



MEMORANDUM

DATE: February 24, 2012

TO: Mayor Romero and City Council Members
City Employees
Members of the Public

FROM: Steve Duran, City Manager

SUBJECT: City Manager's Weekly Report

REDEVELOPMENT AGENCY BOND PAYMENT ISSUES SETTLED

The Hercules Redevelopment Agency, which as of February 1, 2012 no longer exists, went into technical default on its February 1 bond interest payment of approximately \$2.4 million. The bond holders were paid because they are protected by bond insurance and a separate bond fund from which bond payments may also be drawn. The basic problem is that the Agency has no money and its fund balance is negative, even with the approximately \$4.1 million in tax increment income received in December. That is because City's pooled cash funds showing positive balances have been subsidizing Redevelopment Agency debt service and operations for years and have been significantly drained.

The Redevelopment Agency bond insurer, Ambac, filed suit in Superior Court in Martinez 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 court ruled against Ambac on January 31, 2012, however a hearing was scheduled to consider the merits of Ambac's request for immediate relief. That hearing was postponed by mutual consent of the parties to allow more time to negotiate a settlement. The parties have now reached a settlement and a brief should be filed on Monday to dismiss the suit without prejudice, which means that the suit can be pursued if the settlement is breached. This outcome keeps the City from having to consider pre-bankruptcy mediation and a potential Chapter 9 bankruptcy protection filing.

Going forward, all non-housing redevelopment tax increment equivalent funds received from the county must be deposited with the trustee for Redevelopment Agency debt service and the City will no longer subsidize Redevelopment Agency debt service obligations.

COMMUNITY AND ECONOMIC DEVELOPMENT UPDATES

ITC - Bayfront Project: This project seeks to move the City toward the ultimate goal of building an inter-modal transit (ITC) center and to provide the Bayfront developer with development

entitlements for medium to high density transit oriented development. This project proposes to develop a 42.36 acre portion of the City of Hercules Waterfront District master Plan (WDMP) area with the “Hercules Bayfront Project,” 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 Purchase and Sale Agreements and the Development Agreements are scheduled for consideration by the City Council on February 28, 2012. The Tentative Map will be reviewed on February 28 and considered on March 13 due to noticing requirements.

On January 27, the West Contra Costa Transportation Advisory Committee (WCCTAC) unanimously recommended that the Contra Costa Transportation Authority (CCTA) approve a new funding plan for the Hercules Intermodal Transit Center (ITC), which would provide Measure J funding for acquisition of land for the ITC and other items related to the transit center. The CCTA is scheduled to consider this item on the evening of Wednesday, March 21. Without this funding, the City will have no cash available for site acquisition and future funding would also be delayed.

Sycamore Crossing: The Purchase and Sale Agreement for Sycamore Crossing was approved by the City Council on January 24. The buyer, Property Development Centers (DPC) is a wholly owned subsidiary of Safeway and plans to build a 55,000 to 65,000 Safeway store and gas station near the southwest San Pablo Avenue edge of the site, with restaurants at the corner of San Pablo Avenue and Sycamore, and two or three story residential units on Sycamore facing Sycamore North. The first order of business is removal of a deed restriction, which could be a major obstacle to moving this project forward. The City’s obligation for removal of the deed restriction is capped at \$200,000, so if this costs more, the City and Safeway may negotiate how to fund the cost or walk away Agreement. The project will, of course, need to go through the normal Planning Commission review and approvals. Staff will be engaging the Planning Commission design review sub-committee in particular throughout the design phase of the project. However, until the deed restriction issue is settled, DPC will not be spending much time or money on design.

Sycamore North: The existing structure at Sycamore North 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 late as six month ago, the City was considering demolishing the structure, lopping off two stories or and selling it to an affordable housing developer for a 100% low income project. These were all bad options. The project was then declared failed and marketed as a market rate project. Presidio Development Partners was chosen from several qualified buyers due to their responsiveness to the city’s financial obligations and a quick close of escrow. The Purchase and Sale Agreement (PSA) for Sycamore North will ready for City Council consideration in March. Staff is working with CBRE and Presidio Development Partners to supply all due diligence items necessary to evaluate the property. Presidio has now requested to change most of the ground floor to residential uses, which will require Planning Commission approval, at least at the design review level. The requested change was requested because the site is not considered a prime retail site in comparison with the competition, including the Market Hall/Red Barn site and Sycamore Crossing, which are the City’s two best remaining retail sites. The increase in residential units also makes the project more economically viable and financeable.

Parcel C and Victoria Crescent: These properties are being actively marketed and offers have been received on both properties. Staff has scheduled closed session discussions with the City Council and discussing real property negotiations on March 6.

CITY WIDE VOLUNTEER PROGRAM

Under the direction of Chief Goswick, Police Departments Administrative Specialist, Angie Albrecht will be the coordinator for this program and welcomes all that want to volunteer to visit the City of Hercules website and complete a volunteer application and drop it off at the police department.

PLANNING DEPARTMENT UPDATES

Affordable Housing: The Planning Department, wearing another hat, has been managing the Redevelopment Agency's affordable housing programs for some time. They continue leading the effort to transition the affordable housing program to the County Housing Authority. They are coordinating with the finance department.

Design Review for March 5 Meeting: Staff is currently processing one application, a residential design review permit, that will require a Planning Commission hearing, currently scheduled for Monday, March 5. Staff is polling commissioners to ensure there will be a quorum, as two commissioners will not be available.

Commissioner Recruitment: Tuesday, February 29 is the deadline for applications to fill commissioner McCoy's and Hart's two-year Planning Commissioner terms that are due to expire at the end of March. Applications are available via the City's web site at:
<http://www.ci.hercules.ca.us/index.aspx?page=288>

LAFCO Recruitment: The Contra Costa Local Agency Formation Commission (LAFCO) is currently accepting applications for the Regular and Alternate Public Member seats. LAFCO is an independent agency charged with encouraging orderly governmental boundaries and efficient services, discouraging urban sprawl, and preserving agricultural and open space resources. The commission meets these objectives by regulating the boundaries of cities and special districts and conducting municipal service reviews and other special studies. The Commissioners will screen applications and make the appointment. The term of office for the open public member seats is four (4) years expiring in May 2016. Applications must be received in the Contra Costa LAFCO office located at 651 Pine Street, Sixth Floor, Martinez, CA 94553 by 5:00 p.m., Friday, March 9, 2012. More information is available at www.contracostalafco.org, or by calling the LAFCO office at (925) 335-1094.

MUNICIPAL SERVICES UPDATES

Building Permits:

Number of permits issued-----	15
Building permit fees collected-----	\$31,478.66
Number of inspections-----	17
Code Enforcement inspections-----	4

There is no sewer lateral report this week, as engineering staff is on leave.

On Going Activities:

Intermittent grading activities continue on Parcel C.

PG&E is doing pipeline testing at night. They need to do the work at night to avoid stray electrical currents that occur within the electrical grid when BART trains are running. The work will be conducted between the hours of 1 am and 4 am in the railroad area that runs behind Home Depot and between Sycamore and Palm. The work consists of drilling half inch holes through the pathway pavement where it traverses the pipeline. Once the testing is done the holes are plugged. PG&E has assured us that the work is quiet and they will hang door tags before beginning to alert the surrounding neighbors. All work should be completed by March 31.

PARKS AND RECREATION UPDATES

Parks & Recreation

A major Parks and Recreation Department reorganization is on the City Council Agenda for consideration on Tuesday, February 28.

Currently the Park & Recreation Department offers a wide variety of recreation classes and programs that cater to all ages and help to promote a healthy lifestyle. The classes & programs provide a great opportunity to have fun and exercise while interacting with others in a safe environment. You can go online to www.ci.hercules.ca.us to get more information or to register for classes.

Facility Rentals

Looking for a hall to rent to hold a party, wedding reception, graduation, birthday, retirement and baptisms. Check out our many facilities we have to offer by going online to www.ci.hercules.ca.us or call 799-8291 for more information.

President's Camp

Have your child join us for camp during the school break. Activities include arts & crafts, sports and making new friends. Opens to the public January 23rd until February 2nd and late registration until February 9.

Hercules Senior Center Valentine's Day Pancake Fundraiser

Date: Tuesday, February 14, 2012

Time: 7:30am - 10am

Ticket Fee: \$6.00 per person, tickets will be sold at the Hercules Senior Center.

Tickets on sale now thru Thursday, February 9, 2012!

Supported by: Hercules/Rodeo Fire Department & Rotary Club of Hercules

Now hiring for the following part-time positions:

Lifeguard

Sr. Guard

Recreation Leader

Basketball Coach/Referee/Scorekeeper

Should you have any questions regarding the positions listed, please contact the Personnel Department at (510) 799-8214.

WEEKLY POLICE REPORT (Partial List) AS OF FEBRUARY 23, 2012

Parolee at Large/ Fraud: On February 16, 2012 at 1:15 p.m. Hercules Officer assisted Pinole PD with a fraud in progress, where the suspect had fled. The suspect, 21 year old Xavier Watson, of Fairfield, was suspected to be a Parolee at large and considered dangerous. A Hercules Officer located the green Honda traveling eastbound on I-80 near Cummings Skyway. When the Officer attempted to make a traffic stop on the Honda, the driver failed to yield and a pursuit was initiated. The Hercules Officer pursued the vehicle from Cummings Skyway to Redtop Road in Fairfield where he turned over the pursuit to CHP. CHP pursued the Honda to the area of El Bassett Court in the city of Fairfield where the driver and a passenger fled on foot. Watson was located hiding in the attic in a house on El Bassett Court. Watson was taken into custody by Fairfield PD SWAT and transported to Solano County Jail.

Residential Burglary: On February 16, 2012 at 1:42 p.m. a resident in the 1900 block of Pheasant reported being a victim of burglary. Between 7:45 a.m. and time of call an unknown suspect entered the residence by prying the side garage door and the interior garage door. The only known loss was an Apple desktop computer.

Warrant Arrest: On February 16, 2012 at 8:45 p.m. an Officer contacted 45 year old Charnet Moore, of Richmond, in the 3000 block of San Pablo Avenue. Charnet Moore had a traffic warrant for his arrest. After conducting a burglary probation search, Charnet Moore was released with a citation for the warrant.

Warrant Arrest: On February 16, 2012 at 8:45 p.m. an Officer contacted 30 year old Gary Gawaran, of Vallejo, as a passenger during a car stop. The car stop was conducted in the 1000 block of Canterbury. Gary Gawaran was determined to have an arrest warrant for driving under the influence of alcohol. He was arrested and transported to Martinez Detention Facility.

Warrant Arrest: On February 17, 2012 at 1:36 a.m. an Officer stopped 30 year old Robert Walton II, of Hercules, in the 2000 block of Sycamore Avenue. Robert Walton II had a probation warrant for his arrest. He was arrested and transported to Martinez Detention Facility for the warrant. He was also charged with driving with a suspended license.

Identity Theft: On February 17, 2012 at 7:24 a.m. a resident in the 2000 block of Railroad Avenue reported being a victim of identity theft. An unknown suspect has fraudulently been using the victim's social security number.

Craig's List Real Estate Fraud: On February 17, 2012 at 11:36 a.m. a resident from the 2000 block of Cabrillo came to Hercules Police Department. The resident reported they rented the residence from an alleged real estate agent in December 2011. Recently a bank representative contacted the victim and told her the residence was bank owned and was in the process of being sold. The bank had not authorized the rental of the residence.

Petty Theft: On February 17, 2012 at 3:31 p.m. a student at Hercules Middle High School reported the theft of a phone from the school campus. A case was taken and is under investigation.

Domestic Violence: On February 17, 2012 at 8:03 p.m. a resident, in the 100 block of Stout, called to report an assault which occurred last night at the residence. Her 51 year old husband punched and kicked her during an argument over his drinking problem. The suspect had left the residence prior to the victim calling Police.

Stolen Vehicle: On February 17, 2012 at 9:10 p.m. a patron in the 800 block of Willow Avenue called to report his 1990 Mustang stolen. The victim left the keys to the vehicle on the front seat when he went into the business. When he came out he saw a Hispanic male get into his vehicle and drive away. The vehicle owner had left his phone in the car and used a GPS app to locate a current location of his phone. He notified the California Highway Patrol in Stockton who recovered the Mustang occupied at about 11:10 p.m. The driver, 35 year old Gabriel Sepulveda, of Marysville, was arrested and booked into the local jail.

Home Invasion Robbery: On February 18, 2012 at 7:14 a.m. Officers responded to an in-progress home invasion in the 100 block of Paradise Drive. Two black male adults forced their way into the home after ringing the doorbell. One of the suspects struck the victim with a handgun while both suspects repeatedly asked "where's the money?". The suspect with the handgun went to another bedroom and demanded money from the victim's mother. The mother was choked and slapped during the robbery. Both suspects fled the residence with a flat screen TV, a computer, \$2000 in cash, \$4500 in jewelry, and a small safe.

Domestic Violence: On February 18, 2012 at 11:16 a.m. Officers responded to Pinole Police Department regarding a domestic violence incident which occurred in the 3000 block of San Pablo Avenue. A husband, wife and their 11 year old daughter were parked at a business in the 3000 block of San Pablo Avenue as they argued about money. 54 year old Elizabeth Yee was seated behind the victim and started hitting the victim in the head with one of her shoes. The victim drove out of the parking lot as the suspect continued to strike him on the head with her shoe until they reached PPD. The victim was treated by paramedics for small lacerations to the back of his head. Elizabeth Yee was arrested for spousal battery and transported to Martinez Detention Facility.

Fraud/Commercial Burglary: On February 18, 2012 at 1:11 p.m. Officers were dispatched to a fraud in progress at a business in the 1600 block of Sycamore Avenue. The suspect was trying to use a credit card with a different ID (The ID was later determined to be stolen from a home in Vallejo earlier in the day). Officers contacted 26 year old Ruth Fuller of Vallejo. Ruth Fuller also

had three warrants for fraud. Ruth Fuller was arrested and booked at Martinez Detention Facility. Two subjects were associated with Ruth Fuller, 45 year old Timothy Hawkes of Vallejo and 28 year old Elon Reid of Vallejo. Timothy Hawkes and Elon Reid were released because no evidence implicated them with the fraud.

Domestic Violence: On February 19, 2012 at 11:06 a.m. Officers responded to the 100 block of Copper Beech Glen for a report of a domestic disturbance. The incident started with an argument over a camera and an iPad. The husband, 42 year old Nelson Visto Olis was arrested for battery and transported to Martinez Detention Facility. Nelson Olis allegedly punched his wife in the head several times while trying to get possession of the electronics. On February 20th Nelson Olis was released from Martinez Detention Facility. An emergency protective order was obtained against Nelson Olis, but it had not been served.

Domestic Violence Follow-up: On February 17, 2012 at 8:03 p.m. a resident, in the 100 block of Stout, called to report an assault which occurred on February 16th at the residence. The victim's 51 year old husband, John Mcleod punched and kicked her during an argument over his drinking problem. On February 19th John Mcleod was contacted by police during a civil standby request. John Mcleod was arrested for the spousal battery, served with an emergency protective order, and transported to Martinez Detention Facility.

Attempted Auto Burglary: On February 19, 2012 at 8:56 p.m. a resident in the 100 block of Glenwood called to report someone had attempted to gain entry to his car by pulling a window out of his vehicle. There was no loss and entry does not appear to have been completed.

Hit and Run Traffic Collision: On February 20, 2012 at 12:12 a.m. a citizen reported being involved in a collision in the intersection of Canterbury at Viewpointe. The responsible vehicle, a 1980's silver minivan ran the stop sign and struck the victim vehicle. The minivan then fled the scene, leaking coolant.

Driving Under the Influence of Alcohol: On February 20, 2012 at 1:18 a.m. an Officer stopped 19 year old John Tate, of Rodeo, in the 800 block of Willow Avenue. He was arrested for driving under the influence of alcohol. He was transported to Martinez Detention Facility where a blood draw was completed prior to booking him into the jail. The passenger from the vehicle 19 year old Justin Weiss, of Rodeo, had a warrant for his arrest. He was arrested and also booked into Martinez Detention Facility.

Warrant Arrest: On February 20, 2012 at 10:51 a.m. 24 year old Jessica Lynn Webb, of Vallejo, came to Hercules Police Department to pick up personal items. Jessica Webb had an arrest warrant for identity theft. She was issued a citation for the warrant and her property was returned.

Auto Theft: On February 20, 2012 at 6:16 p.m. a patron in the 3000 block of Franklin Canyon Road reported their gold 2007 Ford F150 pickup had been stolen from the parking lot, within the past two hours. The vehicle was entered into the stolen vehicle system.

Auto Theft: On February 20, 2012 at 9:05 p.m. a resident in the 100 block of Glenwood reported their maroon Nissan Pathfinder had been stolen from the parking lot, between 4:00 p.m. and time of call. The vehicle was entered into the stolen vehicle system.

Stolen Auto Recovery: On February 20, 2012 at 9:14 p.m. an Officer located an unoccupied stolen vehicle in the 100 block of Glenwood. The vehicle was recovered and the vehicle owner was notified.

Warrant Arrest: On February 21, 2012 at 9:47 a.m. an Officer stopped 23 year old Jacob Bruce Blacksheri, of Concord, on SR4 at Franklin Canyon Road. It was determined he had a warrant for his arrest. Jacob Blacksheri was released on scene with a citation for his warrant.

Residential Burglary: On February 21, 2012 at 2:02 p.m. a resident in the 100 block of Brighton reported that an unknown suspect burglarized the residence during the day. Items taken during the burglary include two safes with a large amount of cash, jewelry, and keys to four motorcycles in the garage. Per a neighborhood check, neighbors across the street saw a dark green, American made, 2-door vehicle backed up in the driveway at an unknown time in the morning.

Drunk in Public/Probation Violation: On February 21, 2012 at 10:31 p.m. an Officer contacted 45 year old Michael Dangles, a transient, in the 4000 block of San Pablo Avenue. During the stopped it was determined that he was intoxicated. He is also on probation for elder abuse. He was arrested and transported to Martinez Detention Facility.

Fraud/Theft of Utilities: On February 22, 2012 at 1:49 p.m. Officers checked a residence in the 1000 block of Canterbury regarding possible trespassing (Squatters), in a bank owned home. Four subjects were contacted inside the house. One of the subjects, 51 year old Anthony Perez, of Hercules, told Officers he was renting the house from the owners. Officers also discovered the electric meter for the house had been bypassed. This case continues to be investigated for theft of utilities and fraud.

Stolen Vehicle: On February 22, 2012 at 3:46 p.m. a resident in the 100 block of Jasper Court reported his black 1991 Nissan Sentra was stolen sometime during the night.

Stolen Vehicle: On February 22, 2012 at 4:44 p.m. a resident the 1200 block of Williams reported her black 1996 Acura Integra stolen sometime between February 17th and the time of call.