

HERCULES

RE: DEVELOPMENT



CITY OF HERCULES REDEVELOPMENT AGENCY NEWSLETTER VOLUME 2 ISSUE 1 Q4 2008

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 Services
Commission**
Second Monday at 7:00 p.m.
- **Library Commission**
Third Thursday at 7:00 p.m.

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

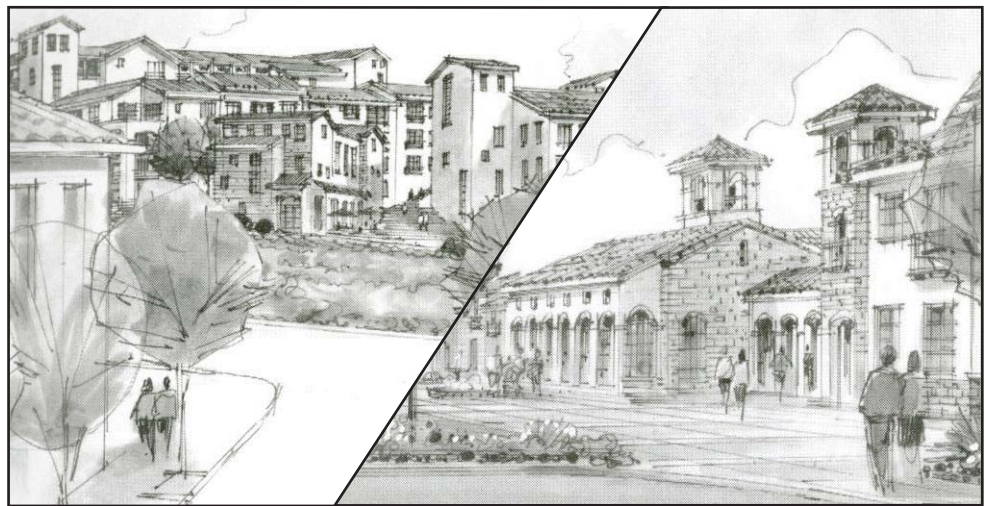
FEATURED EVENTS

- **City Wide Clean-Up Day**
Saturday, November 22, 2008
8:00AM-11:00AM at City Corp Yard
- **Annual Tree Lighting**
Friday, December 5, 2008
6:00PM-9:00PM at Community Swim Center

In this issue

- Impact of State Budget Crisis and Economy
- Hercules Transit Center
- Hilltown DOPA
- Community Pride Campaign
- Curbside Mailbox Delivery

Italian-villa Neighborhood Planned for Hillside



Artist Renderings of Hilltown

A Development and Owner Participation Agreement (DOPA) has been signed with Santa Clara Valley Housing Group, Inc. (SCVHG) to develop the 44 acre site known as Hilltown. The Hilltown property, in between the Victoria by the Bay neighborhood and the intersection of John Muir Parkway and San Pablo Avenue, is home to three dormant refinery tanks. The development plan includes approximately 640 residential units, community parks, open space and a retail component.

Italian-villa flair

The design takes advantage of the hilly and visually prominent location by developing a high-density,

pedestrian oriented community evocative of traditional Italian hill towns. The residential element consists of four types of basic attached housing: townhomes, row homes, courtyard units and podium housing. The pedestrian experience would be focused around public plazas, visually appealing stairways, and pedestrian corridors. Further contributing to the Italian hill town concept would be the orientation of buildings around interior motor courtyards and parking garages obscured from public view.

The retail component consists of approximately 4,000 square feet of retail located near the center of

Staff and resources

REDEVELOPMENT AGENCY BOARD

Chair Joanne Ward

Vice Chair Joe Eddy McDonald

Board Member Ed Balico

Board Member Charleen Raines

Board Member Kris Valstad

ADMINISTRATIVE STAFF

■ **Executive Director's Office**

Nelson Oliva, Executive Director

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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, Interim Public

Works Director/Assoc. City Engineer

799-8241

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.

Eden Housing Celebrates 40th Anniversary

Eden Housing recently celebrated 40 years of service to low-income families, seniors and persons with disabilities. Eden Housing has partnered with 21 cities in six counties, including Hercules, to achieve its mission of providing high-quality, well-managed, service-enhanced affordable housing communities. In 2007, Eden was named one of the Top 50 Affordable Housing Owners in the nation by the Affordable Housing Finance Magazine.

Pioneers for non-discriminatory housing

Eden was founded in 1968 by six community activists who were greatly concerned about the lack of non-discriminatory, affordable housing in the Bay Area. These pioneers began by rehabilitating six older homes in Oakland, for first time homebuyer families. Since then, Eden has overseen the development of 5,072 affordable housing units. In Hercules, Eden Housing developed two properties including the Samara Terrace apartment building for seniors and the Victoria Green apartments for low-income families.

The Samara Terrace facility, which opened in November 2006, offers 51 one-bedroom units each with their own kitchen, living area and full bathroom. The apartments are situated on interior corridors with a front door alcove for individual resident identity. The complex has numerous recreational spaces and activities including a crafts room, exercise room, outdoor walkways and gardening areas.

Committed to improvement

Eden has continued to expand its services since its creation. In the mid-1980's Eden created a property management company, Eden Housing Management, Inc. (EHMI) and began offering free onsite support services for residents. EHMI provides quality onsite management and maintenance of more than 2,800 units and helps guarantee that its properties remain well-kept and affordable for the long term. Eden Housing Resident Services, a nonprofit also founded by Eden in the 1990s, oversees Eden's support services and programs offered to residents including service coordination, after-school and summer youth enrichment programs, and financial and computer literacy programs. They are committed to providing the highest quality of life for residents and communities through real estate development, housing preservation, property management and resident services work. In 2006, the company implemented strategies to assure the preservation of its older properties as the tax credit compliance period expires and initiated the refinancing and rehabilitation of 11 older properties in its portfolio.

Congratulations to Eden Housing for 40 years of revitalizing California communities through affordable housing and property management.

Letter from City Manager Oliva

Bright future despite weakened economy



The weakened state of the U.S. economy has not escaped politicians, reporters or every day citizens as global giants hit rock bottom and Congress reaches a compromise to bail out Wall Street. The question that looms for many residents is how does this affect me? And how does this affect my community? Many financial gurus are offering advice on how to protect your money and navigate the rough financial waters of the stock market. What is not being discussed is the affect the national economy has on local government. Reduced revenues and shrunken credit markets impact the City's bottom line and it's ability to pursue large projects or maintain programs and current levels of service.

Revenues are reduced in the form of taxes, grants and pass-throughs. Less revenue stifles local development and means expenditures must be reduced to maintain a balanced budget. The State of California has also been impacted by the bearish economy and is facing a multi-billion deficit. To help close the gap, the Legislature passed a budget which takes away approximately \$1,021,000 a year from Hercules Redevelopment funds. The City of Hercules, along with many other California cities, submitted a letter to Governor Schwarzenegger opposing the use of redevelopment funds to balance the budget; although these concerns went unheard. The taking of these funds hinders redevelopment and impacts several City projects including the Intermodal Transit Center, re-construction of old Franklin Canyon Road (Hwy 4) and the remediation of environmental blight. For more details on how these projects are impacted, visit the City news and updates page on our website at www.ci.hercules.ca.us.

Property taxes and sales tax are also reduced as property values decrease and consumers lose confidence in the market. In addition, special state and federal programs are cut which limit the dollars these programs usually make available to local agencies in the form of grants. The City of Hercules pursues grants frequently for special projects such as the rehabilitation that was completed this past summer on Refugio Valley, Foxboro and Woodfield parks. Without these funds, many special projects could not be completed. Taxes are used to provide general services to residents including police, public works and parks and recreation. Service levels generally have to be reduced when revenues are reduced so local governments can maintain a balanced budget. Fortunately for Hercules, this fiscal year's budget maintains current service levels.



Another concern for local governments is the shrinking credit markets. Developers often borrow money to pay for local development. This is beneficial for cities since developments, such as Promenade or Bayside, become a source of revenue for a city. The inability to borrow money, delays or eliminates the development of private properties, which in turn results in the elimination of jobs, sales tax and property tax dollars.

While the realities are grim, the future is bright. The City is currently working on extending the life of our Redevelopment Project Area and adding additional parcels to the project area. This will increase redevelopment funds available for investment both now and in the future. Furthermore, the City recently entered into a Development and Owner Participation Agreement (DOPA) with Santa Clara Valley Housing for the development of the Hilltown project and discussions are well on their way with Hercules Bayfront LLC to develop the Waterfront. Finally, the City is always looking for ways to reduce costs while maintaining the high levels of service our residents have come to expect. City staff continue to seek out available grants. Our dedicated staff are working diligently to ensure the projects residents want come to completion and maintain quality programs and outstanding service for current residents and residents to come.



Sincerely,
Nelson Oliva

City Questions Developer's Good Faith Efforts

On September 16, 2008, the City Council conducted a public hearing to determine whether Hercules LLC can demonstrate good faith compliance with the terms of the Development and Owner Participation Agreement (DOPA) between the Developer, the City and the Redevelopment Agency. Hercules LLC entered into a DOPA with the City and Agency in January 2004 to oversee the Victoria by the Bay residential development.

Audit Conducted to Review Developer Reimbursement Claims

In early 2007, City Manager Nelson Oliva became concerned that Hercules LLC was claiming more reimbursement than it was entitled to under the DOPA. Mr. Oliva, who was the City's and Agency's affordable housing consultant before becoming City Manager, recalled that Eden had purchased the affordable housing site for \$1 and that he had seen an appraisal of the parcel that was far less than the reimbursement Hercules LLC was seeking. An audit ensued and revealed that Hercules LLC was claiming reimbursement for far more than the fair market

value of the affordable housing parcel as identified in the Eden appraisal. The audit was expanded to include all reimbursements claimed by Hercules LLC.

Based on the documents received in the course of the audit, the City and its legal counsel believe Hercules LLC has substantially overstated and misrepresented its actual

“The City and its legal counsel believe Hercules LLC has substantially overstated and misrepresented its actual reimbursable costs.”

reimbursable costs. In total, the City estimates Hercules LLC has overestimated reimbursement claims somewhere between \$50 million to \$64 million. Considering the gross misrepresentation of costs, the City believes Hercules LLC's conduct falls short of good faith as defined by California law.

During the public hearing, the City Council was presented with documentation from both parties expressing their view as to whether Hercules LLC has or has not acted in good faith. If the Council believes Hercules LLC has not acted in

good faith, the City Council will hold another public hearing to determine whether the DOPA should be modified, terminated or if other actions should be taken.

Hercules LLC Says Nothing Was Hidden

In defense of the allegations presented by the City, Andrew Sabey, Counsel representing Hercules

spring of '07, Miss Mellie Deano, wrote a little report and she understands exactly how we kept our books and looked at all those things and it was very clear to her. She was hosted at the offices of Hercules LLC for a number of days, provided access to everything and she wrote a report for you, where she recognized exactly how the data was used. Nothing was hidden, there was no deceit, no lack of clarity, no lack of candor on the part of Hercules LLC, ever, in the course of this process.”

Still Awaiting Council's Decision

At the time of print, the City Council has not made a decision as to Hercules LLC's good faith compliance and no additional public hearings have been scheduled. When a decision is made, the Council's decision will be final but would allow Hercules LLC to challenge any adverse decision in court. Public hearings will continue to be noticed as required by State and Federal law. Residents can stay up to date with developments of this issue on our website at www.ci.hercules.ca.us.

Construction Begins on New Transit Center

The Hercules Redevelopment Agency has broken ground on the new Hercules Transit Center located on Willow near the westbound Interstate 80 off ramp. The Transit Center lot will be 66% larger than the current facility with a total of 422 parking spaces.

Safety a high priority

The current parking lot, located on San Pablo Avenue between Sycamore Avenue and John Muir Parkway, could not be expanded to accommodate commuter demand due to area constraints, so city officials partnered with BART to find an alternative location. Lighting, crosswalks, pedestrian and bicycle paths will be installed for easy access and for the safety of commuters using the new facility. The existing facility will remain in use until the new facility is operational next spring. The Redevelopment Agency will then take ownership of the old transit center site, currently owned by BART, and commence development of “Market Town”, the first phase of the New Town Center mixed-use district.

Increased parking capacity and the lots location away from major intersections is expected to offset some residents concerns about the change. BART and the City will partner with the Western Contra Costa Transit Authority (WestCAT) to create a smooth transition for passengers. The City strongly believes the increased capacity is positive for residents of Hercules and the surrounding communities. Rob Thompson,



Hercules Transit Center Agency Participation Signs

Transit Planner with WestCAT adds, “The additional parking spaces that will be provided will be of great value in terms of attracting new riders to the system; especially in the current economic climate and with more people looking for an alternative to high gas prices. WestCAT will be working with the City, re-routing vehicles to the new location to ensure minimal disruption to service.”

Creating an interconnected community

In addition, the development of the New Town Center is an important component of the vision for creating an interconnected and vibrant community. “Residents expressed a strong desire to have distinct but unified neighborhoods throughout Hercules and the New

Town Center is a large part of this vision,” says City of Hercules Mayor Joanne Ward. “The new Transit Center enables the City to move forward with Market Town while providing residents a much needed expansion,” continued Ward. The relocation of the Hercules Transit Center allows for both an expansion of the facility and for the completion of all three phases of the New Town Center project.



New Hercules Transit Center location near Eastbound I-80 Exit

Undeliverable:

Cars Parked in Front of Mailboxes Prevents Delivery

The City was recently informed that some Hercules residents have been unable to get their regular U.S. mail delivered because of cars parked in front of curbside mailboxes. These mailboxes, located at the edge of the curb, are designed to make delivery quick and easy. However, when these curbside mailboxes are blocked, mail carriers are unable to deliver the mail. The car may only be parked there for a matter of minutes, but if the carrier comes by and sees the car, they are required to move on to the next mailbox.

Why can't mail be delivered?

Due to safety issues, U.S. federal regulations do not allow mail carriers to get out of their vehicle to deliver mail to these curbside mailboxes. When the mail carrier is unable to deliver mail, residents are forced to pick up their mail at the post office. This can be especially difficult for residents who work out of the area during regular postal service hours or for those who have limited mobility. If a vehicle is parked in front of the drive-up mailbox for several days, residents may miss important correspondence or may be required to go to the post office several times to retrieve their mail.

What can you do about it?

If you live in a neighborhood with curbside mailboxes, please do not park your vehicle within 15 feet of the mailbox. This will help to ensure you and your neighbors receive regular mail delivery. You can also ask your guests to not park there. Often times, residents and guests are just unaware of the issue.



Curbside Mailbox



Car parked in front of curbside mailbox

What is the City doing about it?

The Public Works Department and Police Department are currently discussing the possibility of painting the curbs red, making it illegal to park in front of these mailboxes. At the present time, the Police Department is unable to ticket or tow vehicles unless the vehicle is inoperable. If curbs were painted and proper signage was posted stating "no parking allowed", then the Police Department could enforce the issue. Other concerns have been expressed such as the appearance of too many red curbs in neighborhoods and whether the frequency of the problem calls for such a drastic step. Discussions will continue until the issue is resolved.

If every neighbor does their part of informing guests and parking their car in other locations, the issue can easily be eliminated without the need for additional restrictions or enforcement.

■ *Hilltown from page 1*

the development; although it has not been determined whether a single retail facility will be created or if the retail will be spread out in several live-work buildings. The location of the retail presents unique challenges but city staff and SCVHG will work closely to make sure the area becomes a thriving retail center while meeting the demands of the neighborhood.

Project remains flexible to market

At the July 7, 2008 Planning Commission meeting, City Manager Nelson Oliva addressed the economic feasibility of building homes given current market conditions saying, "The market is a different market today than it was a year ago, two years ago definitely, and we have to be realists. In this agreement, it provides for...ten years to comply with all the requirements, which we feel is a realistic number of years to deal with what's happening in the market." SCVHG is expected to finish removing the oil tanks by the end of October and will soon begin grading. Oliva told the Planning Commission that SCVHG is "preparing for when the market recovers again, and then they'll be ready to go vertical on the property." Charles McKeg, President of Acquisition and Development for Santa Clara Valley Housing Group added, "We do feel we have a good working relationship with [City] staff and we'll see this thing come to life when there's a market for it."

More approvals still required

SCVHG will be required to obtain additional approvals along the way. These generally include a final planned development plan, final tract maps, conditional use permits,

construction permits, and CEQA compliance. SCVHG is not requesting financial assistance from the City or Redevelopment Agency to complete the project and has agreed to pay an in-lieu fee for the Agency to assume responsibility of the affordable housing requirements. SCVHG will also be required to pay a sports facility impact fee in addition to the fees typically collected by the City for development projects such as building permit fees and developer impact fees (DIF). The sports facility impact fee is a special in-lieu fee that will be required for the Hilltown development since the developer's plans do not include the typical amount of parks usually allotted in a residential area. The money will be used to build parks and/or sports facilities that normally would be in the residential area in another location.

Community benefits abound

The City is currently in the midst of creating a third Redevelopment Project Area, (RDA-3), which includes the Hilltown site. Once the site is a part of an approved redevelopment area, the Agency will be able to harness the tax increment funds for further development of the project area. In addition, Hilltown homes will receive electrical service from the City's electric utility, Hercules Municipal Utility (HMU). These additional revenues strengthen the Agency and foster continued growth in our community. Hilltown also adheres to residents' vision of interconnected, transit-oriented neighborhoods with its pedestrian friendly plazas and intertwining courtyards. Although some of these benefits may not be fully realized until the project is complete, Hilltown is on course for being a beautiful and beneficial addition to the Hercules community. ■

Road Closures Due to Citywide Drill

The City of Hercules will be conducting a Citywide Emergency Preparedness drill on Thursday, November 13, 2008. The drill is to help train emergency personnel and volunteers in case of an unexpected disaster. Over 600 people will be participating including 100 volunteers.

The drill is being conducted as a collaborative effort of numerous agencies including all City of Hercules Departments, the Contra Costa County Office of Emergency Services, five local fire agencies, Pinole Police, the American Red Cross, all four Hercules schools, WestCAT, the Contra Costa County Animal Service Department, and others.

The following roads may be closed for several hours on the day of the drill: Taraya Terrace, Sanderling Drive, Promenade Street, Earnest Street, Main Street, Park Street, Railroad Avenue, Santa Fe near Bay Street and parts of Sycamore Avenue near the Waterfront.

Most of the road closures will take place in or around the Waterfront but other areas may be impacted due to a large number of individuals and agencies involved.

Please be prepared for these closures and potential delays due to this vital drill. Your patience is greatly appreciated.

Community Pride Campaign Underway

The City of Hercules is conducting the first Community Pride and Neighborhood Clean-up day on November 8, 2008. The purpose of the program is to add beauty and curb appeal to neighborhoods throughout Hercules and will provide pre-planned clean up efforts to residential areas, one block at a time. Homes and neighborhoods with good curb appeal reflect community pride and increase property values.

Program coordinators created multiple "focus areas" which contain approximately 140-150 homes in each area. One Saturday a month, volunteers will be partnering with neighbors to clean up the focus area chosen for that month. The focus area for the first clean up day includes: Aster Court, Heather Avenue, Fuchsia Court, Azalea Court and Lotus Court. A large dumpster, a Goodwill donation truck and basic tools, such as shovels, brooms and rakes will be on site for neighbors and volunteers to use. City staff will also be available to talk with residents about proper code compliance and the different beautification loans the City offers.



During these strained economic times, many residents have struggled to invest the energy or money into maintaining their properties at their usual levels. Often times residents are unaware of the resources available to them or how to get started with restoring curb appeal. The Community Pride and Neighborhood Clean-up program is designed to do both of these tasks: inform residents about available resources and help residents get started.

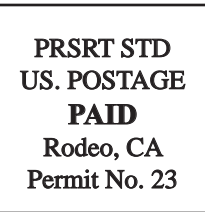
Many local service groups have already committed to being a part of the program and the City is still looking for volunteers for future clean up days. The more groups and individuals involved the more impact the program will have. Volunteers can help pass out flyers to neighbors before the event or come help clean on the day of the event. Together, we can make our neighborhoods the best they can be, one block at a time.

If you would like to find out more about the program or are interested in volunteering, please contact the Affordable Housing Department at 245-6517.

CITY OF HERCULES REDEVELOPMENT AGENCY NEWSLETTER



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