Department/Division: City Manager and City Attorney
Project/Program: Redevelopment Agency Bond Default
Project/Program Lead: Steve Duran/Patrick Tang

Project/Program Description: The Hercules Redevelopment Agency, which as of February 1, 2012 no longer exists, defaulted on its February 1, 2012 bond payment. The problem was that the Agency had no money and its fund balance was negative. With the end of redevelopment agencies statewide, the City decided to no longer subsidize Agency bond payments and to retain the December 2011 Redevelopment Tax Increment in pooled cash to partially cover the subsidy that pooled cash had previously advanced the Agency for bond payments. The bond holders were paid because they are protected by bond insurance from which bond payments may also be drawn. The Redevelopment Agency bond insurer, Ambac, filed suit in Superior Court to force the City to immediately turn over $4.1 million to the Redevelopment Agency bond trustee and attach certain real property as security. The parties reached a settlement and a stipulation in March of 2012, which was approved by and is being overseen by the court and requires that the City sell certain real property assets, known as Parcel C and Victoria Crescent. This outcome has kept the City from having to consider pre-bankruptcy mediation and a potential Chapter 9 bankruptcy protection filing.

Status: State Assembly Bill AB 1484 created additional bureaucratic obstacles to completing these transactions. However, the state Department of Finance has approved the sales of Victoria Crescent, Parcel C and Sycamore Crossing, which will net enough money to pay Ambac what the Agency owes. Ambac and the City have not come to terms on a new stipulation and the court has lifted the stay on the existing stipulations. Our next case management meeting is scheduled for November 20, 2013, with briefs due the week before.

Next Steps:

- Continue to implement the court approved stipulations.
- Negotiate amendment of the court approved stipulations.
- Prepare for November 20, case management meeting.
- Close escrow on the three properties being sold to meet this Agency obligation.

Department/Division: City Manager
Project/Program: Redevelopment Agency Dissolution
Project/Program Lead: Steve Duran/Nickie Mastay.

Project/Program Description: The Hercules Redevelopment Agency was legally dissolved as of February 1, 2012. The City chose to be the Successor Agency to the non-housing portion of the dissolving Redevelopment Agency in order to ensure effective follow through with existing contractual obligations of the Agency, to complete ongoing negotiations to minimize Agency obligations and liabilities, to ensure that development of sites will be expedited and thus mitigate economic damages to the City and other taxing agencies, to create jobs and amenities for the community, and to increase the City's tax base expeditiously.

The Redevelopment Agency's affordable housing assets, other than its existing housing fund balance, is to be turned over to a successor housing agency (the "Successor Housing Agency") to continue performing affordable housing activities. The former Redevelopment Agency's affordable housing fund balance will be used to repay existing housing fund debts and/or remitted to the County Auditor-Controller for

distribution to the Taxing Entities. The City chose not to be the Successor Agency for Housing assets and a Successor Housing Agency has not been finally determined.

Status: The City as Successor Agency is developing a property management plan that sets forth the proposed use of all former Redevelopment Agency properties. Uses could include sale, lease, or civic uses. Most of the asset listed will ultimately be transferred to the City for civic purposes, as that is their current purpose. Sycamore Crossing, Parcel C and Victoria Crescent are being sold. As far as the Yellow Freight site is concerned, this property was sold and closed escrow in January 2012. The sales proceeds of approximately $1,200,000 went to pay back pooled cash for advances to the Agency for bond payments. Staff has met with Assembly Member Skinner staff to determine if there is an expeditious way of knowing who will be the housing successor agency. At this time, no one at the State level knows if the housing successor agency will be the California Department of Housing and Community Development or the Contra Costa Housing Authority.

Next Steps:

- Schedule meeting with Assembly Member Skinner's staff for an update on which agency will become the Housing Successor Agency.
- Complete non-housing asset audit; housing asset audit.
- Complete property management plan.
- State Department of Finance to issue a Certificate of Completion.

Division: Finance
Project / Program: Budget and Quarterly Variance Reporting
Project / Program Lead: Nickie Mastay

Project / Program Description: The budget for FY2013-14 was passed on June 25, 2013 and staff will be issuing quarterly variance reports until the presentation of the FY2014-15 budget, which must be passed by June 30, 2014.

Status: On June 4, 2013, the citizens of Hercules passed Measure A to increase the Utility Users Tax 2% and activate the tax on cable TV. At a June 5th meeting, the joint finance committees were presented with the general fund balanced budget Version A (excluding debt owed to CalHFA). The balanced budget for the general fund was achieved by the inclusion of $750,000 (9 months) of revenue from the passage of Measure A along with a number of expenditure reductions to balance the budget (excluding debt owed to CalHFA) with a $525 surplus. On June 11, 2013, the City Council was presented the general fund balanced budget Version A and this was the budget that was endorsed by the Citizens Finance Committee and the Measure O Citizens Oversight Board. At this meeting, the City Council reduced the City Council department expenses by $5,000 bringing the General Fund net surplus to $5,545. On June 25, 2013 the City Council adopted the FY2013-14 Budget and one year of the five year capital improvement budget. On October 29, 2013, staff presented the FY2013-14 first quarter (July through September 2013) variance analysis to the Finance Subcommittee, Citizens Finance Committee, and Measure O Citizens Oversight Board. It was suggested by the Finance Committee' to compare the first quarter actual revenue and expenses to the first quarter budget goal. Staff will add this format for the General Fund , Wastewater, and HMU.

Next Steps:

- Continue with quarterly variance reporting on the FY2013-14 Budget.

Division: Finance
Project / Program: Department of Transportation Pre-Award Audit
Project / Program Lead: Nickie Mastay

Project / Program Description: The Department of Transportation conducted a pre award audit prior to funding for the ITC Bayfront Project to determine if the City's financial management system is adequate to accumulate and segregate reasonable, allowable and allocable project costs.

Status: The auditor was on site June 5, 2012 and June 6, 2012. It was determined that the City's financial system is adequate to accumulate and segregate reasonable, allowable and allocable project costs. There were three findings. Staff is working on clearing the findings.

Next Steps:

- The City will continue to clear the following findings:
  Finding 1 – Job Cost System. Implement electronic timesheet to projects and assign project numbers in the financial system.
  Status: This item was presented to Caltrans in the Corrective Action Plan submittal 12/19/12.
  Finding 2 – City's Purchasing Guidelines. The City will enhance current purchasing guidelines by including the standards set for by 49 CFR, Part 18 and the Local Assistance Procedures Manual.
  Finding 3 – City's Record Retention. The City will enhance current record retention by making agreement and program supplement materials available at all reasonable times during the entire project period and for three years from the date of final payment to administering agency under any program supplement.

Division: Finance
Project / Program: State Controller's Office Audits and Reviews
Project / Program Lead: Nickie Mastay.

Project / Program Description: The State Controller's Office has performed an audit of the Special Gas Tax and Street Improvement Fund; a review of State and Federal Expenditures; a review of Administrative and Internal Accounting Controls; and a review of the Redevelopment Agency.

Status: The City of Hercules received the final reports in May 2012 and September 2012. Staff met with the Finance Subcommittee and Citizens Finance Committee on May 24, 2012 and September 27, 2012 to discuss the findings.

Next Steps:

- First priority is to have audited financial statement for FY2011-12 and FY2012-13.
- Start clearing findings from all of the State Controllers reviews.

Division: Finance
Project / Program: IRS-RDA 2007Bond Review
Project / Program Lead: Nickie Mastay.

Project / Program Description: The IRS conducted a review of the RDA 2007Bond.

Status: The IRS was on site from July 23, 2012 through July 26, 2012. The IRS was supplied with all draw down requests, bank statements and reconciliations, and other requested documentation for the RDA 2007Bond. The IRS returned for another on site visit the week of October 22, 2012 through October 25, 2012. At this meeting staff gathered requested invoice backup for 2007 Bond draw downs. The City Manager, Finance Director, and outside legal counsel had a conference call with the IRS in June. The IRS requested additional information. Staff gathered and submitted the requested information to the IRS on July 12, 2013.

Next Steps:

- Await IRS response.
- Continue to work through any IRS issues.

Division: Finance
Project / Program: Audit for FY Ending June 30, 2011
Project / Program Lead: Nickie Mastay.

Project / Program Description: The goal is to have audited financial statements for fiscal year ended June 30, 2011 as soon as possible.

Status: Gallina LPP was at the City of Hercules on September 26 and September 27, 2012 to perform interim audit field work for FY2010-11. Gallina LLP performed on site audit work the week of November 5, 2012 through November 9, 2012. The result of the onsite audit was an extensive list of open items that need to be provided to Gallina LLP. Due to the size of the open items list, the goal of completion of the audit was scheduled for April 2013. Staff received a preliminary draft audit in April 2013 for review. Staff has completed the review. Staff received an updated draft in May 2013. Staff has replied to Gallina LLP with adjustments to the draft and updated notes to the draft. In June 2013, additional items were requested by Gallina LLP for the component unit (in particular, Redevelopment) audit. Letters were sent to all legal counsel in June for information that will be in the Notes section of the Audit. Gallina LLP has received all responses to letters sent to legal counsel and issued the final FY2010-11 Audit mid August 2013. On September 19, 2013 the Finance Subcommittee, Citizens Finance Committee, and Measure O Citizens Oversight Board reviewed the Comprehensive Annual Financial Report. At the October 8, 2013 City Council meeting, the City Council acknowledged receipt of the FY2011 Audit/

Next Steps:

- Begin FY 2011-12 audit.

Division: Finance
Project / Program: Updated Financials for FY2011-12
Project / Program Lead: Nickie Mastay.

Project / Program Description: The goal is to have updated financial information for FY2011-12 as soon as possible.

Status: Cash is reconciled through June 2012 for FY2011-12 and through August 2013 for FY2012-13. Any outstanding journal entries related to the reconciliation need to be prepared and posted. After each month of reconciliation, the financial system needs to be properly closed and reconciliation verified. Due

to the dissolution of Redevelopment Agencies, financial statements will need to be prepared from July 1, 2011 through January 31, 2012 and financial statements will need to be prepared for July 1, 2011 through June 30, 2012.

Next Steps:

- Any outstanding journal entries related to the reconciliation need to be prepared and posted.
- FY2011-12 Year End journal entries are being prepared and posted
- Properly close the financial system each month with reconciliation verified.

Division: Finance
Project / Program: RDA/Successor Agency Asset Transfer Review
Project / Program Lead: Nickie Mastay.

Project / Program Description: The State of California State Controller's Office performed an Asset Transfer Review of the former Redevelopment Agency. The State Controller's Office will be reviewing all Non-Housing and Housing Asset Transfers made after January 1, 2011.

Status: The auditors were on site August 6, 2012 through August 23, 2012. The final report for the RDA/Successor Agency Asset Transfer Review was completed November 2012. There were two findings. Staff is working on clearing the findings. Finding 1 – Unallowable asset transfers to the City of Hercules has been addressed with the transfer of Parcel C, Sycamore Crossing and Victoria Crescent to the Redevelopment Successor Agency. Finding 2 – The RDA failed to transfer assets (housing assets) to the Successor Agency will be accomplished when the State and the County determine who the Housing Successor Agency is.

Next Steps:

- The City will continue to clear findings.

Department/Division: Administrative Services
Project / Program: Administrative Policies
Project / Program Lead: Jenny Smith/Margaret Roberts

Project / Program Description: The administrative policies address the administration of the employment relationship. They are adopted in an effort to maintain a professional work-force in the Classified Personnel System of City government. These policies contain principles that guide the City in meeting the public's expectations of a system that is efficient, effective, fair, and free from political influence and staffed by competent employees.

Status: Staff continues to review the policies which have not been updated since 2010 or earlier. There have been many changes to both laws and the way the City operates indicating that most policies will need to be updated. All policies from the Human Resources are in final format and will be provided to the City Manager for approval.

Next Steps:

- Obtain input from remaining department on their policies
- Update the policies to reflect current practice, and best practices
- Verify the policies are in compliance with local, State and Federal laws

Department/Division: Administrative Services
Project / Program: Records Retention
Project / Program Lead: Margaret Roberts

Project / Program Description: The records retention schedule for the City is outdated and needs to be updated to reflect both current practices and changes in the law as to mandatory retention laws. There are records stored in various locations around City Hall and the trailer that need to be identified and catalogued.

Status: Staff has completed the review of the retention schedule and is making any necessary changes to be in compliance with current state laws.

Next Steps:

- Complete the review and update the retention schedule
- Review the changes with the City Attorney
- Take to City Council for approval

Department/Division: Administrative Services
Project / Program: Labor Negotiations
Project / Program Lead: Steve Duran / Margaret Roberts

Project / Program Description: The labor agreements with the various employee groups are open for negotiation this year, with expiration dates of June 30, 2013. This includes the Police Officers Association for sworn officers, Teamsters for most other employees, Unrepresented for a small group of mid-management and confidential employees, and the Management group for department heads.

Status: All contracts, except for Teamsters, have been negotiated, approved by the employee groups and the City Council, and executed. The Teamsters rank and file will vote on the latest offer by the City in September.

Next Steps:

- Finalize Teamsters contract.

Department/Division: Administrative Services
Project / Program: IT and Telephone Upgrades
Project / Program Lead: Faye Flores / Margaret Roberts

Project / Program Description: The 2013-2014 budget includes funding for much needed and overdue upgrades to the City's servers, telephone equipment and software.

Status: The networking infrastructure phase of the project has been completely upgraded (all switches and routers at the core location and all off site locations). The hardware for phone servers, network storage and virtualization has been installed. Software configuration and virtualization of the phone servers, core servers, and backup solution is now complete.

Next Steps:

- Begin the desktop virtualization portion of the project

Department/Division: Administrative Services
Project / Program: TV Upgrades
Project / Program Lead: Charles Durley / Margaret Roberts

Project / Program Description: The 2013-2014 budget includes some funding for much needed and overdue upgrades to the City's television broadcasting equipment.

Status: Staff has determined that to do the upgrades correctly, the project will need to be split into phases due to the increase in cost. The RPF for the complete project, broken into three phases was sent out on November 7, 2013.

Next Steps:

- Receive bids and take to City Council for approval of a contract.
- Notify contractor and begin updates.
- Include funding for remainder of the upgrades in the 2014/15 budget.

Department/Division: Municipal Services
Project/Program: Facility Maintenance Identification Program
Project/Program Lead: John J. McGuire

Project/Program Description: Staff will be conducting safety and maintenance assessments of all city-owned facilities that can affect the public or staff. Once a comprehensive list of all maintenance and safety issues for each facility is completed staff will prioritize it based on exposure to litigation and the city's ability to fund or repair them. Once we establish the lists for each facility we will then begin monthly inspections and follow ups that should allow us to notice problems that arise before they become an issue. The key to protecting the city from liability claims is sound record keeping, regular maintenance records, and repairing what is reasonable and readily achievable.

Status: Staff has identified various items that need to be addressed in the coming fiscal year including:

1. Replacement of the rebound wall at the Tennis Facility. When staff went to repair the wall it was determined that it needs to be replaced. Staff has taped the wall area off with caution tape due to its condition and is looking at two options; replacing the wall with another wooden wall or replacing the wall with a cinder block wall. Bids will be requested so that we can determine the best value.
2. A portion of the concrete wall near the dam in Refugio Valley Park is failing and will need repair. Requests for proposals will be sent out for the work.
3. The fiscal year 13/14 budget has been approved allowing Municipal Services to move forward with repairs to the 24" mainline sewer between Sycamore Avenue and Santa Fe Avenue. Specifications are being developed for the work.
4. Tree trimming has been completed in Refugio Valley Park. The trimmings were ground and used at City Hall as ground cover.

Next Steps:

- Continue to develop a list of all City owned properties and identify the staff person responsible for the facility.
- Inspect the facilities with the employee responsible for the maintenance, the Operations Manager, and the Municipal Services Director.
- Develop a comprehensive list of maintenance and safety issues to be addressed and prioritize it.
- Begin implementation of the work plan as dictated by the list based on ease of completion, cost, liability, and staffing levels.
- Begin specifications for mainline sewer repairs including video, cleaning, and repairs where necessary. Place out to bid and get pricing for spring work.
- Cleaning of the carpets has been scheduled at the Library now that the expenditure has been approved.
- Gathering bids for high light maintenance in Library. Work to begin this month.
- Civicorps has finished creek cleaning activities near Chase Bank on San Pablo Avenue, Refugio Valley Park, and the round-about at Redwood Road. This protects the creek and surrounding areas from flooding.

Department/Division: Municipal Services
Project/Program: Contra Costa Clean Water Program
Project/Program Lead: John J. McGuire

Project/Program Description: This program was developed with 19 other cities to create the Contra Costa Clean Water Program. It is an on-going program designed to meet the requirements of NPDES Permit Number CAS612008 issued by the California Regional Water Quality Control Board, San Francisco Bay Region. The program is designed to address storm water run-off from existing streets and facilities within the City and to address new construction activities that could cause pollutants to drain into our creeks and eventually the bay. There are many timelines that must be adhered to. The City could face penalties for failure to comply with these requirements and therefore it is important that staff stay engaged on a regular basis.

Status: Staff has collected data for Trash Reduction Calculations and submitted it to the Board for review. New trash load maps have been created in an effort to establish baseline numbers and the maps have been submitted to the Clean Water Program for submittal to the Regional Board. We have to reduce trash loads from that base line by 40% in 2014, 70% by 2017, and 100% by 2022.

New maps have been generated and submitted to the Board for review in addition to spreadsheets outlining trash capture areas and proposed trash capture methods.

Staff must identify new measures for reducing trash in high trash generation areas before February 2014. A plastic bag ban will be brought to Council for consideration in January 2014. Staff will also be proposing a covered load ordinance that will be applicable to anyone transporting waste materials that could be blown from the vehicle.

Staff continues to attend monthly Management and Municipal Operation Committee Meetings.

Next Steps:

- Continued attendance at meetings by assigned staff.
- Collection of data for next Annual Report.

- Continued monitoring for compliance throughout the City.
- Continue preparation and data collection for fiscal 13/14 Annual Report which will be due in 2014.

Department/Division: Municipal Services
Project/Program: Pinole/Hercules Water Pollution Control Plant Upgrades
Project/Program Lead: John J. McGuire

Project/Program Description: The Pinole/Hercules Water Pollution Control Plant (WPCP) is owned and operated by the City of Pinole under a joint use agreement with the City of Hercules, and operates under Order No. R2-2007-0024 and National Pollution Discharge Elimination System Permit No. CA0037796.

Wastewater treated at the Pinole/Hercules WPCP is currently discharged at two locations:

1. Deep Water Outfall: The effluent pumping station at the WPCP pumps treated effluent flows up to 10.5 million gallons per day (mgd) through the 24-inch-diameter land outfall pipe to Rodeo Sanitary District's WPCP, where treated effluent from the two facilities is mixed and discharged to San Pablo Bay.

2. Shallow Water Outfall: Flows in excess of 10.5 mgd pass through the shallow water outfall and into San Pablo Bay, near the Pinole/Hercules WPCP.

The Regional Water Quality Control Board (RWQCB) has mandated corrective measures be taken to increase dry and wet weather treatment capacity, eliminate blending of partially-treated wastewater transported to the deep water outfall, and to cease use of the shallow water outfall by June, 2016.
In order to satisfy the new requirements, upgrades to the existing facilities will be required including; a new metering vault, a new head works facility, conversion of the existing aeration basins to four, single-pass tanks, and expansion of each tank by 85 feet, addition of two new blowers, addition of three new secondary clarifiers, addition of two new sludge pumps, a new electrical building, and more.

Status: Engineering has been awarded to HDR. Cost is estimated to be 2.8 million dollars to complete the final engineering phase. Bids will be requested for Engineering Manager, Construction Manager and a construction firm in the near future. A peer review of the proposed engineering was conducted in Pinole on Tuesday, October 15 and Wednesday October 16. The results are currently under review.

Staff has also met with Echologics; a company that specializes in pipe condition assessments. They are under consideration for the land outfall assessment. After further investigation this technology was determined to be inadequate for our needs which include testing of the line while it is in use.

Staff has had discussions with the City of Pinole and the Rodeo Sanitary District regarding the deep water outfall capacity. A peer review will be done to ensure that the preliminary engineering that was done is valid.

Staff has submitted a loan application to the State Water Board for financing of the plant upgrades.

Next Steps:
- June 2013 – begin Water Pollution Control Plant engineering based on previous pre-design work and create documents for construction.

- November 2013—submit application to the Water Board for financing.
- June 2014 – begin construction.
- November 2016 – complete construction.
- June 2017 – bring improvements on-line.
- Work on Request for Proposals with City of Pinole staff for construction management.

Department/Division: Municipal Services
Project/Program: Chelsea Wetlands Restoration Project
Project/Program Lead: John J. McGuire

Project/Program Description: The project will restore the Chelsea Wetlands to its original undisturbed condition and provide for additional storage capacity for winter rain. Over the past century the wetland was used for disposal of various types of debris by both the City of Hercules and the City of Pinole. The project will remove approximately four feet from the bottom of the wetland to provide extra storage capacity. A soft bottom box culvert will be added at the western end of the wetlands to allow natural tidal flows to come in and out of the wetlands from the adjoining Pinole Creek. In addition, water run-off will be redirected from a natural drainage channel to a man-made tidal channel approximately 1435 feet in length.

Status: The California Natural Resource Department revoked a grant for this project in June. However, staff was able to find a replacement grant recipient and has successfully negotiated to have Ducks Unlimited take on the project. All documents have been negotiated and signed by the City, so Ducks Unlimited will receive the grant and manage the wetlands restoration. The City will be responsible for ongoing maintenance after project completion.

Conditions for development and construction of the project need to be transferred to Ducks Unlimited. The existing twenty-five year Operations and Maintenance (O&M) of the Project site will remain with the City. The O&M agreement for the Project site will be in the form of a Site Specific Agreement (SSA) between the City and Ducks Unlimited. The SSA will allow Ducks Unlimited to acquire the NRA grant to complete the Project. Within the SSA, Staff also included provisions to allow the City to have input into the development of the final design as well as requirements for approval prior any construction activities.

Borings were taken in June to determine contamination levels of the soil.

Request for Proposals were sent out by Ducks Unlimited for the remediation work and the contract will be awarded to WRA for the General Contractor work with the noise studies being subcontracted to Questa. Work will begin in approximately seven months.

Staff met with staff from Ducks Unlimited and discussed:

1. Floodwall locations
2. Interpretive signs
3. Bridge design
4. CEQA
5. Participation of the City Council, Public, and Homeowner's Associations
6. Soil export
7. Truck routes

Staff met with the Contra Costa County Flood Control District, WRA, Ducks Unlimited, and Engeo to discuss impacts to the flood control operations and to explain the project. Permits will need to be

obtained from them to do the work including the Fish and Wildlife permit which they obtain on our behalf.

Next Steps:

- Set up system for invoices
- Analysis of Environmentally Sensitive Areas (ESA)
- Prepare CEQA documents and present project to the Planning Commission
- Obtain bids to relocate an 8 inch force main that crosses the wetlands from the Bayside lift station

Department/Division: Municipal Services
Project/Program: Animal Control Services
Project/Program Lead: John J. McGuire

Project/Program Description: Contra Costa County provides animal control services for the City of Hercules. Each month a report is provided showing the number of calls received by activity type and the number of calls/contacts/and/or actions related to activities. Also included is the number of live and dead animals that were handled.

There are no new report from County yet. The numbers below are from the previous report.

Number of activities by activity type:

Assist police	1
Deceased dogs and cats	3
Deceased – wildlife	2
Investigations – inhumane	1
Investigations – rabies (human exposure)	2
Stray animals- dogs and cats	5
Stray animals – other	5
Telephone calls (not resulting in activity)	19
Transport animals	1
Total	**39**

Number of calls/contacts/actions related to activities:

Assist police	1
Deceased dogs and cats	4
Deceased – wildlife	2
Investigations – inhumane	1
Stray animals- dogs and cats	10
Stray animals – other	9
Telephone calls (not resulting in activity)	19
Total	**46**

Dead animals handled:

Cat	4
Dog	0
Other	4
Total	**8**

Live animals handled:	
Cat	11
Dog	9
Other	2
Total	**22**

Project / Program: Sale of Hercules Municipal Utility
Project / Program Lead: Steve Duran
Project/Program Description: Sale or Lease of the Hercules Municipal Utility (HMU)

Project / Program Description: With the passage of Measure O, the City was given the authority to sell HMU. As outlined in the Public Utilities Code, Section 100057 and 10006 the sale must be done through a public bidding process. To assist in this effort, HMU has retained the services of Bodington and Company, an investment banking firm that specializes in providing advisory and brokering services to small electricity utilities and generators throughout the United States. The Request for Proposals was released on November 14th. Then, on January 9, 2013, the TAC, staff and our consultants opened the bids for HMU. We received three proposals, all from very reputable entities. The "highest and best bidder" based on price and capability was selected, which is Pacific Gas & Electric Company (PG&E).

Status: On Tuesday, May 28, the City Council approved and the City executed a contract to sell the assets of HMU to PG&E for a purchase price of $9.5 million. Under the Asset Purchase Agreement ("APA"), it is anticipated that, based on the current market value of the bonds, the net proceeds at close will be sufficient to retire the HMU Bond debt. Timing is critical because debt service obligations will continue to burden the City until the sale has closed, PG&E has paid the purchase price, and the HMU Bonds have been extinguished.

PG&E submitted the application for California Public Utilities Commission approval of the HMU purchase on July 1, 2013 and requested an expedited approval. City staff met with PG&E staff and CPUC staff on August 5th. The California Public Utilities Commission has estimated that the transaction could be approved by February 2014 and a preliminary decision is expected in December. However, PG&E's request for a rate increase may take longer. In any case we expect to have the CPUC's final determinations this spring.

Next Steps:

- Assist PG&E with their due diligence and California Public Utility Commission approval.
- Continue to gather and provide PG&E with data and information necessary to complete the sale.
- Prepare for tender for HMU bonds.

Department/Division: City Manager/Hercules Municipal Utility
Project / Program: Preventive Maintenance
Project / Program Lead: Bob Streich

Project / Program Description: HMU Preventive Maintenance Program.

Status: HMU staff continues to perform minor maintenance on the electrical facilities in its' service territory. This includes visual safety inspections of vaults and equipment, marking and locating HMU facilities prior to third party excavations, weed abatement, graffiti removal and dewatering of vaults.

Next Steps:

- Continue performing minor maintenance tasks to maintain the safety and reliability of the HMU electric system.

Project / Program: Hercules Municipal Utility
Project / Program Lead: Bob Streich
Project/Program Description: Renewable Energy Resources Procurement Policy & Reporting

Project / Program Description: Senate Bill SBX1 2, which was signed into law April 12, 2011, sets renewable energy purchase requirements for energy service providers in California. This includes HMU. The California Energy Commission issued implementing regulations effective October 1, 2013. SBX1 2 requires HMU to achieve a 33% renewable energy mix by 2020. It also requires a 20% renewable energy mix over the 2011-2013 period, and intermediate targets in the 2014-2020 period. To achieve compliance, the City Council must adopt, by November 30, 2013, a renewable energy resources procurement plan incorporating these goals. This plan will be placed on the City Council's November 26, 2013 agenda.

The proposed renewable energy resources plan incorporates the basic objectives of SBX1 2. The plan also incorporates a provision in the regulations that allows past HMU purchases of renewable energy credits that were in excess of minimum renewable requirements to count toward the 2011-2013 requirements. As a result, HMU is in compliance with the renewable procurement requirements in the CEC regulations.

Next Steps:

- Council approval of the renewable energy resources procurement policy.
- Submittal of this policy to the CEC within 30 days of its adoption

Department/Division: Planning/Advanced
Project/Program: Housing Element
Project/Program Lead: Robert Reber

Project/Program Description: Every jurisdiction in California must have a General Plan, which serves as a "constitution" for development in that jurisdiction. The General Plan is a long-range planning document that describes goals, policies, and programs to guide development decision making. One element of the General Plan is the Housing Element. State law specifies what the Housing Element must contain: an assessment of housing needs and an inventory of resources and constraints relevant to meeting these needs; a statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing; and a program which sets forth a five-year schedule of actions to implement the policies and achieve the goals and objectives. Most importantly, the Housing Element must: identify adequate sites with appropriate zoning densities and infrastructure to meet the community's need for housing (including its need for low- and very-low-income households, mobile homes, farm-worker housing, and homeless shelters); and address and—where appropriate and legally possible—remove governmental constraints to housing development.

Status: In December 2012, staff finished revising the prior draft Housing Element update from 2010 to reflect policy and development changes that had occurred over the prior two years (e.g., previous estimates of affordable housing units, the dissolution of redevelopment as a source of affordable housing funding, and the suspension of the City's inclusionary housing requirement). As required under the California Environmental Quality Act (CEQA), City staff and consultants prepared and publicly released

on April 26 an Initial Study of the potential impacts of the revised Housing Element, and found the Housing Element update and accompanying zone text amendments would not have a negative impact on the environment. Following the recommendations from the Planning Commission's June 3 hearing on the matter, the City Council voted on July 9 to approve the environmental Negative Declaration and adopt the Housing Element Update for 2009–2014. On August 7, the California Department of Housing & Community Development (HCD) sent the City a letter certifying that the Housing Element as adopted complied with State requirements. The HCD also reported that the City has met one of the threshold requirements for the Housing Related Parks Program (HRP) that rewards local governments for approving housing affordable to lower-income households. The HRP Program provides grant funds that can be used to fund park-related capital asset projects.

Next Steps:

- Within one year of adopting the Housing Element (i.e., by June 2014), the City must amend its zoning ordinance for consistency with the adopted Housing Element and for compliance with State requirements. Having a current certified Housing Element will ensure the City's eligibility to apply for certain grant funding opportunities.
- The City must monitor and annually report to HCD on housing site availability and housing opportunities for special-needs households.
- Staff will evaluate and submit (as appropriate) park-related capital improvement projects for consideration for HRP funds.
- By January 31, 2015, the City must adopt a new Housing Element revised to account for the latest Regional Housing Needs Allocation approved by the Association of Bay Area Governments this past July.

Department/Division: Planning/Advanced
Project/Program: Hill Town
Project/Program Lead: Robert Reber

Project / Program Description: The Hill Town property is a 44-acre parcel located on the east side of San Pablo Avenue, north of Hwy 4/John Muir Parkway. The property is owned by Santa Clara Valley Housing Group (SCVHG). In 2007, the Planning Commission approved an Initial Planned Development Plan (IPDP) for the site that included 640 multi-family residential units and approximately 4,000 square feet of commercial space. The City subsequently evaluated the proposed IPDP land uses in the Environmental Impact Report done for the 2009 Updated Redevelopment Plan; the City also rezoned the property from Industrial to Planned Commercial–Residential.

Status: SCVHG approached the City in the fall of 2012 about developing the site at a significantly reduced scale than in the IPDP previously approved by the Planning Commission in 2007. The revised proposal would include approximately 200 single-family residential units, substantially less than the 640 units proposed in the prior IPDP. Staff recommended that SCVHG hold a community workshop/town hall meeting to discuss with adjacent residents and the community at large the property's opportunities & constraints and project concepts & concerns.

Next Steps:

- Once SCVHG indicates it would like to proceed with the workshop and a date is determined, staff will advise and assist (if requested) SCVHG with providing ample public notification and advertising to promote the community workshop and to include as many members of the community as possible.

Department/Division: Planning/Advanced
Project/Program: Planning Fees Project
Project/Program Lead: Robert Reber

Project / Program Description: The City Council requested staff conduct a focused study of planning fees in adjacent cities in the Bay Area to determine if the cost of the application fees were competitive with other cities.

Status: At its June 26, 2012, meeting, the City Council approved a Master Fee schedule for FY 2012–13 that included recommended changes to all Planning fees, including charging actual costs, plus a 20% administration fee, for most major applications and services. The new fees took effect on July 1, 2012. At its June 25, 2013, meeting, the City Council approved a revised Master Fee Schedule for FY 2013–14 that included several adjustments to Planning-related fees:

1. Reduced the Home-Based Occupation Permit from $400 to $250. The reduced amount should still be sufficient in most if not all cases to cover staff time and expenses for processing home-based business permits, but also responds to some residents' complaints that the previous fee was excessive and a deterrent to job creating and entrepreneurial efforts.

2. Increased the Initial Study/Negative Declaration deposit fee from $5,000 to $10,000, to ensure sufficient funds to cover the initial environmental review for most projects.

3. Reinstated the General Plan Update Recovery Fee by increasing the rate from 0% to 1%. As part of the development agreement with Hercules Bayfront, the City Council in November, 2011, adopted Resolution 11-132, which reduced various impact fees city-wide. Included in those fee reductions were the Art in Public Places Fee and the General Plan Update Recovery fee, which were both reduced from 1% to 0% of project valuation. The City Council resolution directed the City Manager to initiate an updated Development Impact Fee Nexus Study to return recommendations to the City Council for the Council to consider a new updated development-related fee schedule. The General Plan Update Recovery Fee is being reinstated now to ensure sufficient funds are available as soon as possible to begin the overdue comprehensive update of the City's General Plan (see below also).

Next Steps:

- Staff will research possible funding sources, and if supporting funds are available, will issue a request for proposals (RFP) to conduct a nexus study for planning and development impact fees.

Department/Division: Planning/Advanced
Project/Program: General Plan/Central Hercules Plan
Project/Program Lead: Robert Reber

Project / Program Description: The Hercules General Plan serves as the master or comprehensive set of policies for all land use decisions within the City. The Central Hercules Plan is a specific plan for four separate designated areas within the central area of Hercules: the Waterfront Neighborhood; the Central Corridor; the Civic Center/Hospitality Corridor; and the Hill Town.

Status: The last comprehensive update to the City's General Plan was approved by the City Council on September 22, 1998. Throughout 1999 and 2000, the City held numerous meetings, tours, and charrettes to formulate the Central Hercules Plan, the Regulating Code for which was formally adopted on July 24, 2001. Staff presented information on the General Plan and the Central Hercules Plan to the City Council at its regular meeting on February 26, 2013, at which time the City Council directed staff to present the matter to the Planning Commission for its input. Following a staff presentation at its regular meeting on March 4, 2013, the Planning Commission requested staff schedule Planning Commission workshops beginning in May 2013 to review and consider possible revisions to the City's various planning documents. Immediately following its regular meetings on May 6, May 20, June 3, July 15, and August 5, the Planning Commission held community workshops to discuss with members of the public the issues surrounding the City's vision as expressed in the various sets of long-term plans and how potential development relates to that vision. Based on the workshop discussions, Planning Commissioner Susan Tolley and resident/workshop recorder Susan Keefe, with assistance from the Planning Manager, drafted a workshop summary report that the Planning Commission unanimously endorsed at its regular meeting on October 21.

In early July this year (and concurrent with the community workshops), the City submitted to the Contra Costa Transportation Authority (CCTA) the City's completed Growth Management Plan (GMP) Compliance Checklist for Calendar Years 2010–2011, as approved by the City Council on June 25, 2013. CCTA recently notified City staff that the City's Growth Management Element (GME) is not consistent with Measure J, a County-wide ½ cent sales tax that supports transportation projects. To ensure the City's eligibility for its share of Measure J Return-to-Source gas tax dollars (Local Street Maintenance and Improvement Funds) for Fiscal Years 20011–12 and 2012–13, the City must demonstrate to CCTA compliance with the Measure J Growth Management Program, including a compliant GME. City staff has completed a draft revision of the GME for CCTA staff to review for compliance with Measure J.

Next Steps:

- .
- November 12: Hercules City Council to hold hearing at regularly scheduled meeting to consider revised GME for adoption. The Planning Commission Chair will also be presenting to the City Council the planning workshop summary report.
- November 13: City to submit adopted Measure J GME to CCTA.

Department/Division: City Manager/Real Estate Transactions
Project/Program: LED Signage in Hercules
Project/Program Lead: Steve Duran/Robert Reber

Project / Program Description: An LED signage company presented an unsolicitied proposal to the City to lease City-owned land adjacent to I-80 for the purpose of installing and operating an electronic (LED) freeway-oriented billboard.

Status: Staff has identified potential changes or revisions that would need to be made to existing ordinances to permit such a sign. Staff has also contacted Caltrans regarding its regulations and review of such signage. Per the instructions of the City Council, staff presented the electronic billboard proposal to the Planning Commission at its regular meeting on March 4, 2013. The Planning Commission requested that staff investigate legal issues associated with freeway-oriented electronic billboards and report back to the Planning Commission with the findings. During its June deliberations regarding the FY 2013–14 budget, the City Council directed staff to remove LED billboard leasing as a potential revenue source.

Next Steps:

- No further actions at this point given Council's direction to staff to no longer pursue the potential revenue from leasing City land for an LED billboard.

Department/Division: Planning/Advanced
Project/Program: Telecommunications Ordinance
Project/Program Lead: Robert Reber

Project / Program Description: The purpose of the City's Telecommunications Ordinance (City Municipal Code, Title 10, Chapter 16, "Telecommunications Facilities") is to provide a uniform and comprehensive set of standards for the development and installation of telecommunication and related facilities and to preserve the City's ability to recover the costs of reviewing applications and franchise fees. The regulations are designed to protect and promote public health, safety, community welfare, and the aesthetic quality of Hercules, while at the same time not unduly restricting the development of needed telecommunications facilities and encouraging managed development of telecommunications infrastructure. The regulations are also intended to:

(a) Prevent visual blight near the City's scenic corridors;
(b) Protect people from the possible adverse health effects associated with exposure to levels of NIER (nonionizing electromagnetic radiation) in excess of standards established by the federal government;
(c) Ensure that a competitive and broad range of telecommunications services and high quality telecommunications infrastructure are provided to serve the community, as well as serve as an important and effective part of Hercules' emergency response network;
(d) Simplify and shorten the process for obtaining necessary permits for telecommunication facilities while at the same time protecting the legitimate interests of Hercules citizens;
(e) Preserve the City's opportunity to recover the costs of application review and record maintenance and—where appropriate—to collect franchise fees.

Status: The City's existing telecommunications regulations were adopted in 1997 but have not been modified since. In the meantime, technologies, issues, and federal and state laws related to telecommunications facilities have changed substantially. In February of this year, the City signed an agreement with The Center for Municipal Solutions (CMS) to provide the City with telecommunication consulting services. In addition to assisting staff with reviewing applications for telecommunication installations and leases, the contract with CMS provides that CMS shall work with the City to revise the City's current regulations and shall deliver a set of legally permissible revisions to the Ordinance for consideration of adoption. The contract stipulates that up to 10 hours of the CMS's time to prepare the draft ordinance shall be at no cost to the City.

Next Steps:

- At the regular meeting of the Planning Commission on December 2, City staff and CMS consultants will conduct a workshop to solicit from the Commission and community any questions, concerns, and goals related to telecommunication facilities and services in Hercules. Staff will then work with the consultants at CMS to draft a legally sound revision to the ordinance that addresses the questions, concerns, and goals expressed at the workshop. Staff will then present the draft revision of the ordinance at a future Planning Commission meeting for consideration and recommendation for Council adoption.

Department/Division: City Manager/Real Estate
Project/Program: Intermodal Transit Center
Project/Program Lead: William Silva/Steve Duran

Project / Program Description: The "Hercules Bayfront Project" will develop a 42.36 acre portion of the Hercules Waterfront District master Plan (WDMP). It is a transit-oriented, mixed-use neighborhood that includes a variety of dwelling unit types with businesses, an associated system of walkable streets, pedestrian interconnections, and public plazas with bay views. The City portion of the project includes the Intermodal Transit Center (ITC) and other public improvements, including the extension of John Muir Parkway and the construction of a major Bay Trail segment.

Status: Staff and consultants continue to pursue additional grant funding and implement elements of the project. Staff and consultants are also having discussions with Contra Costa Transportation Authority (CCTA) staff about different approaches to project administration that could give CCTA staff more responsibility and provide better access to grant funding for the project.

Ground Breaking: A "Ground Breaking" event was held on September 4, 2013 to celebrate the ground breaking for the Bay Trail and completion of site preparation for the extension of John Muir Parkway. Congressman Mike Thompson, County Supervisor Federal Glover, developer Jim Anderson and others joined Mayor Delgado, City Council Members, staff and consultants to celebrate the accomplishments so far and look forward to a successful project.

Construction: Evans Brothers, Inc. successfully completed the first phase Bay Trail / Path to Transit – Site Preparation Project ahead of schedule and under budget. On September 10, the City Council approved a contract with Goodfellow Top Grade LLC in the amount of $401,740 to complete the second phase, called the "West Bay Trail Site Preparation Project" that includes site preparation and grading work for elements of the Hercules Intermodal Transit Center Project including the Track Preparation Project (63001B) and the West Bay Trail Project.

Next Steps:

- Continue to advance construction document and permitting for next phase.
- Transition Project Administration to CCTA
- Continue to seek grant funding.

Department/Division: City Manager/Real Estate
Project/Program: Bayfront Development
Project/Program Lead: William Silva/Steve Duran

Project / Program Description: This project proposes to develop over 40 acres of the City of Hercules within the Waterfront District Master Plan (WDMP) Area. The "Hercules Bayfront Project" is a transit-oriented, mixed-use neighborhood that includes a variety of dwelling unit types with businesses interconnected by a system of walk-able streets with pedestrian / bicycle trails and public plazas with bay views. This development will surround and is anchored by the Intermodal Transit Center (ITC), which the City is advancing.

Status: The City approved all development entitlements in March 2012. The Developer is in discussions with potential buyers and investors for various development sites within the Bayfront footprint.

Next Steps:

- Continue to meet at least quarterly with developer and continue project coordination.

Department/Division: City Manager/Real Estate
Project/Program: Sycamore North
Project/Program Lead: Steve Duran

Project / Program Description: Sycamore North is a mixed use residential and retail project, planned to include 96 apartments over approximately 40,000 sq.ft. of retail space. The original project is a failed project. The City and Redevelopment Agency tried to develop and fund a project that no developer would touch and could not be financed because the cost to construct greatly exceeds the value when completed. As part of a purchase and sale agreement approved by the City Council, Presidio Development Partners proposes to finish construction on the project as a pair of mixed-used buildings with approximately 140 apartments, four live-work units, and approximately 12,000 sq. ft. of ground-floor retail space, with 166 on-site parking spaces. Presidio Development Partners proposes to finish construction on the Sycamore North project, now called Town Centrale, as a mixed-used project with approximately 140 apartments, four live-work units, and approximately 12,000 sq. ft. of ground-floor retail space, with 166 on-site parking spaces.

Status: All entitlements are in place and Presidio was scheduled to close in February 2013; however, asked for additional time to deal with recent cost estimates that significantly exceed budget and necessary easements they have not been able to obtain. Due to delays caused by the Bayside Home Owners Association Board continuing refusal to engage in negotiations, staff recommended and the City Council, on July 23, approved a Tenth Amendment to the Purchase Agreement to extend the deadline for close of until as late as January 31, 2014.

Staff continues to work on acquiring necessary easements on "R Alley" that are necessary for emergency access and will enable the completion of the Sycamore North building immediately adjacent to R Alley. Attorneys and appraisers with expertise in eminent domain have been engaged by the City and the process of a public taking of rights on R Alley was commenced in July with a notice of decision to appraise, followed by an appraisal and an offer to purchase a public right of way - all in July. The HOA engaged their own appraiser, but the forthcoming counter-offer was not realistic.

On August 20, the City Council unanimously approved a Resolution of Necessity, which is a necessary step in taking a public easement on R Alley. This easement is necessary to eliminate blight by providing for the construction and maintenance of the project on the Sycamore North site and also will ensure emergency access to the Alley. Outside legal counsel is moving expeditiously to obtain possession of the public access easement. Even so, we have reached out to the Bayside Home Owners Association Board in hopes of finally finding some modicum of reasonableness from them in the negotiation of a less encompassing easement.

Next Steps:
- Obtain easements and complete closing conditions.
- Close escrow.

Department/Division: City Manager/Real Estate
Project/Program: Sycamore Crossing
Project/Program Lead: Steve Duran

Project / Program Description: A Purchase and Sale Agreement (PSA) was entered into Property Development Centers (PDC) in January. PDC is a wholly owned subsidiary of Safeway and plans to build a 50,000 to 60,000 Safeway store, gas station and other retail businesses on this approximately 11.5 acre site, known as Sycamore Crossing. It is located at the southwest corner of Sycamore Avenue and San Pablo Avenue.

Status: The California Department of Finance has approved the sale of the Sycamore Crossing site to Safeway subsidiary Property Development Centers (PDC). The approval was based on the Redevelopment Oversight Board and Successor Agency approval of an Amended and Restated PSA with PDC. The sale of this former Redevelopment Agency property, along with the sales of Victoria Crescent on San Pablo Avenue and Parcel C on John Muir Parkway, is required under the legislation that dissolved redevelopment agencies statewide is also necessary for the payment of a Redevelopment Agency debt to redevelopment bond insurer Ambac and other debts of the Agency.

The Sale price is $5 million; but the cost of undergrounding utilities and removing a dirt stockpile could reduce the net sales proceeds by up to $3 million. At close of escrow , it is anticipated that between $2 to $3 million will be available for debts of the former Redevelopment Agency. The City will not receive any funds from this sale of former Redevelopment Agency property.

Next Steps:

- Work with Safeway and PDC on site plan options and cost issues.
- Schedule and hold another community meeting for additional design information and input.
- Engage Planning Commission Design Review Committee when Safeway has one or more site plans ready for formal review.
- Close escrow.
- Pay RDA debts.

Department/Division: City Manager/Real Estate Transactions
Project / Program: Market Hall Development Site
Project / Program Lead: Steve Duran

Project / Program Description: This approximately 6.5 acre site, which is under a Disposition and Development Agreement (DDA) with the Redevelopment Agency, was planned to be a high density mixed-use project. However, the original developer was not able to put a viable project togther. Retail developers and brokers consider this one of two prime undeveloped retail sites in Hercules.

Status: Palo Alto based McNellis Partners, led by John McNellis, has purchased the Market Hall/Red Barn Site bordered by Interstate 80, Highway 4, San Pablo Avenue and Sycamore. McNellis is a well regarded developer of retail centers and is one of several developers that were vying for this site. Staff will be involved in discussions regarding development concepts and business terms for moving forward with development entitlements for this site, which is encumbered by a Disposition and Development Agreement (DDA) to which the Successor Agency to the Hercules Redevelopment Agency is a Party. McNellis has conducted two community meetings to get input from residents on the tenant mix and design of the site.

Next Steps:

- Monitor progress of developer.
- Negotiate an amendment to the DDA to accommodate a viable retail development.

Department/Division: City Manager/Real Estate Transactions
Project/Program: Parcel C Disposition
Project/Program Lead: Steve Duran

Project / Program Description: Marketing and selling 17 acre Parcel C (AKA the Wal-Mart Site) on John Muir Parkway in order to comply with ABx1-26 and the court approved stipulation with Ambac to sell the property expeditiously. Parcel C and Victoria Crescent are the two properties being sold a $6.5 million writ of attachment to settle the Ambac lawsuit, so time is of the essence in order to fulfill the requirements of the court sealed settlement to pay Ambac, as well as to pay Oliver & Company nearly $2 million secured by Parcel C. The Oliver payment was due by March 31, 2013.

Status: The property has been transferred, per the directive from the State Controller, to the "City as Successor Agency" to the former Hercules Redevelopment Agency. The site was marketed widely for all potential through April, 2013.
A Purchase and Sale Agreement (PSA) with Lewis Land Developers was approved by the City as Successor Agency to the former Hercules Redevelopment Agency on Tuesday, September 10. The Redevelopment Oversight Board approved the Successor Agency's action on September 11. The state Department of Finance has approved the transaction.

Staff is in also in discussions with Oliver to renegotiate the schedule and is also looking into refinancing the note with a bank or investor.

Next Steps:

- Assist Lewis with due diligence and title clean up activities.
- Assist Lewis with community meetings and the entitlement process.
- Close escrow.
- Pay RDA debts.

Department/Division: City Manager/Real Estate Transactions
Project/Program: Victoria Crescent Disposition
Project/Program Lead: Steve Duran

Project / Program Description: Marketing and selling the 6.5 acre Victoria Crescent site on San Pablo Avenue in order to comply with ABx1-26 and the court approved stipulation with Ambac to sell the property expeditiously. Parcel C and Victoria Crescent are the two properties being sold a $6.5 million writ of attachment to settle the Ambac lawsuit, so time is of the essence in order to fulfill the requirements of the court sealed settlement to pay Ambac.

Status: The property has been transferred, per the directive from the State Controller, to the "City as Successor Agency" to the former Hercules Redevelopment Agency. This site was marketed for several months to retail, office/R&D and residential developers, however, the market in only supporting residential development at this location. No non-residential offers were received

Buyer, City Ventures, has advised they are going forward with the purchase and their deposit is not refundable. The entitlement process is nearing completion and should have final approvals in January. Escrow should close in February. Victoria Crescent. The state Department of Finance has approved this transaction.

Next Steps:

- Complete design review and entitlement process.
- Close escrow.
- Pay RDA debts

Department/Division: City Manager/Real Estate Transactions
Project/Program: Sala Restaurant/Civic Arts Building
Project/Program Lead: Steve Duran

Project / Program Description: Sala Restaurant is failing and the tenant is not able to meet its financial obligations. The future use for the facility must be determined and implemented.

Status: The property has been listed with Deborah Perry, Senior Vice President at Colliers International. On May 16th, about 30 members of the community attended a marketing information meeting to receive an update, ask questions and provide input on the marketing of the vacant Civic Arts Building, also known as Sala Restaurant, at 1991 Railroad Avenue. The biggest concerns expressed were noise from the exhaust fan and noise from music. The marketing suggestions included getting a restaurant that will serve the kind of food people will return to enjoy often and top-notch quality and service. An experienced restaurant tenant has been identified and lease negotiations are nearing completion.

Next Steps:

- Complete lease negotiations.
- City Council approval of lease
- Lease execution.

Department/Division City Manager/Real Estate Transactions
Project / Program: Big League Dreams
Project / Program Lead: Patrick Tang/Steve Duran

Project / Program Description: Staff is pursuing reimbursement of deposit paid to "Big League Dreams" to establish the recreation facility on the property currently owned by Conoco Phillips.

Status: Big League Dreams is refusing to reimburse City their $450,000 refundable deposit. The City Attorney is researching the file in anticipation of negotiations or a possible legal action. A demand letter has been sent to Big League Dreams (BLD) and staff has discussed this matter with BLD management. The City Attorney and City Manager met the Big League Dreams CEO in January and the City Attorney is now in discussions with legal counsel for Big League Dreams.

Next Steps:

- Complete negotiations with Big League Dreams regarding the reimbursement.

Department/Division: Parks & Recreation
Project/Program: Current Activities
Project/Program Lead: Pedro Jimenez

Project / Program Description: The Parks and Recreation Department leads or is involved with many community activities and events. It also collects fees for various classes and services it provides to the community.

Status: For the month of October the department has brought in $124,198.45 in revenue. Year to Date the department has brought in $529,099.79 in revenue. For October the Departments monthly attendance was over 12,000 participants.

Next Steps:

- Continue to work on items related to the library, recreation, parks, and community services programs, including the general use of park and facilities.

Department/Division: Parks & Recreation
Project/Program: Community & Library Services Commission
Project/Program Lead: Pedro Jimenez

Project / Program Description: The Community and Library Services Commission provides information to and advises the City Council on items related to the City's library, recreation, parks, and community services programs, including the general use of park facilities and matters relating to the community's recreational and service needs.

Status: Currently the Commission is working on the following topics: The Non Profit Recognition Program, Park Rental fees and reservation procedures, Banner Program, possible future events and evaluating Parks & Recreation Programs.

Next Steps:

- On November 5, 2013 at 6:30 the Community & Library Services Commission invites all Community Groups, Non Profit Groups, Volunteers, or Companies to a workshop to discuss Community Events and the possibility of how we can bring back some of the events.
- Continue to provide staff support to the Commission.

Department/Division: Parks & Recreation
Project/Program: Hanna/Lupine/Ohlone Child Care
Project/Program Lead: Ambra Bonham

Project / Program Description: Before & After School Licensed Childcare (K-5th Grade) Program operates September–June and Summer Camp operates June – August. Children are well supervised in a safe environment with a variety of recreational activities, including; crafts, games, sports, and a fun fitness program. There is a short time allotted each day for homework, however, this is a recreation program with the emphasis on socialization and keeping the children active. Child Care facilities are located adjacent to Lupine Hills Elementary School, Ohlone Elementary School and Hanna Ranch Elementary School.

Status: For the month of October the Child Care programs brought in a total $39,657 in revenue. Day Camp – $42; Hanna Child Care- $16,108; Lupine Child Care- $12,301 and Ohlone $11,205. Currently for child care we have 55 participants registered at Hanna, 31 at Lupine and 31 at Ohlone Child Cares.

Next Steps:

- Evaluate the programs and the needs of staff and maintenance of facilities.
- Continue to evaluate programs, revenues and expenditures to ensure cost effectiveness.

Department/Division: Parks & Recreation
Project/Program: Tiny Tots Program Little Learners & Pre-Kindergarten
Project/Program Lead: Ambra Bonham

Project / Program Description: The Tiny Tots Program introduces children to their "First Learning Experiences." They make their first school friends, learning through play, games, arts, crafts, and healthy snacks. Our qualified staff will guide them with socialization and self-help skills. Our program runs along with the school year from September-June.

Status: For the month of October Tiny Tot Programs brought in $12,747 in revenue. For fall our Tiny Tot program has a 5 day Jr. Kindergarten program (24), A MWF Pre K program (24) and a T/TH Little Leaner Program (20) which are all full.

Next Steps:

- Continue to evaluate programs, revenues and expenditures to ensure cost effectiveness.
- We are currently updating our safety procedures and disaster plan for each site.

Department/Division: Parks & Recreation
Project/Program: Aquatics
Project/Program Lead: Courtney Crofoot

Project/Program Description: The Hercules Swim Center is a place that provides valuable resources to the community of Hercules, by providing a place for families, adults, teens and children to recreate! The Swim Center's programs specialize in fostering human development, strengthening safety and security, promoting health and wellness, and providing recreational experiences.

Status: Classes & programs offered include: The East Silver Dolphin Swim Team year round swimmers – 77 enrollments; Lap Swimmer – 1 to 5 swimmers per day. For the month of October Aquatic programs brought in $12,116 in revenue. Other programs include EBSD Fall Membership, Individual Swim Lessons & Aqua Zumba.

Next Steps:

- **Heater /Boiler**-As of October 14, 2013 the heater/boiler for our main pool at the Swim Center has broken down. The heat exchanger is leaking and the fire brick has deteriorated from the leak. Currently we have been able to maintain a temperature of 78 degrees with our Cogen Unit and the good weather. The Swim programs have been able to continue but if the temperature drops below 78 degrees we will not be able to continue programs. Staff is working on quotes and information

on replacing the unit, since it over 10 years old and it was rebuilt about 5 years ago. We are looking into a few options which include repair of the unit, estimates of around $25,000 and a replacement cost of around $75,000 for a new high efficiency heater. The benefit of a new high efficiency heater would also be the savings in gas in the long run. We are also looking at the possibility of working with Siemens who did the Cogen project under the Energy Conservation Program and is addressing the Performance Assurance guaranteed savings. We are also looking into PG&E and their Financing Supplement to Energy Efficiency Retrofit Program which would loan funds to the City at no interest and the pay back would be with the savings.

- Continue to evaluate programs, revenues and expenditures to ensure they are cost effective.

Department/Division: Parks & Recreation
Project/Program: Recreation Classes
Project/Program Lead: Andrea Mendez

Project/Program Description: The Recreation division offers a wide variety of recreation classes that cater to all ages and help to promote a healthy lifestyle. The classes provide a great opportunity to have fun and exercise while interacting with others in a safe environment.

Status: For the month of October Recreation Classes brought in $8,355 in revenue and Recreation Admin brought in $4,856 in revenue.

Next Steps:
- Continue to sell ads in Activity Guide in order to Print and mail out to Hercules households.
- Now taking registrations for classes: Ballet Classes, Tap Classes, Zumbatomic, Piano Class, Writing Class, Dog Obedience Training, Guitar Class, Oil Painting, Karate, Gymnastics Class, Math Tutoring- Basic and Geometry/Algebra/Pre-Calculus.
- Continue to evaluate programs, revenues and expenditures to ensure they are cost effective.
- Working on a partnership with other providers to offer more classes and programs

Department/Division: Parks & Recreation
Project/Program: Sports
Project/Program Lead: Andrea Mendez

Project/Program Description: The Recreation Department is proud to offer sports and other positive leisure activities for patrons of all ages. Our recreational programs help promote a healthy lifestyle, while providing an environment in which people can enjoy themselves.

Status: For the month of October Sports brought in $9,471 in revenue. We are currently offering the following programs:

Flag Football Camp, Table Tennis, Basketball Leagues, Basketball Clinics and Camps, Tiny Tot Sports, Tennis Lessons, Gymnastics, Karate, Open Gym Basketball & Volleyball

Next Steps:
- Continue to evaluate programs, revenues and expenditures to ensure they are cost effective.

Department/Division: Parks & Recreation
Project/Program: Teen/Youth
Project/Program Lead: Jeff Jew

Project/Program Description: The goal of this program is to provide foster human development, promote health and wellness, and increase cultural unity with life experiences. As our youth grow into teens, we want to give them a sense of belonging to the community and ownership. Youth & Teens come out and enjoy the programs and activities at the Teen Center "T.H.E. S.P.O.T." (Teens of Hercules Empowering through Spirit, Perseverance, Outreach, & Teamwork). The Teen Youth Council (T.Y.C.) supports and assists with Community activities and Special events. This energetic group of 6th-12th grade teens and youth demonstrate leadership skills through their participation at City Council meetings, interaction with the Hercules Senior Center, and the planning of Teen/Youth Special occasions. This successful program recruits active members from the Hercules Community, and the Hercules Middle and High School.

Status: Staff provides arts and crafts, sports, and a variety of activities and events catered exclusively for 6th, 7th, and 8th graders. For the Summer Camp there were 31 enrolled and for the fall there are 33 enrolled for before and after school care. For the month of October and the Teen Center brought in $13,170 in revenue.

- Halloween Workshop on October 26, 2013 was a great success, the TYC volunteers put together a great workshop where over 50 children were able to get their face painted, decorate cookies, bags and color. The workshop brought in over $350.00.

Next Steps:

- Continue to evaluate programs, revenues and expenditures to ensure they are cost effective.

Department/Division: Parks & Recreation
Project/Program: Senior Center
Project/Program Lead: Kristina Griffith

Project/Program Description: Friends, food, fun and companionship is what the Hercules Senior Center is all about. This program and supported services are available to adults 50 and over. We strive to ensure a physically and emotionally comfortable environment for all, and encourage socialization with peers.

Status: Classes and Programs offered include: Zumba Gold; H.I.C.A.P.; Legal Assistance; Computer Class; Blood Pressure; Pool Table; Meals on Wheels; Day Trips; Contra Costa Café; Daily Activities; and Tea Dance. For the month of October the Senior Center brought in $1,723 in revenue.

Next Steps:

- Continue to evaluate programs, revenues and expenditures to ensure they are cost effective.

Department/Division: Parks & Recreation
Project/Program: Facilities/Rentals
Project/Program Lead: Andrea Mendez

Project/Program Description:
The City of Hercules offers many of the City's facilities for rent when not being used for City sponsored programs or services.

Status: For the month of October, facility rentals brought in $21,621 in revenue.

Next Steps:
- Continue to promote facility for rentals and evaluate revenues and expenditures to ensure they are cost effective.

Division: Police Patrol
Project / Program: Community Outreach- Crosswalk Enforcement
Project / Program Lead: Sergeant Earnest Taylor

Project / Program Description: In a continuing effort to improve pedestrian safety, the Hercules Police Department is increasing crosswalk enforcement throughout the city. Enforcement will occur during both day and night with an emphasis placed in high traffic areas.

Status: Police personnel continue to monitor intersection safety to identify potential enforcement needs. During the month of August there were no vehicle/pedestrian collisions in Hercules.

Next Steps:
- Continue to conduct these operations in specified locations throughout the city when personnel are available.
- Prepare an education piece for the city website and other news outlets.
- Conduct extra enforcement in the area of the schools to deter violators.
- Deadline: Ongoing monthly evaluation.

Division: Police Administration
Project / Program: Reserve Police Officer Recruitment
Project / Program Lead: Sergeant Ruben Rodriguez

Project / Program Description: The Hercules Police Department is continually recruiting Reserve Police Officers. These are volunteer positions which assist the department in all areas including patrol and investigations. This year's goal is to recruit and hire 3 Reserve Officers.

Status: The department has received numerous applications and will establish a pool of qualified applicants. We have recently hired one Reserve Officer and currently will review applications for additional Reserve Officers.

Next Steps:
- Deadline: Ongoing recruitment, funding availability-pending.

Division: Police Patrol
Project/Program: Community Outreach /Wire Theft Prevention
Project/Program Lead: Commander Thomas Koeppe

Project/Program Description: The city has experienced an on-going theft of copper wire. The police and public works departments are working together to develop a strategy to harden the theft target locations and prevent the theft of wire.

Status: No thefts reported this month.

Next Steps:

- Continue to theft proof the junction boxes.
- Conduct extra patrol in the high risk areas.
- Deadline: Ongoing prevention program

Division: Police Patrol
Project / Program: Selective Enforcement
Project / Program Lead: Commander Koeppe

Project/Program Description: Selective enforcement: The goal is to deter vehicle code violations and criminal actively throughout the city.

Status: On a daily basis, patrol personnel are increasing patrols in the residential neighborhoods due to the increase in residential burglaries.

Next Steps:

- Continue to conduct high visibility patrols offset with undercover operations and surveillance.
- Deadline: Ongoing

Department/Division: City Manager/Police Administration
Project/Program: Emergency Services
Project/ Program Lead: Chief Goswick

Project / Program Description: California law specifies that all government employees are disaster service workers. Additionally, there are two mandated systems for regulating emergency response. The Federal system called the National Incident Management System (NIMS) and the State system called the Standardized Emergency Management System (SEMS). These systems are complimentary and have been adopted by County of Contra Costa for managing response to multi-agency and multi-jurisdictional emergencies. The City must follow SEMS and NIMS guidelines to continue to be eligible for State and Federal relief funds. Ongoing training for management and field-level employees is necessary to prepare them for their roles in the City's Emergency Operations Center (EOC) or on-site incident management.

Status: The City Manager/Emergency Services Director lead responsibility for coordination of emergency preparedness activities and maintenance of the EOC to the police department. Staff reductions and personnel changes have created the need for revisions to EOC assignments.

Next Steps:

- On-going maintenance of all Emergency Services vehicles and equipment
- Update EOC Roster-pending
- Plan for an EOC Workshop or Table Top Exercise (TTX) –Pending
- Issued Emergency Operations training manual for the City Council-complete
- Completion of on-line course for city staff-pending

Division: Police Patrol
Project / Program: Parking Enforcement
Project / Program Lead: Commander Koeppe

Project/Program Description: Parking enforcement: The goal is to deter abandoned vehicle and enforce all Hercules Municipal Codes and the California Vehicle Codes that are applicable to parking issues. This program will be performed by trained Hercules Police Department volunteers.

Status: The police department has a volunteer parking enforcement program. The volunteers in this program will assist patrol personnel in the enforcement of parking problems and complaints, abandoned vehicles, and towing and storing vehicles. The police department is currently in the process of training a second VPEO.

Next Steps:
- Recruit volunteers to perform parking enforcement duties.
- Conduct background check and live scan.
- Train volunteers in parking and abandoned vehicles laws.
- Train volunteers the procedures in towing and storing vehicles.
- Train volunteers in the safety aspects of this position.
- Deploy volunteers through the Patrol Division Watch Commander.
- Dead Line**:** Ongoing

Division: Police Administration
Project / Program: School Safety
Project / Program Lead: Chief Goswick

Project/Program Description: Violence such as the high profile school shootings in Colorado, Wisconsin and Pennsylvania can cause concern within school communities, even if they are not directly affected by the event(s). Adults and students struggle to understand why these events happen and, more importantly, how can they be prevented. School principals and superintendants can provide leadership in reassuring students, staff, and parents that schools are generally safe places for children and youths and reiterating what safety measures and students supports are in place at their schools. The Hercules Police Department is working with all the elementary schools and the middle/high school in Hercules to improve security measures as well as their overall safety plan and education.

Status:
The police department complete training for the middle/high school, all three elementary schools teachers, Pillow Pre-school and the Cities afterschool/daycare personnel. The training consist of but not be limited to, the implementation of lock down procedures, weapons on campus and preparedness. The Police and Fire Chief have met and discussed joint training for these types of events.

Next Steps:

- Continue to update active shooter training for all PD personnel
- Trained school staff in the expectation and procedures during a critical incident i.e. Active Shooter-complete
- Institute safety procedures - Pending
- School/Law Enforcement/Fire-EMS role during a critical incident-Pending

Division: Patrol Division
Project / Program: Traffic Calming
Project / Program Lead: SRO Sanchez

Project/Program Description: The police department has received complaints of traffic jams in front of the Middle/High School. The police and school staff met and a traffic plan will be put into effect. This plan included re-routing traffic though the upper lot by the football field. Officers will be present to enforce the changes.

Status: The School Resource Officers and school staff implemented the traffic plan for the high school. This plan diverts traffic off of Refugio Valley Road on to the campus through gate A. The SRO's implemented the traffic plan with a goal of alleviating traffic on Refugio Valley Road. School staff will continue to send out messages to their staff, students and the parents regarding the changes.

Next Steps:

- Develop a traffic plan-complete
- Educate staff, students and parents-continuous
- Monitor area for concerns or additional recommendations-ongoing
- Transition new School Resource Officer-complete
- Deadline: Ongoing