

# **Hercules Finances: Status, Actions & Next Steps**

# General Fund Budget Reductions

	FY 2010	FY 2011	FY 2012
	Actual	Budget	Budget
General Fund Expenses	20,552,573	18,391,441	13,044,544
Percentage Decrease	-----	(10.52%)	(29.07%)
Cumulative Decrease	-----	(10.52%)	(36.53%)

# Personnel Reductions

	FY 2010	FY 2011	FY 2012	FY 2012
	Actual	Actual	Actual (through March 13, 2012)	Actual (after April, 2012)
Full Time Police Officers	29	25	23	20
Full Time (Other than Police Officers)	64	41	36	34
Part Time	97	70	54	54
Total	190	136	113	108
Cumulative % Reduction	---	(28.42%)	(40.53%)	(43.16%)

# General Fund Analysis Through January 31, 2012

	Budget FY2012	Rollover Budget FY2012	Actual	Goal 58%
General Fund Revenue	13,734,996	13,734,996	6,910,920	
Transfers In	<u>1,380,612</u>	<u>1,380,612</u>	<u>1,373,612</u>	
Total GF Revenue/Trans In	15,115,608	15,115,608	8,284,532	55%
General Fund Expenses	13,044,544	*13,338,302	8,162,925	
Transfers Out	<u>2,071,064</u>	<u>2,071,064</u>	<u>516,000</u>	
Total GF Expenses/Trans Out	15,115,608	15,409,366	8,678,925	56%
* Rollover Budget, General Fund Expenses include un-liquidated purchase orders from prior year				

# Structural Deficit

- The structural deficit of \$1,600,000 is comprised of:
  - \$850,000 of one time money
  - \$250,000 Wastewater Franchise Fee not implemented
  - \$500,000 Redevelopment Agency and Hercules Municipal Utility operating costs not recoverable

# Reduction in Personnel FY 2012

- Hercules Municipal Utility – 1
- Planning – 2
- Police – 3
- City Manager – 2
- Finance & Human Resources – 2
- Parks & Recreation – 2
- Total = 12

# Redevelopment/Ambac Issue

- August bond payment of \$5.3 million paid from pooled cash, as RDA fund was negative
- \$4.1 million of December tax increment was used to repay pooled cash, as pooled cash would otherwise lack funds to continue essential operations through June.
- Settlement with Ambac averts necessity for pre-bankruptcy mediation proceedings

# Actions Taken in 2012

- Sold Yellow Freight Site to pay back Development Impact Fee Funds
- Completed Bayfront Intermodal Transit Center Transaction for Economic Development
- Entered into Purchase & Sale Agreement for Sycamore Crossing for Economic Development
- Settled Ambac Lawsuit to avert bankruptcy
- Further Reduced Workforce and Operating Costs to Reduce Expenses
- Placed ½ Cent Sales Tax Measure on June Ballot to Increase Revenues

# Next Steps

- Procure Initial Funding from CCTA for Intermodal Transit Center
- Sell Surplus Properties to Pay Off One-Time Debts (Ambac, Oliver, CalHFA)
- Produce Audited Financial Statement for 2010-2011
- Produce Balanced Budget for 2012-2013
- Get State Legislation to Increase Share of Property Tax from 3.34% to at least 7%

# Property Tax Share

- Hercules – 3.34%
  - Richmond – 24.92%
  - El Cerrito – 18.69%
  - Pinole – 8.72%
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- Above numbers based on fiscal year 2010-11
  - Hercules should be getting a minimum of 7% of the property tax share
  - 7% would increase revenue by \$1 million