



MEMORANDUM

DATE: November 24, 2010

TO: Mayor Kris Valstad and City Council Members
City Employees
Members of the public

FROM: Charlie Long, Interim City Manager

SUBJECT: City Manager's Weekly Report

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

RFQ for Sycamore Crossing Property	1
RFQ for retail broker for Sycamore North	2
Sycamore North Funding and Affordable Housing Mix	2
Bayfront status, Intermodal Transit Center, Organizational Changes	3
City Wide Clean Up, Tree Lighting	4
Cost of living increase for Republic garbage rates	4
Police Department Reorganization, PD Motorcycles, PD Training	4

RFQ being prepared for Sycamore Crossing Property: The Sycamore Crossing Property is a 14 acre vacant property located south of Sycamore, directly across from the Sycamore North mixed use project that is under construction. The Agency purchased the property in July 2007 for \$11,350,000 (which includes Duck Pond Park land) and has master planned it for mixed use development creating a residential/commercial center synergizing with the development of Sycamore North.

Recently we were approached by Safeway asking if the site could accommodate a 55,000 square foot new grocery store along with additional retail to create a retail center. Along with the 40,000 square feet in the Sycamore North project, Safeway's desire to develop in Sycamore Crossings creates the opportunity for the community to fulfill its vision of a commercial/residential center on Sycamore. Safeway, as an anchor tenant, creates a huge

advantage in attracting a developer to the site to develop the other components of a mixed use project.

Based on this opportunity, we are issuing a request for developers to submit statements of qualification to serve as the developer of the site. We will recommend that the Council designate one member to participate in the interviews and 2 members of the public. We anticipate that interviews will occur the third week in January.

We welcome comments from the public on putting together this request for statements of qualification.

RFQ for retail broker for Sycamore North retail component: Up to now the marketing and leasing of the retail space has been handled by Main Street Property Services, Inc. (MSPS). When I arrived, there was a draft agreement pending which gave MSPS an option to purchase the retail space in North Sycamore at an allocated cost of construction, without regard to the actual income generated by the property. In addition, I was surprised to find that the Tenant Improvement Allowance in the Sycamore North Project provided Main Street with an average of approximately \$95/square foot to fund the internal retail space improvements. This allowance is approximately twice the normal market rate tenant allowance (TI allowances can go as high as \$75 per foot for desirable tenants), and allowed Main Street to increase rents for a project that it would have an option to purchase without regard to income. Based on these undesirable business terms, I have recommended that the Council/Agency not execute the draft agreement with MSPS. We are also issuing a request for retail brokers to submit statements of qualifications to market the retail space and oversee the preparation and execution of leases for the space. Interviews will be scheduled for the first week in January. We will ask the Council to appoint a member to participate in these interviews along with 2 members of the public.

Interested in helping with the selection of developer and retail brokers: Can you help? Please complete the [Selection Committee Application](#) to be considered for Council appointment to the interview committees for a developer for Sycamore Crossings and retail broker for Sycamore North. We will ask the Council to make the appointments at its meeting of December 14. The committee will meet for one full day in January.

Sycamore North Funding and Affordable Housing Mix: On Tuesday, the City Council discussed the Sycamore North project in great detail. As I outlined at the meeting and in last week's update, the project is underfunded and will require additional construction financing, possibly from a bank in the form of a construction loan, and additional funding from the Redevelopment Agency. It is important that we all work together cooperatively

to resolve the issues and find solutions. I would encourage members of the public to review the video from the City Council meeting for the complete discussion.

I met today with Bridge Housing about the possibility of selling the project to Bridge as an affordable housing project. These discussions will continue with other non-profit affordable housing groups.

In addition, we have begun discussions with private funding sources that would be interested in purchasing the project or providing a construction loan.

To keep the project moving, the Agency will be using bond proceeds from the 2007 Tax Allocation Bond issue.

We are also working with the Council to schedule a follow up meeting in the next two weeks so that decisions can be made as to what the affordable housing mix will be for the project and which pending capital projects need to be eliminated or delayed to fund the additional Agency investment. We are finalizing the Council's availability, but will have a date scheduled early next week. I understand these decisions are not easy, but they are necessary.

Bayfront: Jim Anderson and I have decided to hire the firm of Strategic Economics to prepare a market study on Bayfront that Anderson Pacific and the Agency can use to validate market value and strategy. Attached is their [proposal for the first phase](#) of their work, which is, essentially, to define the scope of the work.

We are meeting all day on November 29 to work with Strategic Economics and to discuss the preparation of a Memorandum of Understanding setting forth the framework of a more complete public private partnership agreement between the Agency and Hercules Bayfront.

Intermodal Transit Center: This week we worked on the following for the ITC project:

- City to receive TIGER II Grant for the Bay Trail at Waterfront as part of 'East Bay Green Transportation Initiative (EBGTI)
- The project team received Right of Entry from UPRR to perform pothole work in support of utility relocation efforts

Organizational Changes: The physical relocation of staff continued this week with the transfer of heavy office equipment and employees getting used to their new offices. The Affordable Housing Department is now located in the Planning and Building trailer, the Human Resources Department is now located in the trailer previously occupied by

Affordable Housing, and most of the Municipal Services Department can now be found in the main City Hall building.

The application period for the Real Property Manager position ended on Wednesday, November 24. Approximately 66 applications were submitted for consideration. We are currently in the process of screening applications and will begin scheduling interviews next week. The application period for the internal recruitment of the Senior Project Manager ends on Monday, November 29.

Citywide Clean-up: This year's Community Clean-Up event had about 300 residents come through with enough trash to fill 12 - 40 yard dumpsters and 6 truckloads of e-waste at the Home Depot Parking lot. Thank you to all the staff, Hercules Police Explorers, T.Y.C. and volunteers from several community organizations that assist with making the event a success.

Tree Lighting: On Friday, December 3, the City will host its' Annual Holiday Tree Lighting event at the Hercules Market Hall. There will be live entertainment, food, arts and crafts booths and kids can have their photo taken with Santa. For more information on the event, please visit [our event calendar](#) on the City's website.

Richmond Sanitary Rate Increase: This week, Richmond Sanitary notified the City of a rate increase of 1.01% as based on the Consumer Price Index published for October 2010. This translates to an increase of 18 to 44 cents for residential units. The [letter from Richmond Sanitary](#) is attached. The new rates will take effect January 1, 2011.

Police Department Reorganization: As a result of Commander Dalby's retirement last week, the police department underwent a reorganization. The prior command structure included a patrol division and administrative division, which included investigations. The new structure has an operations division, which includes patrol and investigations under the direction of Commander Bill Goswick, and administrative services, under the direction of Sergeant Ruben Rodriguez. The new configuration will more effectively employ the department's resources and "flatten" the organization.

Police Motorcycles: The department ordered two new dual purpose motorcycles for a total cost of \$11,800.00. The purchased was financed in large part from the recent sale of the police Harley Davidson traffic motorcycle. The dual purpose motorcycles are easier to ride, able to travel both on and off road, and more economical to maintain.

PD Training: Eight officers completed First Aid and CPR training this week. The remaining officers will be trained next week.

Subcommittee Replacement Suggestions

These are suggestions I have received so far on replacing the Subcommittee meetings.

No new suggestions received this week.

Last Weeks

Kathleen Cyr (City staff member)-I have a few suggestions on how to improve the “pre-approval” of requests for expenditures presented to the Council, formerly in the Subcommittee forum.

- ◆ A specific dollar amount needs to be determined and consistently adhered to in regard to items needing approval. (In the past, it was at the Finance Director’s discretion, and very inconsistent which led to frustration in trying to do it correctly as the rules were always changing.)
- ◆ Emailing Staff reports to the entire Council that must be read within a predetermined time frame, the next step is the author will meet at a predetermined time possibly every other week. Each author will meet the Council members in time slots so the Council can hear everyone’s explanation individually, and does not waste time with non involved staff being present. The Public would be welcome to attend the meetings.

Staff member 1	10:00-10:30	Council members	10:00-11:00
Staff member 2	10:30-11:00, etc	(Council stays for entire time)	

- ◆ Once an item is approved by the Council members the Staff report should be signed. There is spot on the form, but this has not been utilized as it should.

Gerard Boulanger-If no decisions are to be made and if the Council meets with the public, then I am afraid it will very quickly become an endless argument of the pro and cons and it will build even more frustrations.

I suggest to drastically reduce the number of subcommittees. Actually, most of them could be relocated into their respective division as "regular business".

When it comes to strategic projects, I think subcommittees are not a good solution. Instead, I suggest including a Project discussion/report at every single Council meeting as part of the official agenda. People concerned/motivated will prepare a thoughtful and short speech knowing in advance the subject of discussion.

Workshops are a very good tool to get fast and qualified feedback from the public while subcommittees are more about going around the subject or/and preaching for special interests. Having said that, I believe workshops should be organized *ONLY to address strategic projects/issues*, and then a specific subcommittee could be build to follow up. However, I don't think we should replace all subcommittees with workshops as there is a risk to build too high of expectations, then frustrations. Transforming subcommittees into workshops may also give too much importance to "minor" projects.

I believe some subcommittees should simply disappear and be replaced by a regular report during Council meetings. It may sound like I don't want the public to intervene in city affairs, but on some subjects, the public doesn't have enough information to be productive. For example, I attended a finance subcommittee a few weeks ago and I was lost. How can I give feedback on spending more if I don't have the whole picture? Another example: the Chamber of Commerce or Education, we don't need a subcommittee to decide whether to financially support them or not: we can or we can't.

Dan Romero-The complaint about the sub-committee meetings is that the public couldn't attend. Many in the public wanted to see the meeting telecasted on TV or a audio recording. Minutes have not been maintained. I feel that the meetings should continue but be telecasted to the community so the public can watch. I feel that the meetings should not be held in the evening because it prolongs the workday for city staff. Having the opportunity to see business meetings and discussion prior to the council meetings is good for the public. Being able to hear what staff is suggesting to the council members is good for the community and hearing the response from council members that the public never hears during council meetings is likewise good. Postponing the meetings and asking the community which has no experience in city government leads to chaos.