replacement of trees and other landscaping. Similarly, capital reserve accounts should be setup for the replacement of streetlights, play structures, public restrooms, and other capital improvement projects for parks.

Meeting adjourned at 11:00 pm for continuation on 6/23/11 at 6pm.

\* \* \*