



MINUTES

HERCULES CITY COUNCIL AND REDEVELOPMENT AGENCY

Joint City Council Finance Sub-committee

and

Ad Hoc Citizens Advisory Finance Committee (CFAC)

June 21, 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, Pedro Jimenez, Kathleen VonAchen, Fred Deltorchio

Guests Present

(Please insert names from sign-up sheet)

Meeting Called to Order: 9:00 PM

1. Budget Workshop (Warmerdam & VonAchen)

The budget workshop began following the installation of the newly elected City Council Members.

Kathleen VonAchen distributed the FY2011-2012 Budget Plan and the Statement of Revenues, Expenditures and Changes of Fund Balances. These documents include the financial performance and fund balances of all funds held and controlled by the City. Discussion proceeded on a line-by-line basis for the projected revenues and expenditures of each City department.

At present the General Fund has a gap of \$1.4 million, but does not include concessions from HPOA, the police officers union. If concessions are accepted, the gap will narrow to less than \$1.0 million, which will be covered by a one-time use of funds from the Fiscal Neutrality Fund; a fund setup in the past as a “rainy day” fund to cover emergency or unforeseen expenses.

The Senior Center will remain open, but hours will be reduced to operate between 10-2pm and include the nutrition program. Staffing will be reduced and positions consolidated. Hours may be increased with volunteer hours.

The City has projected revenues of \$12.3 million. If property values were to rise next year, the City would receive a nominal amount due to the very small percentage allocated to Hercules from the property taxes paid by the residents. The percentage is the lowest in West County and far below what neighboring cities receive. Hercules does not receive its fair share of the property taxes paid by its residents to the County. In the best case scenario, revenues would increase to \$14.0 million should a favorable increase be granted by the County Supervisors.

Recommendation: The committee recommends that the City Council contact, lobby, and persuade the Contra Costa County Supervisors to raise the Hercules tax allocation to a percentage more in line with our neighbors.

Discussion continued on the various fees charged by the City.

- Art in Public Places fee, which is an ordinance begun last year, charging a 1% fee on new construction. No funds have been collected to date. Council should discuss the appropriateness of this fee.
- General Plan Amendment fee at 1% does not generally cover the Planning Department’s costs and needs to be raised, or the process altered.
- Fees will be reviewed quarterly and allow adjustments up or down as needed to ensure that the revenues collected match the costs of providing the service.

City Council compensation and expenses were discussed. Members agreed on a 20% cut in pay, plus no additional payments for attending meetings, and the City would not pay the employee portion of the PERS retirement. Reimbursement for the out-of pocket health care premiums paid by Council Members would continue, but will be subject to adjustment at future meetings after more study and discussion.

Meeting adjourned at 11:00 pm for continuation on 6/22/11 at 6pm.

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