



January 15, 2021

A most welcome New Year with the arrival of 2021 after a trying 2020 with the COVID-19 Pandemic, a recessionary economy, and political unease at the national level. While we are still not out of the woods on many fronts as a society and community, I feel there is a sense of hopefulness as we move into 2021, for example with our on-going and positive community engagement on social justice issues. I am happy to share that much progress was still made in 2020 and that this will continue into 2021.

The City of Hercules has thus far successfully navigated the COVID-19 Pandemic. The Hercules City Hall is the only City Hall in the County which never closed. I want to again thank our employees for making that possible. Our Parks & Recreation programs continue to be impacted, and we look forward to when we can resume a greater level of offerings. The community has really shown a tremendous amount of resilience during these unusual times. In 2020, we began engaging with the community on policing and social justice issues and I am proud of our efforts. The Police Chief and I conducted two facilitated insightful Town Hall meetings, and the Council dedicated a special meeting to the concerns. In March of 2021, we will conduct the first of what will be an annual "Town Hall on Policing," an initiative which arose out of these prior community consultations, and which will be one of the ways we will continue to engage with the community.

At the end of 2020, we said good-bye to Mayor Roland Esquivias and Council Member Gerard Boulanger, who finished their City Council terms, and we welcomed new Council Members Alexander Walker-Griffin and Tiffany Grimsley, with Council Member Dan Romero continuing with a new term. For 2021, Council Member Chris Kelley was selected to serve as Mayor and Council Member Dion Bailey as Vice Mayor.

#### **City Finances**

The impacts of the COVID-19 Pandemic on the City's finances have not been as devastating as originally anticipated, though we are still working hard to ensure we can manage whatever might be thrown our way. We were fortunate that we were able to close the 2019/20 Fiscal Year with positive results despite revenue declines in the last quarter of the fiscal year, and this has provided us with additional capacity to weather the current economic climate. The City's annual audit was completed in a timely manner before year end in an expanded format called the Comprehensive Annual Financial Report (CAFR), which was presented to the City Council on January 12, 2021 and can be found here: <https://www.ci.hercules.ca.us/government/finance/comprehensive-annual-financial-reports>

The Fiscal Year 2020/21 Budget was approved in June 2020, with a conservative mindset given the many unknowns we faced as we looked forward. The City Budget was prepared as an enhanced and expanded document and was recognized with an Award for Excellence in Budgeting by the Government Finance Officers Association (GFOA). In February, we will review our financial progress as part of the annual mid-year budget review and will make any needed adjustments. The receipt of some Federal CARES Act funding and front-loaded savings from refinancing Library bonds last July will assist the City in navigating the unknown impacts of the COVID-19 pandemic. The City Council has also continued to be committed to ensuring that the City of Hercules lives within its means and that we are fiscally prudent, meeting base service needs, and investing in capital, with key designations of funds to meet future requirements and to grow our reserves (currently at 3 months or more of annual operating expense).

#### **Development**

The first phase of the mixed-use transit-oriented Bayfront project was completed with the opening of "The Exchange" and its 172 apartments in August 2020. The second phase of 246 units ("The Grand") is estimated to be completed in May 2021, with a third phase fully entitled and ready to pull permits for three buildings with an additional 498 units to start construction in 2021. Also, in 2020, entitlements were approved for Hilltown community, consisting of nearly 600 townhouses and apartments. Construction started in the fall of 2020 on the Willow Avenue Auto Service Center and Self-Storage project. The long-awaited new Safeway and related retail center will open in March 2021.

Sycamore Crossing, which will feature a retail center, the City's first hotel (a Hampton Inn & Suites), and a 120-unit residential condominium community, is still in the works for the site bound by San Pablo, Sycamore, and Tsushima, with the site prep and utility relocation pending. An application has been submitted to transform the Franklin Canyon Golf Course site into a high-end RV park and related amenities, with dedicated permanent open space. The RV park would generate transient occupancy taxes and other revenue for the City and will be considered for approval in the first half of 2021.

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

A design contract was let for the utility relocation phase of the Hercules Regional Intermodal Transportation Center utilizing funds from the Contra Costa Transportation Authority and West Contra Costa Transportation Advisory Committee. The work is underway and is designed to ensure the next phase (utility relocation) is shovel ready to make the project more competitive for grants. In the meantime, improvements were completed along Bayfront Boulevard to facilitate interim bus service and to provide a safer pedestrian connection to the two segments of the Bay Trail. Bus service was to have started in mid-2020, but that has been delayed due to the COVID-19 Pandemic. 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**

Investment in the City's capital facilities and infrastructure continues to be a priority. Resurfacing of the Refugio Park tennis courts was completed; streetlight replacement was completed in the Hercules by the Bay and Refugio Heights neighborhoods after homeowners in these areas approved increased assessments to do so; and a major energy retrofit project including solar panels for a variety of City facilities with a company called Engie was approved and is now underway. The expansion and upgrade of the joint Pinole/Hercules wastewater plant was completed, and design is underway for replacement of a section of the sewer trunk main.

### **Quality of Life**

**Police Updates:** Our dedicated Traffic Enforcement Officer was provided with a motorcycle to enhance his operational effectiveness, and we successfully managed a succession with a long-time Police Commander retiring. We continue to work hard to ensure that our authorized sworn positions are filled and make use of an over-hire program to minimize vacancies.

**Public Open Space Encroachments:** Starting in 2019, the City has taken a zero-tolerance approach to new encroachments into the City's open space areas, and at the request of the City Council, we are working to eliminate the most egregious existing encroachments, with progress being made. In March of each year, we also send a letter to any property owners who back up to City open space to remind them of these restrictions that protect public open space.

**Paving Ordinance:** Residents need to get a permit for any paving or addition of hardscape more than 120 square feet in area on private property, even if replacing existing paving. If you are thinking of doing any paving in your front, rear, or side yards, please consult with our Planning Department before removing or adding paving/hardscape (more information available at: <https://www.ci.hercules.ca.us/home/showdocument?id=11293>).

**Code Compliance:** Thank you to those residents and property owners who addressed code compliance issues based on a written request from the City as initiated by a team of dedicated volunteers. We see a high level of voluntary compliance which is great, with all but 4 of the 104 cases initiated in 2019 having complied. The program was in hiatus for a period during 2020 due to COVID but has resumed. Since voluntary compliance also avoids possible fines and other actions, it is our preferred approach, though we will see an additional emphasis on the issuance of Administrative Citations for those who do not comply starting in 2021.

**Building Permits:** We have seen an uptick in residents making improvements to their homes, which is great news. Did you know that most home improvement projects require a building permit? Securing a building permit, if required, ensures that the work being done on your home is safe and meets building code requirements, and shows future buyers that the work was done properly. Before starting any construction project, be sure to contact our Community Development staff, who can help you obtain appropriate building permits. More detailed building permit information is available on the City's website: <https://www.ci.hercules.ca.us/government/building/building-permits>.

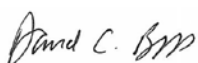
**State Mandates:** The Council also responded to new State mandates and adopted ordinances addressing street vending and accessory dwelling units to bring us into compliance with State law.

**Other Items of Interest:** The City has been actively working on an update of the Safety Element of the General Plan and the development of a Hazards Mitigation Plan (<https://www.ci.hercules.ca.us/government/planning/safety-element-hazard-mitigation>) which should be completed in mid-2021. Also, please be mindful that the City operates its stormwater system under a permit from the Regional Water Quality Control Board and residents can help by ensuring they and their landscapers do not dispose of any materials, including leaves and other landscaping debris, via the storm drain system.

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

2020 was a much more challenging year than anyone could have imagined, and while we will continue to be challenged into 2021, we have seen a tremendous amount of resiliency and commitment to community demonstrated time and time again here in Hercules.

If you would like to keep up with what is happening in the City of Hercules, you can follow the City of Hercules on Facebook and Nextdoor. You can also subscribe to the City Manager's Bi-Weekly Report under the eNotice Sign-up tab on the City's homepage or through this link: <http://www.ci.hercules.ca.us/index.aspx?page=17>.



**City Manager**