

HERCULES

RE: DEVELOPMENT



CITY OF HERCULES REDEVELOPMENT AGENCY NEWSLETTER VOLUME 3 ISSUE 2 Q1 2010

MEETING CALENDAR

■ Redevelopment Agency/ City Council

Second and fourth Tuesday at 7:00 p.m.

■ Planning Commission

First and third Monday at 7:00 p.m.

■ Community and Library Services Commission

Second Monday at 7:00 p.m.

All meetings are held in the Hercules City Council Chambers, 111 Civic Drive, unless otherwise noted.

FEATURED EVENTS

■ Hot Roasted Garlic Crab Feed

Fundraising event to benefit Hercules Swim Teams

Saturday, January 23, 2010

5:00-10:00p.m.

Community Swim Center

Call 799-8229 for tickets

■ 2010 Community Update

Saturday, April 10, 2010

9:30-11:30a.m.

Community Swim Center

For more information, call 245-6533

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State Raid On Redevelopment Continues

We are all living in a chapter of the story of a place called Hercules. In this chapter, as described elsewhere in this newsletter, we learn about many projects underway that will finally transform Hercules into a complete and interesting city.

But as we enter the new year of 2010, we also learn about the possibility that this chapter could suddenly stop. The projects could be swiftly curtailed, by a taking of local redevelopment funds by the State of California.

In July 2009, the California State Legislature again concluded another struggle to balance the State budget by taking money from several local funding sources, including redevelopment agencies. This year's statewide taking of redevelopment funds amounted to \$2.05 billion, of which \$5 million would come from the Hercules Redevelopment Agency.

Planned Projects Could Be Halted

Hercules has an annual property tax increment flow of about \$9 million, thus a \$5 million raid (more than half our annual property tax income) would effectively halt the planning, engineering, and new construction of the public projects described in

this newsletter. Funding reductions would cripple the Agency's ability to acquire additional grant monies or to maintain the long-term knowledge and relationships critical to delivery of large projects such as the Intermodal Transit Center or New Town Center.

If the Legislature closes the book on Hercules improvements, the local economy will lose hundreds of jobs. The transportation infrastructure improvements will either be delayed many years or never be built. Many of the new retail, office, and R&D buildings will be delayed, not constructed, or not built for maximum productivity. Thus, there will likely be a significant, long-term impact on all local property values.

Staff Prepare For Downsizing

As matters now stand, the Legislature's taking of redevelopment funds is a fact. Hercules Redevelopment staff is preparing to hand over the funds and downsize operations. However, the California Redevelopment Association (CRA), has again filed a lawsuit against the State to prevent the taking of funds. The CRA and City strongly believe that the taking of redevelopment funds for non redevelopment purposes is illegal.

□ *Continued on page 2*

RDA Raid Continued from Page 1

CRA Lawsuit Hopeful

The CRA's lawsuit alleges that the \$2.05 billion taking is unconstitutional. The Legislature is attempting to shift the State's financial obligations to redevelopment agencies, which is not a constitutionally permitted use of redevelopment funds. Further, the State raid could impair bond covenants and other contracts, which is a violation of both State and Federal constitutions.

In April 2009, the State lost a similar lawsuit over the 2008 attempt to take redevelopment funds, so it was astonishing that the Legislative leadership reverted again to this "gimmick" to pretend to deliver a balanced budget last July. Nevertheless, your Redevelopment Agency is forced once again to join this lawsuit to protect your property tax funds from being seized unconstitutionally.

The projects described in the balance of this newsletter are not being created out of thin air. Any city, like any business, needs a consistent and reliable source of capital funds in order to grow. The story of Hercules is a story of redevelopment. It is important for you to know how these projects are funded, and why the unfortunate actions by the Legislature directly affect you. While the City is hopeful that CRA will win the lawsuit, residents must be aware that the taking of these funds will significantly affect our community.

Public Works Project Update

Pavement Rehabilitation of San Pablo Avenue

This project applied a 2-inch asphalt overlay with pavement reinforcing fabric to segments of San Pablo Avenue from John Muir Parkway to the City limit at Rodeo. Part of the scope of work also included manholes and water value adjustments, trench failure repair, pavement grindings and striping, and traffic loop detectors reinstallation. The project was funded with Federal economic stimulus money received through the American Recovery Reinvestment Act. Construction was completed late November.

Santa Fe Avenue Force Main Replacement

The City oversaw construction of a new sanitary sewer effluent force main adjacent to Santa Fe Avenue. The scope of work included, the installation of approximately 1,260 lineal feet of new 24 inch sanitary sewer effluent force main and appurtenances including joints, valves, and thrust blocks, two

connections of the new 24 inch force main to the existing 24 inch sanitary sewer effluent force main, and the backfill and abandonment of approximately 1,700 lineal feet of existing 24 inch sanitary sewer effluent force main. The project was completed in mid-October.

Sycamore Avenue Restriping

The Sycamore restriping was completed in mid-November and narrowed Sycamore Avenue from Redwood Road to Refugio Valley Road, thus changing this section of Sycamore from four lanes to two. With the opening of the Hercules Public Library, pedestrian traffic has significantly increased, causing an even greater concern for pedestrian safety. Cars regularly speed through this section and enforcement efforts have resulted in 18 citations since January 2008. However, narrowing the road will encourage vehicles to slow down, reducing the need for enforcement and increasing pedestrian and vehicle safety.



Santa Fe Avenue Force Main Realignment

Entitlement Approved for Palm Project



Artist Rendering of Palm Project, from left to right: Building C, B, and A.

The 45,000 square feet commercial/retail Palm Project, located at the corner of Palm and Sycamore Avenues, received its vestings from the Planning Commission on November 16, 2009. This approval allows the Redevelopment Agency to begin the second phase of the construction drawings, which will take approximately five months to complete. This phase also includes the approval of the construction documents by the Building and Safety dept. The final phase, thereafter, is bidding and construction.

The three buildings are each approximately 15,000 square feet where Building B and C are identical. The architectural features and aesthetic value are of the old country barn look, which was borrowed from Claeys Ranch nearby. The premise for the design was to blend the project in with the natural elements of the project site.

Over the last ten years, the City has conducted three surveys of "Needs Analysis" by asking our residents to list the top ten services they would like to see in Hercules. The activities that made these lists range from family style restaurants, fitness club, health food stores, boutique stores, and auto maintenance. Even though we are quite a ways away from meeting all of the needs of our residents, a few of the 'wish list' items have been obtained including Home Depot and the Hercules Fitness Center.

In addition, the Palm Project is anticipated to bring another much needed service to our community, automotive maintenance. This will, furthermore, create jobs, bring services closer to home, and increase

sales tax revenue for the city.

In order to accommodate the project at its respective site, the Engineering Department is in the process of redesigning a portion of Palm Avenue to realign the existing road south of its current location. Prior to the Palm Project breaking ground, the road must be relocated. Pending weather conditions, road work is expected to commence this Summer and be completed by August/September 2010. Construction on the buildings for the Palm Project should follow shortly after, with completion expected in the Fall of 2011.

For more information on the Palm Project, visit our website at www.ci.hercules.ca.us or contact Special Projects Director, Raj N. Pankhania at 510-799-8208.



Artist Rendering of Building A for Palm Project

City Takes Lead Agency Role For Intermodal Transit Center Environmental Docs

Last month, the City took another important step toward accelerating the overall delivery of the Hercules Intermodal Transit Center project by assuming the Lead Agency role for the development of the project environmental documents and permitting for both the Hercules Intermodal Transit Center and Hercules Bayfront development. While the design of the station building has been advanced significantly over the summer and is on-schedule to meet the critical milestones for allocation of funding, the development of the project environmental documents previously led by another agency was closely tied to a more limited project with a longer range schedule. As Lead Agency, the City is now positioned to advance the environmental process at a more aggressive pace and include other necessary components related to the infrastructure of the transit center. The environmental documents will address the *cumulative impact* of the proposed Hercules/Rodeo Ferry Terminal, as identified in the San Francisco Bay Area Water Transit Authority (WTA) Final Implementation Plan, however, the ferry terminal portion of the transit center will be analyzed in a separate environmental documentation process by the Water Emergency Transit Authority (WETA).

Because the project is receiving funding from both federal and State sources, the environmental documents, referred to as the combined Environmental Impact State-

ment/Environmental Impact Report (EIS/EIR), must include analysis showing the project meets both the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) requirements. The environmental documents will also be prepared in accordance with the City of Hercules General Plan, as amended by the Waterfront Master Plan Initiative.

The environmental process includes public scoping meetings, public hearings on the Draft EIS/EIR, a public review and comment period, and development of project updates. Information will be posted on the City's website at www.ci.hercules.ca.us. Following the public comment period, a Final EIS/EIR will be developed and released.

Upon certification of the Final EIR/EIS the City will submit formal applications to the respective environmental permitting agencies. The City of Hercules may use the Joint Aquatic Resources Permit Application (JARPA) so that a single application packet can be prepared and sent to each responsible permitting agency. Coordination with the responsible regulatory agencies has been initiated through an interagency meeting hosted by the US Army Corps of Engineers. Interagency partnership is key to facilitating feedback from the responsible agencies and coordinating overlapping interests and regulatory requirements.

The environmental documents will study the proposed Intermodal Transit Center project that includes a

❑ *Continued on page 5*



Boundary of area included in the Environmental Impact Statement/Environmental Impact Report for the Intermodal Transit Center

□ *Transit Center continued from page 4*

number of related and needed infrastructure improvements such as the realignment and restoration of Refugio Creek, the relocation of utilities, completion of John Muir Parkway and Bayfront Boulevard, and replacement of the Union Pacific Railroad bridge over Refugio Creek. In addition to expanding the existing public transportation infrastructure, a critical segment of the Bay Trail will be completed connecting the existing trail from Pinole to the south, with Victoria by the Bay to the north, providing a Class 1 trail for biking and walking. Project environmental benefits include providing commuters with more options that decrease car use, improving regional air quality, and reducing congestion. Additionally, the restoration of Refugio Creek will enhance the habitat value for local wildlife by creating small stream meanders providing channel diversity, widening the corridor and re-vegetating native species.

Even though the environmental document process still takes time, assuming the role of Lead Agency enables the City to pursue a more aggressive schedule and keep construction on track for the Fall of 2010.

NEPA/CEQA - Brief Process Outline

Scoping Meeting – December 2009
EIR/EIS Project Description – January 2010
Administrative Draft EIR/EIS – Winter 2009/2010
Public Draft EIR/EIS – February 2010
Circulate Draft EIR/EIS – Spring 2010
Public Hearing on the Draft EIR/EIS - TBD
Final EIR/EIS Released - TBD
Certify EIR/EIS – Anticipated Summer 2010

Major Permitting Agencies

United States Army Corps of Engineers (USACE)
United States Fish and Wildlife Service (USFWS)
Bay Conservation and Development Commission (BCDC)
California Department of Fish and Game (CDFG)
Regional Water Quality Control Board (RWQCB)
National Marine Fisheries Service (NMFS)

EBMUD To Begin Collecting Utility Users Tax

On June 18, 1991, the City of Hercules adopted Ordinance 301, which authorized the collection of utility users tax (UUT) by the City of Hercules. Unlike the way the UUT has been collected on electricity, gas, and telephones through PG&E and other agencies, the East Bay Municipal Utilities District (EBMUD) required that the costs of collection, along with administrative fees determined by EBMUD, must be borne by the City and therefore, has not collected the tax since its inception.

In 2004, the residents of Hercules reaffirmed the UUT with the passage of Measure K to continue the 6% Utility Users Tax, including water, and in November 2007, negotiations were resumed by City staff with EBMUD to fully implement the Measure. The negotiations proceeded slowly due to EBMUD's continued administrative overhead requests, but have resulted in EBMUD proposing a one-time fee for computer programming of \$22,000 and an administrative fee of 4% of revenue. It is estimated the annual water portion of the UUT is approximately \$267,000 and the average single family account would pay roughly \$37.00 per year. Using these estimates the annual administrative fee would be approximately \$10,680.

According to EBMUD, the ongoing implementa-

tion of a new Customer Information System (CIS), which would include Hercules UUT on a customer's regular EBMUD bill, cannot begin until after implementation is complete and decisions are made regarding collection of current and prior year's tax assessment.

On September 22, 2009, the Hercules City Council adopted a resolution authorizing the City Manager to execute an agreement with EBMUD to collect the water portion of the utility users tax. All administrative and programming expenses incurred by EBMUD will be deducted from revenues due to the City.

Upon implementation of the new customer service system, customers will see the UUT invoiced on their regular billing statement when EBMUD completes their billing replacement project anticipated late in 2010. EBMUD has also stated that it will begin the back billing of UUT collections in January 2010. The City has confirmed that there will be one back bill for the period of July 2008 to December 2009. EBMUD will mail these UUT bills no later than January 29, 2010. Please look for the bill in your mailbox in the next few weeks.

For more information about the utility users tax on your EBMUD bill, please contact Gloria Leon, Finance/Personnel Director at 510-799-8221.

Sycamore North Begins Phase II of Construction

After breaking ground in early May, the Sycamore North Development has been steadily progressing. Sycamore North is the first phase of Sycamore Downtown and will be a vibrant mixed-use community of 96 residential units and approximately 40,000 square feet of retail and restaurant space. Sycamore Crossing is the second phase of the project, which you can read more about on page 7.

Construction Progress

Phase I of the project started in June and was completed in October below budget. This phase included excavation and shoring of what will be the below grade parking garage of this development. Additional dewatering wells were installed and supplementary measures were implemented to minimize surface water runoff. Shoring walls will continue to be periodically surveyed until the final retaining walls and podium slab are constructed.

Phase II Now Underway

Bids were received mid-November for Phase II, which includes structural concrete, waterproofing, elevators, and plumbing. Contracts were issued later that month and construction began in December. This phase includes construction of the underground parking garage and the ground floor retail space including the concrete podium slab to support the housing.

Phase III design work continues. Final bid documents will be completed this month and bids will be solicited in January/February 2010. Phase III consists of the



Close to 50,000 tons of dirt was removed to make way for underground parking



Shoring walls protect the site from groundwater until permanent retaining walls are constructed



Crews worked for five months to remove dirt and install soil nail walls to prepare for construction of the underground parking



Some of the dirt was transferred to the future site of Duck Pond Park for reuse

remainder of the project including three stories of housing located above the retail space. Construction will begin in Spring 2010 and is scheduled for completion in Summer 2011. Residential leasing and condominium sales will commence in early 2011.

Retail Tenant Management

Retail leasing is already underway. The City of Hercules staff, Solomon ETC as architect, Equity Community Builders (ECB) as the development manager, SZFM Design Studio as the retail architect, and Main Street Property Services (MSPS) as the retail leasing consultant, are working together to ensure a successful retail development. MSPS is currently in the process of creating detailed storefront guidelines and meeting with potential tenants.

Residents

ECB has been coordinating with City staff in the management of communications with the adjacent Bayside Homeowners Association (HOA), specifically negotiating a final Easement Agreement and addressing other title and construction-related issues.

The Affordable Housing Department has accepted applications for the rental units since 2005. All applicants have been put on a waitlist and will be contacted in Spring 2010. For more information on the construction, rental units, or retail opportunities, please contact the Affordable Housing Department at (510) 245-6517.

Sycamore Crossing

In 2007, the Redevelopment Agency purchased an 11.5 acre parcel, at the corner of Sycamore and San Pablo Avenue, from the Penterra Corporation. This parcel is now known as Sycamore Crossing (Phase II of Sycamore Downtown). When the property was purchased, the Agency was already working on the design of Sycamore North, which is now under construction. The Agency hoped that by purchasing the property, it could ensure the completion of the restaurant/retail experience along both sides of Sycamore Avenue.

To date, Agency staff has been working to remove many of the underground utilities that are hindering the development of the Sycamore Crossing site. Design is underway for the relocation of a 24" East Bay Municipal Utility District (EBMUD) water line into the San Pablo Avenue right of way. A 20" sanitary sewer line is currently being moved and traffic is being rerouted as a result of that work. Additional utilities which require relocation from the site include a 24" forced-main line, a 12KV overhead PG&E line, a 6" gas line and other smaller utility lines.

Aside from utility relocation, Redevelopment Agency staff has been working on the building designs for Phase I, also known as Sycamore South (shown as block C1 and C2). This section of the project has been separated from

the remainder of the parcel in order to complete it as quickly as possible and to assist with the marketing and development of Sycamore North. Approvals for this first phase will be timed with the Initial Planned Development Plan discussed below.

Working on a similar track to the utility relocation and Phase I building plans, staff has been working on the Initial Plan Development Plan (IPDP) for the entire site using the Plan for Central Hercules as a guideline. The Plan includes general guidelines for future development of the remainder of the site and a short stretch of Refugio Creek. The Creek will play a prominent feature on the site, acting as a linear park for the entire development. The IPDP will be presented to the public in the next few months for critique and input. Once community comments are heard and incorporated into the document, the Plan will go before the Planning Commission and City Council for approval. Construction of Phase I of Sycamore Crossing could begin as early as 2012.

For more information on this project, please contact Liz Warmerdam at lwarmerdam@ci.hercules.ca.us.



Sycamore Crossing Proposed Site Plan

Staff and resources

REDEVELOPMENT AGENCY BOARD

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Board Member Joe Eddy McDonald
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ADMINISTRATIVE STAFF

■ **Executive Director's Office**

Nelson E. Oliva, Executive Director
799-8206

Lisa Hammon, Assistant Executive Director
799-8251

Phyllis Decena, RDA Analyst
799-8254

Ariel Mercado, RDA Analyst
799-8256

■ **Agency Counsel**

Alfred Cabral, Agency Counsel
262-2100

■ **Affordable Housing Program**

Walter McKinney, General Manager
245-6517

■ **Engineering/Public Works**

Erwin Blancaflor, Public Works Director
799-8241

■ **Economic Development**

Steve Lawton, Economic Development Director
799-8233

*City Hall is located at 111 Civic Drive.
Office hours are 8:00 a.m. to 5:00 p.m.
website: www.ci.hercules.ca.us*

ABOUT THIS PUBLICATION

Hercules Re:Development provides an update on projects funded by the Redevelopment Agency and/or projects located within the Redevelopment Project Areas.

At times, updates on projects that are not located within the Redevelopment Project Areas will be featured, as these projects are anticipated to serve all areas of the community.

Duck Pond Park To Offer New Amenities

Hercules has once again teamed up with Design Community and Environment (DC&E) architects in hopes of delivering another beautiful park to the City of Hercules. The site location for Duck Pond Park is near the intersection of Willet Street and Sycamore Avenue, adjacent to Frog Pad Park, which was also designed by DC&E.

At a Community Services Commission meeting held on March 10, 2009, DC&E gave an informal presentation regarding the conceptual ideas for Duck Pond Park. Staff then opened up the podium to hear ideas, comments, and suggestions from the more than 30 residents in attendance. Staff and DC&E utilized the information gathered from those residents in attendance and Community Services Commissioners to make additional changes and modifications to the conceptual plans for Duck Pond Park. Bocce ball courts and horseshoe pits, which are not found at other City parks, will be included at the new park. Other amenities at Duck Pond Park include a garden area, gazebo, dedicated parking lot and picnic areas, all nestled around the historic building known as the Queen Anne. The Queen Anne currently sits across the street near Frog Pad Park, how-



Tentative Site Plan for Duck Pond Park

ever the long term plan is to restore the building to create a beautiful yet functional, community facility, that will serve as a small clubhouse meeting area on the westside of San Pablo Avenue.

Staff continues to work with DC&E to finalize plans for the park and once complete, the project will go before the Planning Commission for review. If you would like more information about Duck Pond Park, please contact Greg Dwyer, Recreation Manager at 799-8293 or gdwyer@ci.hercules.ca.us or visit our website at www.ci.hercules.ca.us under the Hercules Projects tab.

CITY OF HERCULES REDEVELOPMENT AGENCY NEWSLETTER



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