



CITY MANAGER

January 13, 2019

With the New Year off to a fresh start, I would like to begin 2019 with a look back to 2018 highlights, and to share some items of interest for 2019.

#### **City Finances**

The City continues to live within its means, including setting aside funds as they become available to meet pressing needs and to enhance reserves to ensure we can weather any economic downturns. The 2018/19 budget was approved with a small operating deficit which will be covered by reserves if needed. The City Council increased our reserves from a dedicated two months to three months of annual expenditures using some one-time funds. In addition, we added \$1 million to an IRS Section 115 Pension Trust, which together with some higher employee retirement contributions, will assist us in mitigating higher pension contribution rates. The 2017/18 Fiscal Year annual audit was completed prior to December 31, 2018, for the first time in many years. The results from the 2017/18 fiscal year which ended June 30, 2018, were positive and reflects our continuing good financial practices. The City also completed a comprehensive update of our Overhead & Cost Allocation Model which ensures we get full cost recovery for grants and other activities. Three zones of the Citywide Landscape & Lighting Assessment Districts continue to grapple with operating and/or cumulative deficits with service reductions being implemented after two failed attempts to secure property owner approval of higher assessment to mitigate these deficits in Zone 1 (Hercules by the Bay); Zones 3 & 4 (Gems & Birds); and, Zone 6 (Village Parkway).

#### **Development**

Hercules' long-awaited Bayfront development is now underway. The Exchange @ Bayfront, a 172 unit, 4 story apartment building with ground floor retail is under construction at Bayfront Boulevard and John Muir Parkway with completion set for early 2020. Construction will start in early 2019 on the Grand @ Bayfront, the next phase with another 231 apartment units in a four story building just across John Muir Parkway. The third phase of three additional buildings has been submitted for review and approval. The new Safeway at San Pablo and Sycamore will be starting construction shortly with completion set before the end of the year. The Muir Pointe community on John Muir Parkway continues its buildout of 144 new homes with two new public parks also complete. A new commercial center to feature auto service uses and self-storage has been approved for a site across from the Valley Bible Church on Willow Avenue with construction drawings having been submitted and under plan check, with the project to generate sales tax and a new revenue stream for the City from the self-storage.

The Sycamore Crossing site, bound by San Pablo, Sycamore, and Tsushima, is being considered for retail, hotel, and residential community with the formal approvals expected in the first part of 2019, and site preparation starting with the removal of excess dirt will begin shortly. Also in early 2019, plans are expected to be submitted for a new residential community of up to 640 units on the Hilltown site which is at the corner of John Muir Parkway and San Pablo. A re-make of the Franklin Canyon Golf Course property is also being proposed by the property owner and may feature a high-end recreational vehicle park and amenities in addition to preserving a 9-hole golf course.

#### **Hercules Regional Intermodal Transportation Center**

The Hercules Regional Intermodal Transportation Center, which would link bus, train and possibly ferry service at a single locale, is still moving forward. In 2019, we expect a firmer commitment from the Capital Corridor rail service provider to serve Hercules, which will assist in attracting the funds needed for the next two phases which will allow the train to stop. The utility relocation design is nearly complete, with a contract for final design of station and track improvements to be let in early 2019 partially funded with a \$750,000 allocation of funds from the West Contra Costa Transportation Advisory Committee. The third phase, or Bay Trail West, was completed in 2018. A route has been identified to allow for the initiation of interim bus service to Bayfront with the design now underway of some minor improvements needed to allow service to start. More information on efforts to get the train to stop in Hercules can be found at [www.HerculesTrainStop.com](http://www.HerculesTrainStop.com).

#### **Capital Improvement and Repair**

By the third quarter of the year, the upgrade and expansion of the joint Pinole-Hercules Waster Water Plant will be complete. A top-down survey and cleaning of the sewer collection system has been completed with design of the replacement of the gravity main to the sewer

plant now underway. The City completed a pilot streetlight replacement project in Foxboro and a portion of the Refugio Heights neighborhoods, with failing hollow core streetlights also replaced with energy efficient LED fixtures on upper Refugio Valley Road.

The continuation of the higher gas tax revenues being generated by SB 1 has meant that City has accelerated its street repair program. The 2018 street maintenance project including slurry seal was completed in a variety of neighborhoods and was almost twice what we could do otherwise. The loop trail in Refugio Valley Park and the section of the Refugio Valley trail was reconstructed to just past the Fire Station.

Construction started last year and will be completed shortly on the new restroom and half-basketball court in Duck Pond Park. A new, permanent stage has been installed in the Community Center, with retractable wall mounted basketball hoops also installed. The Community Center was also re-roofed and City Hall was water-sealed and re-painted, both projects designed to extend the working life of these facilities. Improvements were also made to the Foxboro and Ohlone Community Center buildings, in part with volunteer labor.

Design will start shortly on a new sidewalk from Sycamore along Palm and under the railroad bridge, and continuing along Willow, to the Hercules Transit Center. The Refugio Park tennis courts will be resurfaced in 2019, improvements will be made to the Samara Terrace Room, and three initial traffic calming projects for Hercules Avenue, San Pablo and Sycamore, and Sycamore and Civic are in design. The East Bay Regional Parks will be starting construction of an extension of the Bay Trail East to Rodeo in the first half of 2019.

### **Quality of Life**

**Police Staffing:** The City Council added an additional Police Officer position as part of the FY 2018/19 budget with the stated goal of keeping our staffing levels at one officer per thousand residents. If you aspire to a career in law enforcement, please look to Hercules as a great place to work with a diversity of assignments available to you early in your career.

**Library Extra Hours:** Four hours of service were added on Fridays at the Hercules Library as part of the 2018/19 annual budget approval. The Library is now open Monday to Saturday.

**Paving Ordinance:** Did you know that there are now rules in effect here in Hercules regarding the need to get a permit for any paving in excess of 120 square feet in area on private property? As of June 22, 2018, a new ordinance took effect which regulates paving on private property in order to avoid a number of issues including storm water and run-off concerns. If you are thinking of doing any paving in your front, rear, or side yards, please consult with our Planning Department before doing so.

**Code Compliance:** Our three tier approach to code compliance starting with voluntary compliance through the assistance of volunteers is increasingly paying dividends. Many of those contacted regarding code issues are voluntarily addressing any items identified which is resulting in more attractive neighborhoods and community overall. Voluntary compliance also avoids possible fines and other actions.

**Other Items of Interest:** In 2018, an update of the Circulation element of the City's General Plan was approved by the City Council. Social Bite returned to the Bayfront. Also in 2018 the City undertook a major tree trimming and tree maintenance effort; a substantial pothole repair project; a street restriping program; and, started the replacement of street signs with larger more readable signs.

The City has also contracted out the administration of our business license tax program just over a year ago. That transition has gone well, and now the firm doing that work is in their initial audit phase of identifying those who don't have a business license but should have one. That includes those who operate a rental property here in town, even a single unit. Avenu, the firm doing the audit, has recently sent out letters to those persons or businesses which may need a business license. To encourage compliance, the City has granted an amnesty in which the City is waiving any penalties and prior year amounts for those businesses that haven't known that a business license was needed if they do get one within 180 days of the initial notice.

### **Looking Ahead and Staying Connected**

The City of Hercules continues to be well positioned to manage through future challenges. We are fortunate to have a team of committed, dedicated, and hardworking staff and volunteers working to provide services and enhance the community. Together we can continue to make progress and improve the community which we all love.

If you would like to keep up with what is happening in the City of Hercules, you can go to the City's website and subscribe to the City Manager's Bi-Weekly Report under the eNotice Sign-up found under the Our City tab on the homepage or enter this link: <https://www.ci.hercules.ca.us/our-city/enotice-sign-up> . You can also follow the City of Hercules on Facebook and NextDoor. By mid-2019, we also plan to be back to broadcasting Council meetings on the cable system in addition to being able to access meetings through the City's website.

Here is to a great 2019 ahead!



**City Manager**