



MEMORANDUM

DATE: February 4, 2011

TO: Mayor Joanne Ward and City Council Members
City Employees
Members of the public

FROM: Fred Deltorchio, Interim City Manager

SUBJECT: Interim City Manager's Weekly Report

Overview of Report: The following topics are included in this week's update:

| | |
|---|---|
| Audits | 1 |
| Elimination of Redevelopment | 2 |
| Bayfront/ITC/Sycamore North | 2 |
| Sycamore Crossing/Town Hall Meeting/Wastewater | 3 |
| Black History Month Exhibit/Baywood HOA/ Cost Savings Committee | 3 |
| Police Department Updates | 4 |

Audits: The City is currently in the process of managing three audits, two of which have been imposed on the City. The first is a salary and compensation audit being conducted by CalPERS.

The second is the redevelopment audit being conducted by the State Controller Office. We believe Hercules was targeted because of not paying the SEREF money to the State. Eighteen agencies (3 of which are in Contra Costa County and also have not paid the SERAF) are being audited out of 400 agencies statewide. We do not believe this is a fair representation of the agencies at large and that the audit is solely for the purpose of moving forward the Governor's agenda of eliminating redevelopment agencies statewide.

The third is the self imposed financial review being conducted by Municipal Resources Group. Last Friday, we had an intensive all day kickoff meeting with MRG in which they met with multiple departments and gathered pertinent information necessary to complete

their work. Additionally, they met with each Council member to gather information about areas of concern as well as how the City is currently operating. Since that meeting, the Finance department together with all the Departments involved has worked aggressively to provide all of the documents required for this audit and the other two audits being conducted.

Elimination of Redevelopment: As stated in the audit item, the Governor has proposed eliminating almost 400 redevelopment agencies throughout the state of California, effective July 1, 2011. This would have a tremendous impact on Hercules and other cities, not just in the short term, but in the long term viability of various projects. Some cities have resorted to quickly approving redevelopment projects by committing funds from an unrestricted redevelopment fund balance. Hercules does not have an unrestricted fund balance since all current funding is allocated so this is not really an option for us. Other agencies are discussing transferring redevelopment owned property to the City (or County), which may be a possibility for Hercules, but we do not believe the State is attempting to take ownership of this land, so this idea would need to be investigated further. Other possibilities agencies are looking into include issuing bonds or setting up 501(c)3s. These types of transactions take time and are therefore unlikely to be completed before the July 1st date. In addition to supporting the California Redevelopment Association in their efforts to fight the Governor's proposal, staff will be including an article in the Herculean to inform the community at large on this issue and asking Council to approve a resolution stating our opposition to the governor's action.

Bayfront: Charlie Long is negotiating with Anderson Pacific, working on developing operating principals between the City and developer. Both sides agree this project would benefit by having greater involvement by the community and council members. I will discuss this proposal further during the Interim City Manager Update portion of the upcoming council meeting.

ITC: On Thursday, staff met with the Federal Transit Authority (FTA) to discuss the project. We continue to get full support from the involved organizations and funding sources. We are also finalizing the engineering for phase 1a, which includes the Bay trail and retaining walls. The engineering design is 90% complete for the transit loop and train station and 60% complete for the track design.

Sycamore North: We are conducting the final interviews next week to select a retail and residential broker for this project. Mayor Ward and Hercules resident Bill Kelly have agreed to participate in these interviews.

Sycamore Crossing: We are reviewing the submitted RFQ's for this project. Work has begun to relocate the sewer line on the property to Sycamore. The other utilities located closer to San Pablo will be relocated once a developer has acquired the property.

Town Hall Meeting: The town hall meeting has been finalized for February 16 beginning at 6:00pm. It will be broadcast on HCTV and streamed on the website for those that are not able to make it to City Hall. The topics I have asked staff to be prepared to report on include: the HMU, ITC, and Sycamore North. While we may not be able to cover all three, staff will be available to answer questions.

Wastewater: Council members and I received communications from residents expressing their concern about Hercules' future wastewater plans. We currently share Pinole's wastewater plant but are exploring the costs and potential benefits of moving our wastewater to the West County Sewer District. This issue is scheduled for discussion at our February 8 City Council meeting. I invited representatives from both Pinole and West County Sewer District to participate in this discussion. We encourage your attendance and participation.

Black History Month Art Exhibit: Next week, the Hercules Chamber of Commerce and City of Hercules are hosting a Black History Month Art Exhibit titled "History, Herstory, My People," feature the original portraits by artist b jAXON. The exhibit will open on Thursday, February 10 with a Chamber Mixer and will run through Wednesday, February 16 with different events each day. Residents are encouraged to check out the website calendar for more details.

Baywood HOA: The 78 property owners in the Baywood subdivision were mailed ballots which will decide if a homeowners association will be formed. Ballots must be received at City Hall **no later than 5:00 p.m., February 8, 2011.** Baywood residents are invited to observe the opening and counting of the ballots on February 12, 2011, at 10:00 a.m., in Hercules City Hall, Council Chambers.

Cost Savings Committee: This week, our Human Resources department met with a group of staff to begin evaluating cost savings suggestions previously submitted by members of the community and employees. Although our financial situation is still under review, we have already started making cuts and begun analyzing how we can more effectively provide service to the community. The committee will be meeting on a regular basis and hope to make recommendations to our Senior Management team and the City Council in the next six to eight weeks.

Restitution Ordered: Last year, a bench was vandalized at the Hercules Transit Center. The suspect, Pedro Barron, of Hercules was ordered this week to pay restitution in the amount of \$499.29. Although the property is owned by BART, the City takes care of maintenance on the property and will therefore receive the restitution funds to cover the cost of repairing the bench.

Robbery suspect arrested: On January 23, 2011, a resident was robbed in the 100 block of Paradise. Hercules Detectives identified the suspect as John Hanks of El Sobrante. Both Hercules Police and the California Parole Fugitive Apprehension Team were actively searching for Hanks and on February 2, Hanks was arrested in Fairfield.

Crimes of Opportunity: Recently our community has experienced an increase in auto burglaries and theft from unlocked vehicles. Police are asking residents to make sure they lock their cars and remove valuables from sight. Laptops, digital cameras and iPods have been among the recently stolen items. A Nixle message was sent to subscribers and information was provided to the Hercules Patch and West County Times. Residents interested in receiving these types of updates via email or text message are encouraged to sign up for Nixle updates from the Hercules PD at Nixle.com