



## IMPORTANT NOTICE ABOUT PUBLIC COMMENTS AND MEETING PARTICIPATION

Due to concerns with security of the Zoom format, effective October 10, 2023, **Remote Public Comment will not be accepted. Public comment may be provided in-person or via email, as set forth below.** Members of the public desiring to provide comments as a part of the meeting are encouraged to either submit written comments by 3:00 p.m. prior to the meeting or to attend the meeting in person.

### How to Participate:

**IN PERSON:** Members of the public are invited to attend and participate in Person: **City of Hercules Council Chambers, 111 Civic Drive, Hercules, CA.** **A speaker card must be filled out if you wish to make a public comment. The cards are located on the side table. Please submit the completed card to the City Clerk.**

**VIA ZOOM:** **At this time remote public comment is suspended and will not be accepted.** **To watch and listen only:** Download the Zoom mobile app from the Apple Appstore or Google Play. If you are using a desktop computer, you can test your connection to Zoom by clicking here or go to: <https://www.zoom.us/join>. Zoom also allows you to join by phone at +1-669-900-6833.

**Zoom Webinar ID:** 886 0902 6036 **Zoom Passcode:** 422194

**EMAIL:** Public comments can also be submitted via email to **emelendez@herculesca.gov**. Please note that emailed comments will not be read aloud by staff. Any public comments received up until 3:00 p.m. of the meeting date will be:

1. distributed to the Council before the meeting,
2. posted online for public inspection and
3. inserted into the meeting record.

As emails containing public meeting comments are part of the official record, note that personal contact information may be published if it is included with your email.

# City of Hercules

111 Civic Drive  
Hercules, CA 94547



## Meeting Agenda

**Tuesday, March 26, 2024**

**7:00 PM**

**In-Person in Council Chambers or To Watch or Listen only:**

**Zoom ID: 886 0902 6036**

**Zoom Passcode: 422194**

**Zoom Phone Number: 1-669-900-6833**

### **City Council**

***Mayor Dan Romero***

***Vice Mayor Dion Bailey***

***Council Member Alex Walker-Griffin***

***Council Member Chris Kelley***

***Council Member Tiffany Grimsley***

***Dante Hall, City Manager***

***Patrick Tang, City Attorney***

***Eibleis Melendez, City Clerk***

See last pages of agenda for information regarding meeting procedures  
to view webcast of meetings, live or on demand go to the City's website at [www.ci.hercules.ca.us](http://www.ci.hercules.ca.us)

**I. CLOSED SESSION – CALL TO ORDER - ROLL CALL - NONE**

**II. PUBLIC COMMUNICATION - CLOSED SESSION ITEMS - NONE**

**III. CONVENE INTO CLOSED SESSION**

The Hercules City Council will meet in Closed Session regarding the following:  
NO CLOSED SESSION

**IV. REGULAR MEETING – CONVENE TO OPEN SESSION - ROLL CALL - 7:00 P.M.**

**V. REPORT ON ACTION TAKEN IN CLOSED SESSION-  
NO CLOSED SESSION**

**VI. PLEDGE OF ALLEGIANCE**

**VII. MOMENT OF SILENCE**

**VIII. INTRODUCTIONS/PRESENTATIONS/COMMISSION REPORTS**

Mayor Romero would like to acknowledge the following for the Month of April -  
National Library Week - April 7th- 13th  
National Volunteer Month  
National Volunteer Week April 21-27th

The Herculean Mile Award Winners  
Karen and Tony Sanchez  
Jeanne Krall

1. [22-818](#) Proclamation Recognizing Janette Lares- Miss Hercules and Miss CA. Earth 2022

Attachments: [Proclamation- Miss Hercules Janette Lares](#)

**IX. AGENDA ADDITIONS/DELETIONS**

## X. PUBLIC COMMUNICATIONS

This time is reserved for members of the public to address issues not included in the agenda. In accordance with the Brown Act, Council will refer to staff any matters brought before them at this time, and those matters may be placed on a future agenda.

Individuals wishing to address the City Council are asked to complete a form indicating the name and address of the speaker and the general topic to be addressed. Speakers must make their comments from the podium and will be allowed 3 minutes to discuss their concerns. All public comments are recorded and become part of the public record. A limit of 30 minutes will be devoted to taking public comment at this point in the agenda. If any speakers remain at the conclusion of the initial 30 minute period, time will be reserved at the conclusion of the meeting to take the remaining comments.

## XI. PUBLIC HEARINGS

1. [22-810](#) **Five Year Extension of the Expiration Date of the Vesting Tentative Map No. 9533 and Amendment #4 to the Development and Owner Participation Agreement (DOPA 07-01) for the Hill Town Project**  
**RECOMMENDATION:**

Staff recommends that the City Council approve adoption of Hill Town Amendment #4 to extend the term of the Development and Owner Participation Agreement (DOPA 07-01) by and between the City of Hercules and the Santa Clara Valley Housing Group, Inc. and authorize the City Manager to execute the amended DOPA if it is substantially similar to the approved draft (Attachment 2A), to extend the expiration date of the Vesting Tentative Map No. 9533 for the Hill Town project and finding the actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

**Attachments:**     [Staff Report - DOPA & Vesting Map Amendment](#)  
                              [Attach 2 - Draft Ordinance](#)  
                              [Attach 2A - Draft DOPA Amendment No. 4](#)  
                              [Attach 3 - PC Resolution Hill Town.docx](#)  
                              [Attach 4 - Hill Town Development Short History](#)



2. [22-811](#) **Repeal Local Density Bonus Regulations in Hercules Municipal Code and Reference State Density Bonus Law**  
**RECOMMENDATION:**  
Staff recommends that the City Council adopt Ordinance No. 24-XX (Attachment 2) the proposed amended provisions of Hercules Municipal Code Sections 13-6.100, 13-6.300 and 13-30.420, amending and renumbering Sections 13-30.460 and 13-30.470, repealing Sections 13-30.430, 13-30.440 and 13-30.450 and amending Section 13-60.200 to comply with the State Density Bonus Law and finding the action exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

**Attachments:**     [Staff Report - Density Bonus](#)  
                              [Attach 2 - Draft Ordinance](#)  
                              [Attach 3 - 24-02 - PC Resolution Density Bonus](#)  
                              [Attach 4 - Legislative History](#)  
                              [Attach 5 - Pending Legislation](#)

## **XII. CONSENT CALENDAR**

1. [22-817](#) **Meeting Minutes for the Special Meeting of March 12, 2024**

**Attachments:**     [Meeting Minutes for the Special Meeting of March 12, 2024](#)

## **XIII. DISCUSSION AND/OR ACTION ITEMS**

1. [22-814](#) **CCTA Feasibility Study Update for Expanded Ferry Service in Contra Costa County - Hercules Location**  
**RECOMMENDATION:**  
It is recommended that the City Council receive a status update from Contra Costa County Transportation Authority (CCTA) Executive Director Tim Haile on the draft Ferry Feasibility Study for the Hercules location and discuss the information provided.

**Attachments:**     [Staff Report - Ferry Feasibility](#)  
                              [Presentation - Feasibility Study for Expanded Ferry Service](#)

2. [22-813](#) **Contra Costa Countywide Smart Signals Project**  
**RECOMMENDATION:**  
It is recommended that the City Council receive a presentation from Contra Costa County Transportation Authority (CCTA) Planning Director John Hoang on the Contra Costa Countywide Smart Signals Project including within the City of Hercules and discuss the information provided.

**Attachments:**     [Staff Report - Countywide Signal Project](#)  
                              [Presentation - Contra Costa Countywide Smart Signals](#)

3.     [22-812](#)     **Draft Fiscal Year 2024-25 Capital Projects Proposed Budget and Ten-Year Capital Improvement Projects (CIP) Plan**

**RECOMMENDATION:**

City Council receive a report and the Draft Fiscal Year (FY) 2024-25 Proposed Budget and Ten-Year CIP plan to discuss and provide direction to staff regarding future funding options as recommended below:

1. Capital Grants
2. General Fund Reserve
3. Bond Financing

**Attachments:**

[Staff Report - Ten Year CIP](#)

[Attach 1 - Summary of Completed Projects and PY Carrovers](#)

[Attach 2 - Summary of CIP Spending Plan FY 2024-2034](#)

[Attach 3 - Ten Year CIP - Facility Category](#)

[Attach 4 - Ten Year CIP - Street Category](#)

[Attach 5 - Ten Year CIP - Sewer Category](#)

[Attach 6 - Ten Year CIP - Parks Category](#)

[Attach 7 - Ten Year CIP - Transportation Category](#)

[Presentation - Bond Financing Options](#)

4. [22-815](#) **Victoria by the Bay Landscaping and Lighting Assessment District - Implementing Strategy to Balance the Budget and Eliminate the Fund Deficit.**

**RECOMMENDATION:**

**It is recommended that City Council:**

- a) Receive a report from staff on the follow-up items from the February 27, 2024 Council meeting; and
- b) Direct staff by minute order to begin preparing documents for a Proposition 218 property owner ballot proceeding to increase assessment rates for the Victoria by the Bay Landscaping and Lighting Assessment commencing Fiscal Year 2024/25 to balance the budget and eliminate the cumulative fund deficit over a 10-year period, to be considered for approval at a future Council meeting during the regularly scheduled, annual LLAD assessment approval process; and
- c) Select by minute order the cessation of irrigation and maintenance of the landscaping on residential streets, excepting trees, as the preferred cost-cutting option to balance the budget and eliminate the deficit over a 10-year period, should the Proposition 218 proceedings to increase the assessments not pass, and authorize staff to communicate the same to property owners in advance of said proceedings; and
- d) Authorize staff by minute order to include the funding of a Lighting and Landscaping Program Supervisor in the Fiscal Year 2024/25 Budget to be considered for approval at a future Council meeting as part of the annual budget adoption process.

**Attachments:**     [Staff Report - Victoria by the Bay LLAD](#)

[Attach 1 - February 27th Staff Report - Victoria by the Bay LLAD](#)

#### **XIV. PUBLIC COMMUNICATIONS**

This time is reserved for members of the public who were unavailable to attend the Public Communications period during Section X of the meeting, or were unable to speak due to lack of time. The public speaker requirements specified in Section X of this Agenda apply to this Section.

**XV. CITY COUNCIL/CITY MANAGER/CITY ATTORNEY ANNOUNCEMENTS,  
COMMITTEE, SUB-COMMITTEE AND INTERGOVERNMENTAL COMMITTEE REPORTS  
AND FUTURE AGENDA ITEMS**

This is the time for brief announcements on issues of interest to the community. In accordance with the provisions of the Brown Act, matters which do not appear on this agenda but require City Council discussion may be either (a) referred to staff or other resources for factual information or (b) placed on a future meeting agenda.

- 1. Regional Committee**
- 2. City Council Committees and Subcommittees**
- 3. Commission Liaisons**

**XVI. ADJOURNMENT**

The next Regular Meeting of the City Council will be held on Tuesday, April 9, 2024 at 7:00p.m. in the Council Chambers.

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at [www.ci.hercules.ca.us](http://www.ci.hercules.ca.us) and can receive e-mail notification of agenda and staff report postings by signing up to receive an e-notice from the City's homepage. Agendas and staff reports may also be obtained by contacting the City Clerk at (510) 799-8200

(Posted: March 21, 2024)

**INSTRUCTIONS ON HOW TO PARTICIPATE AND WATCH THE HERCULES CITY COUNCIL AND PLANNING  
COMMISSION HYBRID MEETINGS**

Attend in Person: Hercules City Council Chambers – 111 Civic Drive, Hercules, CA 94547

Attend via Zoom Teleconference: Details provided below and zoom webinar login, passcode and phone numbers provided on the agenda cover.

### How to Submit Public Comments

**In Person:** Attend meeting at the Hercules City Council Chambers, fill out a public speaker card located on the side table and submit it to the City Clerk.

**Via Zoom:** At this time remote public comment is suspended and will not be accepted. To watch and listen only Download the Zoom mobile app from the Apple Appstore or Google Play. If you are using a desktop computer, you can test your connection to Zoom by clicking here or go to: <https://www.zoom.us/join>. Zoom also allows you to join by phone at +1-669-900-6833 or +1-929-205-6099 or +1-253-215-8782.

**Written Comments Submitted Electronically:** All comments received before 3:00 p.m. the day of the meeting will be provided to the City Council prior to the meeting and posted to the City's agenda website and located by clicking on the "meeting details" tab. Written comments received after 3:00 p.m. will be provided to City Council and posted to the agenda website the following day. Written comments will not be read aloud during the meeting. Email comments to [emelendez@ci.hercules.ca.us](mailto:emelendez@ci.hercules.ca.us). Please indicate which item on the agenda you are commenting on in the subject line of your email.

**Written comments submitted in person or via mail:** Additional ways to provide your public comment is to either drop off your comment in person to the front desk receptionist located in the City Hall lobby or to mail your comment to City of Hercules, ATTN: City Clerk – Public Comment (Meeting Date), 111 Civic Drive, Hercules, CA 94547 in time to reach the City Clerk no later than 3:00 p.m. on the day of the meeting or you can submit your comment by telephone by calling (510) 799-8208 no later than 3:00 p.m. on the meeting date.

If you need assistance with public comment, please contact: Eiblis Melendez City Clerk at [emelendez@herculesca.gov](mailto:emelendez@herculesca.gov) or by calling (510) 799-8208.

All public comments will become part of the official meeting record. As email containing public meeting comments are part of the official record, note that personal contact information may be published if it is included with your email. The City cannot guarantee that its network and/or the website will not be interrupted. To ensure that the City Council receives your written comments, you are strongly encouraged to submit your comments in writing in advance of the meeting by 3:00 p.m. on the day of the Council or Commission meeting.

### OTHER WAYS TO WATCH THE MEETING

**Live on Channel 28:** City Council meetings will replay the following Thursday at 7:00 p.m. and Saturday at 1:00 p.m. Planning Commission meetings will replay the following Wednesday at 7:00 p.m. and Saturday at 9:00 a.m.

**Video Streamed Live on the City's Website:**

To view City Council and Planning Commission meeting videos online go to: Hercules Meeting Videos.

Instructions to view Live or On-Demand Videos from the City's website:

1. Go to: Hercules Meeting Videos or <https://hercules.legistar.com/calendar.aspx>.
2. Locate the desired meeting and date.
3. Click the associated "Video" link (Video status is as follows):
  - Video = Video is available for on demand viewing.
  - In Progress = Video is available for viewing during live recording.
  - Not Available = Video is either unavailable or has not been recorded.

**THE HERCULES CITY COUNCIL ADHERES TO THE FOLLOWING POLICIES, PROCEDURES AND REGULATIONS REGARDING CITY COUNCIL MEETINGS**

1. SPECIAL ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you require special accommodations to participate at a City Council meeting, please contact the City Clerk at 510-799-8208 at least 48 hours prior to the meeting.

2. AGENDA ITEMS: Persons wishing to add an item to an agenda must submit the final written documentation 12 calendar days prior to the meeting. The City retains the discretion whether to add items to the agenda. Persons wishing to address the City Council otherwise may make comments during the Public Communication period of the meeting.

3. AGENDA POSTING: Agendas of regular City Council meetings are posted at least 72 hours prior to the meeting at City Hall, the Hercules Swim Center, Ohlone Child Care Center, and on the City's website ([www.ci.hercules.ca.us](http://www.ci.hercules.ca.us)),

4. PUBLIC COMMUNICATION: Persons who wish to address the City Council should complete the speaker form prior to the Council's consideration of the item on the agenda.

Anyone who wishes to address the Council on a topic that is not on the agenda and is relevant to the Council should complete the speaker form prior to the start of the meeting. Speakers will be called upon during the Public Communication portion of the meeting. In accordance with the Brown Act, the City Council may not take action on items not listed on the agenda. The Council may refer to staff any matters brought before them at this time and those matters may be placed on a future agenda.

In the interests of conducting an orderly and efficient meeting, speakers will be limited to three (3) minutes. Anyone may also submit written comments at any time before or during the meeting.

5. CONSENT CALENDAR: All matters listed under Consent Calendar are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Council or a member of the public prior to the time the City Council votes on the motion to adopt.

6. LEGAL CHALLENGES: If you challenge a decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the meeting or in written correspondence delivered at, or prior to, the meeting. Actions challenging City Council decisions shall be subject to the time limitations contained in Code of Civil Procedure Section 1094.6.

**INTRODUCTIONS/PRESENTATIONS/  
COMMISSION REPORTS  
AGENDA ITEMS  
1. 22-818**

# PROCLAMATION

## RECOGNIZING MISS HERCULES 2020 JANETTE LARES AND ACKNOWLEDGING HER SERVICE AND COMMITMENT TO THE HERCULES COMMUNITY

**WHEREAS**, Janette Lares was born and raised in the Bay Area, a daughter of Mexican Immigrants. She attended Hannah Ranch Elementary and graduated as a Hercules Titan from Hercules High School. She obtained her bachelors degree in Marine Science from Cal State Monterey Bay in Seaside, CA.

**WHEREAS**, After graduating Janette returned to Hercules, her beloved community, and began competing in pageants to amplify her environmental advocacy. She currently holds the title of Miss Hercules 2020 where she was coronated at The Spanish Steps in the Victoria by the Bay Park and Miss California Earth 2022 at the Mission Trails Regional Park Visitor Center in San Diego.

**WHEREAS**, As a proud Herculean she has represented the city in various pageants on multiple stages. She was recently placed as a Top 20 semi-finalists at Miss Earth USA in Orlando, Florida in January 2023. She also walked in New York Fashion Week and San Diego Swim Week promoting sustainability and environmental conservation.

**WHEREAS**, Now, as a former Miss California Earth and Miss Hercules Janette continues to advocate for sustainable practices and resilient communities. She currently leads The Bay Area Chapter of a non-profit organization called We Clean Trails. We Clean Trails is a community cleanup non-profit organization that aims to reduce the amount of litter in our local communities. The efforts of the We Clean Trails organization help alleviate the risks that litter, air pollution and plastic debris have on our community's environment.

**NOW THEREFORE BE IT PROCLAIMED** that I, Dan Romero, Mayor of the City of Hercules, on behalf of the entire City Council and the Hercules community, do hereby commend and express appreciation to Miss Hercules Janette Lares for her dedication to the preservation, management and restoration to the community she proudly serves.

In witness whereof, I hereunto set my hand and cause the Seal of the City of Hercules to be affixed on this 26<sup>th</sup> day of March 2024.

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Dan Romero, Mayor



**PUBLIC HEARINGS  
AGENDA ITEMS**

- 1. 22-810**
- 2. 22-811**



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of March 26, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Timothy Rood, AICP, Community Development Director

**SUBJECT:** Five Year Extension of the Expiration Date of the Vesting Tentative Map No. 9533 and Amendment #4 to the Development and Owner Participation Agreement (DOPA 07-01) for the Hill Town Project

### **RECOMMENDED ACTION:**

Staff recommends that the City Council approve adoption of Hill Town Amendment #4 to extend the term of the Development and Owner Participation Agreement (DOPA 07-01) by and between the City of Hercules and the Santa Clara Valley Housing Group, Inc. and authorize the City Manager to execute the amended DOPA if it is substantially similar to the approved draft (Attachment 2A), to extend the expiration date of the Vesting Tentative Map No. 9533 for the Hill Town project and finding the actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

### **PLANNING COMMISSION RECOMMENDATION:**

On March 4, 2024, at their regularly scheduled meeting, the Planning Commission approved Resolution No. 24-01 (Attachment 3), recommending City Council approval of the adoption of Amendment #4 to extend the term of the Development and Owner Participation Agreement (DOPA 07-01) by and between the City of Hercules and the Santa Clara Valley Housing Group, Inc. and to extend the expiration date of the Vesting Tentative Map No. 9533 for the Hill Town project for a period of five (5) years, with a new expiration date of April 14, 2029.

## **BACKGROUND:**

The Applicant, Santa Clara Valley Housing Group, Inc. (SCVHG), has requested an entitlement extension of DOPA 07-01 and the Vesting Tentative Map No. 9533. Pursuant to their letter of request, dated February 13, 2024 (Attachment 4), the current request for the fourth DOPA revision and the extension of the Vesting Tentative Map is due to financial constraints, rising construction costs and inflation. The requested extension is for five (5) years, which would end on April 14, 2029.

### **Project Overview**

As approved, Hill Town would include 30 Moderate-Income affordable units per its development agreement and conditions of approval. This is 23% of the City's Moderate-Income Regional Housing Needs Allocation (RHNA) for the 6<sup>th</sup> cycle (2023-31).

Project conditions of approval require the following community benefits:

- 5% of units affordable to Moderate-Income residents (30 affordable units);
- Bus facilities such as turnouts along San Pablo Avenue and "Dial-A-Ride" passenger pick-up areas within the Hill Town development;
- \$5,000 per unit in-lieu fee (approximately \$3 million total) for the City to use at its discretion for parks and recreation; and,
- Multiple parks, a new traffic signal on San Pablo, and a new sidewalk connecting from the top of San Pablo to Safeway.

The Hill Town site ranges in elevation from 20 to 160 feet, with many steep slopes. Due to the site's location, condition and topography, extensive corrective grading, geotechnical work and fill are required to create level sites for development to occur. The site has active oil lines, EBMUD transmission mains and PG&E transmission lines, all of which need to be relocated outside of the development area. A less efficient grading operation is required to keep the existing lines active while the new alignments and facilities are constructed before the switchover. The site requires a 1,200-foot off-site sewer extension, estimated at \$558,000 (September 2022). Total off-site improvements were estimated at \$4,477,000, equivalent to about \$7,500 per unit. Phase 1 total sitework and onsite infrastructure costs were estimated at \$37.9 million.

If the entitlements lapse as scheduled on April 14, 2024, the site will revert from the approved Planned Development Plan to underlying zoning of PC-R Planned Commercial-Residential Mixed-Use District

Rezoning any housing site to a lower density or non-residential use, or approval of a subsequent project with fewer units than assumed in the Housing Plan, will require the City to make up the lost housing capacity by upzoning other sites per the "no net loss" provisions of Government Code Section 65863 (SB 330). The City's Housing Plan shows only 12 units of "surplus capacity" for moderate-income units based on the state-mandated density assumptions for vacant and underutilized sites. Therefore, losing the

Hill Town project's 30 moderate-income units would create a deficit of 18 moderate-income units that would need to be accommodated elsewhere in the city.

### **Prior DOPA Amendments**

The City Council previously approved three (3) amendments to the original DOPA for the Hill Town site:

DOPA Amendment 1 – Approved by Ordinance 509 on May 8, 2018. The City and Property Owner amended the DOPA for the following reasons:

- Clarify that the Owner is responsible for all design, construction, and installation of required stormwater control and clean water requirements applicable to the project at time of construction.
- Clarify that the in-lieu sports facility fee of \$5,000 per unit (approximately \$3 million total) can be used by the City for any recreational and park related purpose.
- Clarify the Owner's obligation to provide affordable housing.

DOPA Amendment 2 – Approved by Ordinance 516 on January 8, 2019. The City and Property Owner amended the DOPA for the following reason:

- A four (4) month extension to allow the Developer to explore retail opportunities on the subject property.

DOPA Amendment 3 – Approved by Ordinance 525 on December 10, 2019. The City and Property Owner amended the DOPA for the following reasons:

- Modified the Land Use Term of the DOPA to "*June 30, 2020 or the date four months after the date on which the City Council opens the first public hearing on the tentative map application for the Project, whichever is later...*".
- Created a payment date for the remaining Environmental Impact Report funds.
- Clarified the Affordable Housing timing, "*...an Affordable Housing Plan to be agreed to and executed by the Parties prior to issuance of the first residential unit building permit for the Project.*"

### **Administrative Extension**

On September 27, 2022, at the Applicant's request, based upon the cost of off-site sewer improvements and the approval of a Final Map on September 14, 2021, the Vesting Tentative Map No. 9533 approval was administratively extended for 48 months pursuant to California Government Code 66452.6(a) and is set to expire on April 14, 2024 if not extended. While an extension application is under review, State law provides for an

automatic extension of the Vesting Tentative Map expiration for up to 60 days, pursuant to California Government Code 66542.6(e).

## **ANALYSIS:**

Under the Original DOPA and Hercules Municipal Code Section 10-8.402, the procedure for proposing and adopting an amendment to the development agreement is the same as the procedure for entering into an agreement in the first place. Modification of the DOPA, in this instance, therefore, requires a public hearing review by the Planning Commission with a recommendation in the form of a Resolution to the City Council followed by a public hearing before the City Council and consideration of an Ordinance.

### **Development and Owner Participation Agreement (DOPA 07-01):**

Section 10-8.301 of the Municipal Code, *Determination by Planning Commission*, allows the Planning Commission to make a recommendation to the City Council only if certain findings (listed below) are made with supporting facts. The City Council, likewise, in Hercules Municipal Code Section 10-8.302, may accept, modify or disapprove the recommendation of the Planning Commission. Further, the City Council may not approve the development agreement unless it finds that the provisions of the agreement are consistent with the General Plan and any applicable specific plans:

**Finding #1:** *Is consistent with the objectives, policies, general land uses and programs specified in the general plan and any applicable specific plan.*

**Facts:** The proposal to extend the expiration date of DOPA 07-01 does not bring the Hill Town project out of compliance with the objectives, policies, general land uses and programs in the General Plan. Further, compliance was confirmed through the original approvals.

**Finding #2:** *Is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is located.*

**Facts:** The proposal to extend the expiration date of DOPA 07-01 does not modify the previously approved uses, thereby allowing the Hill Town project to remain compatible with applicable uses and regulations.

**Finding #3:** *Is in conformity with public convenience, general welfare and good land use practice.*

**Facts:** The proposal to extend the expiration date of DOPA 07-01 does not modify the original approvals for the Hill Town project, therefore the project continues to be in conformity with public convenience, general welfare and good land use practice.

**Finding #4:** *Will not be detrimental to the health, safety and general welfare.*

**Facts:** Modification of the expiration date of DOPA 07-01 will not result in physical modifications to the site or to the approved design, therefore health, safety and general welfare will be maintained.

**Finding #5:** *Will adversely affect the orderly development of property or the preservation of property values.*

**Facts:** The proposal to extend the expiration date of DOPA 07-01 will not alter the approved entitlements. Rather, it will provide an additional five (5) years for the Development Team to start construction per the adopted plan. The allowance of additional time will not adversely affect the orderly development of property or preservation of property values.

**Vesting Tentative Map (VTM #9533):**

Hercules Municipal Code Section 10-2.3.105(c) requires a Vesting Tentative Map to be processed in the same manner as a Tentative Map. Per Hercules Municipal Code Sections 10-2.306-311, a Tentative Map is subject to a Public Hearing before the Planning Commission with a recommendation, via Resolution, to the City Council. The City Council, likewise, processes the Vesting Tentative Map through a public hearing and issues a decision through an Ordinance.

Section 10-2.3.103 of the Municipal Code, *Consistency*, allows an extension of entitlement related to the vesting tentative map only if the finding (listed below) is made with a supporting fact:

**Finding #1:** *No land shall be subdivided and developed pursuant to a vesting tentative map for any purpose which is inconsistent with the Hercules General Plan and any applicable specific plan or not permitted by the zoning ordinance or other applicable provisions of this Code.*

**Facts:** Extending the approval timeframe of the Vesting Tentative Map and the DOPA for a period of five (5) years, until April 14, 2029, does not bring the Hill Town project out of compliance with the objectives, policies, general land uses and programs in the General Plan, and compliance was confirmed through the original approvals. No specific plan is applicable to this area. Compliance with the zoning ordinance and other applicable Municipal Code provisions was also confirmed through the original approvals, and extending the approval timeline does not bring the Hill Town project out of compliance.

**ENVIRONMENTAL REVIEW**

The five (5) year extension request, Amendment #4 to DOPA 07-01 and extension of the Hill Town Vesting Tentative Map, has been determined to be Categorical Exempt from CEQA pursuant to Section 15061(b)(3) of the California Environmental Quality Act

Guidelines. This Exemption is known as the “Common Sense Exemption” that CEQA applies only to projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment; therefore, the subject request is not subject to CEQA.

**FISCAL IMPACT:**

There are no direct fiscal impacts associated with this item.

**ATTACHMENTS:**

Attachment 1 - Staff Report

Attachment 2 - Draft Ordinance

Attachment 2A – Draft DOPA Amendment #4

Attachment 3 – Planning Commission Resolution

Attachment 4 – Hilltown History Overview from Applicant, Dated 2/13/24

**CITY OF HERCULES ORDINANCE NO. \_\_\_\_\_**

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HERCULES APPROVING THE ADOPTION OF AMENDMENT #4 TO EXTEND THE TERM OF THE DEVELOPMENT AND OWNER PARTICIPATION AGREEMENT (DOPA 07-01) BY AND BETWEEN THE CITY OF HERCULES AND THE SANTA CLARA VALLEY HOUSING GROUP, INC. AND TO EXTEND THE EXPIRATION DATE OF THE VESTING TENTATIVE MAP NO. 9533 FOR THE HILL TOWN PROJECT**

**WHEREAS**, a Development and Owner Participation Agreement (“Development Agreement”) between the City of Hercules (“City”), the Redevelopment Agency (“Agency”), and the Santa Clara Valley Housing Group (“Owner”) was adopted by Ordinance 442 on September 23, 2008, a memorandum of which is recorded in the Office of the Contra Costa County Recorder, State of California, on November 25, 2008 through document 2008-0256803-000, with respect to the development of approximately 44 acres of certain real property located in the City of Hercules, California; and

**WHEREAS**, on May 8, 2018, the Development Agreement was amended, through the adoption of Ordinance 509 – Amendment No. 1, which was recorded on May 29, 2018 through document 2018-0083953-00; and

**WHEREAS**, on January 8, 2019, an additional amendment was approved, through the adoption of Ordinance No. 516 – Amendment No. 2, which was recorded on February 27, 2019 through document 2019-0026425-00 and modified key performance dates; and

**WHEREAS**, on December 10, 2019, an additional amendment was approved, through the adoption of Ordinance No. 525 – Amendment No. 3, recorded on December 18, 2019 through document 2019-0227264-00, which modified the land use term, payment date for the remaining Environmental Impact Report funds and clarified the affordable housing timing; and

**WHEREAS**, the City and Owner desire to further amend key performance dates set forth in the Development Agreement as amended, attached hereto (Attachment 2B) and incorporated by reference herein (aka Amendment No.4); and

**WHEREAS**, the Hill Town Vesting Tentative Map #9533 was approved by the City Council on April 14, 2020; and

**WHEREAS**, the Owner provided financial documentation of off-site public improvements, allowing an administrative extension of the Vesting Tentative Map #9533, thus modifying the expiration date to April 14, 2024; and

**WHEREAS**, California Government Code 66452.6(a) allows a Vesting Tentative Map on property that is subject to a development agreement to be extended for the period of time provided for in the agreement, but not beyond the duration of the agreement; and



**WHEREAS**, California Government Code 66452.6(e) provides that a Vesting Tentative Map shall be automatically extended for up to 60 days while an application for an extension is under review; and

**WHEREAS**, the Owner has requested that the approval timeframe of both the Development Agreement and Vesting Tentative Map #9533 be extended to April 14, 2029; and

**WHEREAS**, the Planning Commission did hold a properly noticed public hearing on March 4, 2024 to consider the proposed Amendment #4 to extend the term of the development and owner participation agreement (DOPA 07-01) by and between the City of Hercules and the Santa Clara Valley Housing Group, Inc. and to extend the expiration date of the Vesting Tentative Map No. 9533 for the Hill Town project and did hear and use its independent judgement to consider all said reports, recommendations and testimony hereinabove set forth; and

**WHEREAS**, the Planning Commission at its March 4, 2024 meeting passed Resolution #24-01 recommending City Council adoption of an ordinance to modify the Development Agreement by extending the term and extending the expiration date of the Vesting Tentative Map No. 9533 to April 14, 2029; and

**WHEREAS**, on March 26, 2024, the City Council held a duly noticed public hearing to consider the proposed Ordinance related to the Hill Town Development Agreement and Vesting Tentative Map No. 9533, received the staff report and staff presentation, received comments from the public and interested parties and discussed the matter.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HERCULES DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1. Recitals.** The City Council hereby incorporates the above recitals into this Ordinance by this reference.

**SECTION 2. CEQA.** The City Council finds and determines that the proposed Amendment No. 4 to the Hill Town development agreement is Categorically Exempt from CEQA pursuant to Section 15061(b)(3) of California Environmental Quality Act Guidelines. This Exemption is known as the “Common Sense Exemption” that CEQA applies only to projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, therefore the activity is not subject to CEQA.

**SECTION 3.** The City Council finds that the provisions of the proposed amendments are consistent with the general plan and any applicable specific plan as recommended by the Planning Commission Resolution 24-01 approved March 4, 2024 after the Commission’s public hearing.

**SECTION 4.** The City Council hereby approves the proposed Amendment No. 4 to the Hill Town Development Agreement as attached hereto (Attachment 2A) and incorporated by reference herein. The City Council hereby authorizes the City Manager to execute all related documents, substantially similar to the attached Development Agreement, with Santa Clara Valley Housing Group, Inc.

**SECTION 5. Severability.** If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid, such decisions shall not affect the validity of the remaining portions of this Ordinance. The Council hereby declares that it would have adopted the Ordinance, and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be deleted.

**SECTION 6. Effective Date and Publication.** The City Clerk shall certify the adoption of this Ordinance and shall publish or post the Ordinance as required by law. This Ordinance shall be effective thirty (30) days from date of final adoption.

**THE FOREGOING ORDINANCE** was first read at a regular meeting of the Hercules City Council on the 26th day of March, 2024, and was passed and adopted at a regular meeting of the Hercules City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Dan Romero, Mayor

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Eibleis Melendez  
City Clerk

**AMENDMENT No. 4 TO THE DEVELOPMENT AND OWNER PARTICIPATION  
AGREEMENT FOR THE HILL TOWN PROJECT (DOPA 07-01) BY AND BETWEEN  
THE CITY OF HERCULES AND THE SANTA CLARA VALLEY HOUSING GROUP**

This AMENDMENT No. 4 TO THE DEVELOPMENT AND OWNER PARTICIPATION AGREEMENT (this “Amendment No. 4”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2024 between the City of Hercules, a municipal corporation (the “City”) and Santa Clara Valley Housing Group, Inc., a California corporation (“Owner”). The City and Owner are collectively “Parties” to this Amendment.

**RECITALS**

A. The City and Owner are Parties to that certain Development and Owner Participation Agreement adopted by ordinance on September 23, 2008, a memorandum of which is recorded in the Office of the Contra Costa County Recorder, State of California, on November 25, 2008 as Document No. 2008-0256803-00 (the “Development Agreement”), with respect to the development of approximately 44 acres of certain real property located in the City of Hercules, California and described in Exhibit “A” attached to the Development Agreement (the “Project Site”). Unless otherwise defined in this Amendment No. 4, all capitalized terms have the meanings given to those terms in the Development Agreement.

B. The Development Agreement addresses, among other things, the potential development of up to 640 residential dwelling units a neighborhood retail facility, a series of public and private open space amenities, and a network of roadways (the “Project”) in accordance with all required Project Approvals.

C. The Development Agreement was previously amended three times by the City Council. The first Amendment was made by the City Council in May of 2018 to approve certain amendments, including but not limited to removal of the Redevelopment Agency as a party to the Development Agreement and an extension of the term of the Development Agreement (“Amendment No. 1”). The City Council also amended the Development Agreement a second time in January of 2019 in order to further extend the term (“Amendment No. 2”). A third amendment (“Amendment No. 3”) was approved by City Council in December of 2019, which modified the land use term, created a payment date for the remaining Environmental Impact Report funds and clarified the affordable housing timing.

D. The City and Owner desire to further amend certain provisions of the Development Agreement as described in this Amendment No. 4, including but not limited to the term of the Development Agreement.

E. On \_\_\_\_\_, 2024, after duly noticed public hearings, the City Council of the City of Hercules adopted Ordinance No. \_\_\_\_\_ approving this Amendment No. 4, which ordinance is incorporated herein by reference.

## AGREEMENT

IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES OF THE PARTIES, THE CITY AND THE OWNER AGREE THAT THE DEVELOPMENT AGREEMENT IS AMENDED AS FOLLOWS:

1. Term Amendments. Section 2.2 is hereby amended in full to read as follows:

“2.2 Land Use Term. The Land Use Term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until **April 14, 2029**, unless the Land Use Term is extended or terminated as provided in this section or sections 8.1 or 10.2. All Project approvals shall be effective for the Land Use Term.”

2. Successor and Assigns. This Amendment No. 4 shall be binding upon and inure to the benefit of the City, the Owner, and their respective successors and assigns.
3. Integration. Except as expressly provided to the contrary herein, all provisions of the initial Development Agreement as amended, which is incorporated herein by reference, shall remain in full force and effect. The Development Agreement and this Amendment No. 4 shall hereafter be collectively referred to as the Development Agreement. The Development Agreement, as amended herein, integrates all of the terms and conditions of agreement between the Parties and supersedes all previous agreements between the Parties with respect to the subject matter hereof. To the extent that the terms of the initial Development Agreement as amended and this Amendment No. 4 conflict, the terms of this Amendment No. 4 shall prevail and control.
4. Authority to Execute. The person or persons executing this Amendment No. 4 on behalf of Owner warrant(s) and represent(s) that they have the authority to execute this Amendment No. 4, that they are the proper interest holders and/or successors in interest to the previous Parties executing the Development Agreement, and they further warrant that they have the authority to bind their respective Owner to the performance of the obligations hereunder. Signatories shall defend, indemnify, and hold harmless the City, and its agents, officers, and employees, from any challenge related to the authority of any person or persons signing this Amendment No. 4.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 4 as of the date set forth above.

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Patrick Tang  
City Attorney

**CITY:**

CITY OF HERCULES  
a municipal corporation

By: \_\_\_\_\_  
Dante Hall  
City Manager

By: \_\_\_\_\_  
Dan Romero  
Mayor

**OWNER:**

SANTA CLARA VALLEY HOUSING  
GROUP, INC., a California Corporation

By: \_\_\_\_\_  
Stephen E. Schott  
Vice President

**HERCULES PLANNING COMMISSION  
RESOLUTION NO. 24-01**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF HERCULES RECOMMENDING THAT THE CITY COUNCIL APPROVE ADOPTION OF AMENDMENT #4 TO EXTEND THE TERM OF THE DEVELOPMENT AND OWNER PARTICIPATION AGREEMENT (DOPA 07-01) BY AND BETWEEN THE CITY OF HERCULES AND THE SANTA CLARA VALLEY HOUSING GROUP, INC. AND TO EXTEND THE EXPIRATION DATE OF THE VESTING TENTATIVE MAP NO. 9533 FOR THE HILL TOWN PROJECT**

**WHEREAS**, The City and the Santa Clara Valley Housing Group (“Owner”) are Parties to that certain Development and Owner Participation Agreement (“Development Agreement”) adopted by ordinance of the City Council on or about September 23, 2008, with respect to the development of approximately 44 acres of certain real property located in the City of Hercules, California; and

**WHEREAS**, the Development Agreement addresses, among other things, the potential development of up to 640 residential dwelling units, a neighborhood retail facility, a series of public and private open space amenities, and a network of new roadways (the “Project”) in accordance with all required project approvals; and

**WHEREAS**, the Development Agreement was revised by City Council’s approval on May 8, 2018 of Amendment #1 making certain amendments to the 2008 Hill Town Development Agreement, including but not limited to removal of the Redevelopment Agency as a party to the agreement and an extension of the term of the Agreement; and

**WHEREAS**, the Development Agreement was further revised by City Council’s approval on January 8, 2019 of Amendment #2 making further modifications of timelines; and

**WHEREAS**, the Development Agreement was revised by City Council’s approval on December 10, 2019 of Amendment #3 by modifying the land use term of the agreement, creating a payment date for the remaining Environmental Impact Report funds and providing clarification of the affordable housing timing; and

**WHEREAS**, City and Owner desire to further amend certain provisions of the Development Agreement as described in this Amendment No. 4, including but not limited to the term of the Development Agreement as stated therein; and

**WHEREAS**, the Hill Town Vesting Tentative Map #9533 was approved by the City Council on April 14, 2020; and

**WHEREAS**, the Owner provided financial documentation of off-site public improvements, allowing an administrative extension of the Vesting Tentative Map #9533, thus modifying the expiration date until April 14, 2024; and

**WHEREAS**, California Government Code 66452.6(a) allows a Vesting Tentative Map on property that is subject to a development agreement to be extended for the period of time provided for in the agreement, but not beyond the duration of the agreement; and

**WHEREAS**, the Owner has requested that the approval timeframe of both the Development Agreement and Vesting Tentative Map #9533 be extended for five (5) years, until April 14, 2029; and

**WHEREAS**, based on the facts and evidence set forth in the entire record for this proceeding, including but not limited to the staff report prepared for this project, the Planning Commission finds, after due study, deliberation, and public hearing, that the following circumstances exist with regard to the request to extend the expiration date of the Development Agreement and Vesting Tentative Map #9533 to April 14, 2029:

- a. That the proposed modification of the Development Agreement expiration date is consistent with the objectives, policies, general land uses and programs specified in the General Plan and any applicable specific plan because the extension of the expiration date does not alter Hill Town's compliance with the original approvals and with applicable provisions of the General Plan;
- b. That the proposed modification of the Development Agreement expiration date is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is located because the extension of the expiration date does not modify the previously approved uses, thereby allowing the Hill Town project to remain compatible with applicable uses and regulations;
- c. That the proposed modification of the Development Agreement expiration date is in conformity with public convenience, general welfare and good land use practice because the extension of the expiration date does not modify the original approvals for the Hill Town project, therefore the project continues to be in conformity with public convenience, general welfare and good land use practice;
- d. That the proposed modification of the Development Agreement expiration date will not be detrimental to the health, safety and general welfare because the modification of the expiration date will not result in physical modifications to the site or to the approved design, therefore health, safety and general welfare will be maintained;
- e. That the proposed modification of the Development Agreement expiration date will not adversely affect the orderly development of property or the preservation of property values because the extension of the expiration date will allow an additional five (5) years to start construction per the adopted plan and consistent with the original approvals;
- f. That the extension of the expiration date of the Vesting Tentative Map #9533 will not be inconsistent with the Hercules General Plan and applicable specific plans, Zoning Ordinance or other Code provisions because the extension of the expiration date does not alter the original compliance with the General Plan objectives, policies and general land uses. Further, there are no specific plans applicable to the Hill Town development and compliance with the Zoning Ordinance and other applicable Municipal Code provisions were also confirmed through the original approvals; and

**WHEREAS**, the Planning Commission did hold a properly noticed public hearing on March 4, 2024 to consider owner's application to amend the Development Agreement and the expiration date of the Vesting Tentative Map #9533, and did hear and use its independent judgment to consider said application, reports, recommendations, and related testimony.

**NOW, THEREFORE, BE IT RESOLVED** that the Planning Commission of the City of Hercules recommends that the City Council:

1. The foregoing recitals are true and correct and made a part of this Resolution.

2. The Planning Commission, based on its independent judgment and analysis, after due study, deliberation and public hearing, finds and determines that the proposed fourth amendment to the Development Agreement contained in Attachment 2B and the Vesting Tentative Map #9533 to this Resolution is in the public interest, is in conformance with the requirements of state law (Government Code Section 65864 *et seq.*) and the City's municipal code (Title 10, Chapter 8).
3. Find that the draft ordinance (Attachment 2A hereto) is Categorically Exempt from CEQA pursuant to Section 15061(b)(3) of the California Environmental Quality Act Guidelines. This Exemption is known as the "Common Sense Exemption" that CEQA applies only to projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, therefore the activity is not subject to CEQA.

**BE IT FURTHER RESOLVED:** The Planning Commission recommends that the City Council approve the proposed fourth amendment to the Development Agreement as specified in Attachment 2B to this Resolution, attached hereto and incorporated by reference herein.


**PASSED AND ADOPTED** by the Planning Commission of the City of Hercules on this 4th day of March 2024, by the following vote:

**AYES:** Morrison, Rubio, Schaufenbil and Most-Walker

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Bhattarai

DocuSigned by:  
  
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Robert Schaufenbil, Chair

ATTEST: DocuSigned by:  
  
93C0BDCF0850444...  
Timothy Rood, AICP  
Community Development Director

Attachment 2A: Draft Ordinance  
Attachment 2B: Draft DOPA





February 13, 2024

## HILLTOWN Development Short History

The Tentative Map was designed following the conceptual site plan from the development agreement between Santa Clara Valley Housing Group and The City of Hercules which was approved on November 25, 2008. The Tentative Map was approved by the City Council on April 14, 2020.

Immediately following approval of the Tentative Map, SCVHG immediately started moving forward with construction documents. As we began the construction documents and final engineering, we quickly realized that the infrastructure costs; mostly attributed to the grading, off-haul of dirt, and retaining walls, was substantially higher than originally expected. Therefore, we engaged our engineers, Carlon, Barbee and Gibson, to complete a study on the site and access where improvements can be made to reduce the overall improvement costs will staying in substantial conformance with the approved Tentative Map. They were able to make some modifications to the street configuration and revise retaining wall locations and heights; thus, reducing the amount of dirt that needed to be off hauled from the site. This minor modification was approved on September 22, 2020 by the City Council. While this minor modification reduced the improvement costs of the development, it was still not enough to get the project off of the ground. The issue with the improvement costs is that they are front-loaded, meaning that the majority of improvements need to be completed at the very beginning due to the site's complexity. Our lead engineer from CBG, Lee Rosenblatt, explained the improvement issue in a letter to the City of Hercules dated October 5, 2021 (attached via Email).

SCVHG came forward to the City of Hercules to discuss this issue about the front-loaded improvement cost and discussed the idea of utilizing a Mello-Roos. This financial tool, as City Staff can attest to, is utilized on projects like this all over the Bay Area to help get projects off the ground that have very large front-loaded costs. Stated in an open letter to the City of Hercules dated, January 4, 2022, SCVHG answered questions from the city staff and council members regarding a Mello- Roos District (attached via Email). At the very end of this letter, Santa Clara Valley Housing Group stated without an approval of a Mello-Roos District, the project cannot advance at this time.

On the January 18<sup>th</sup> 2022, City Council denied a Mello-Roos District for the project called Hilltown. As noted many times previously, we expressed that this project could not move forward without the Mello-Roos. As such, it has sat in its current state since the City Council's denial of the Mello-Roos.

404 Saratoga Avenue, Suite 100  
Santa Clara, CA 95050-7062  
Facsimile: 408-985-6050



Fast forward to now in 2024, Santa Clara Valley Housing Group is dealing with the same constraints plus rising construction cost and inflation. Our Tentative Map is set to expire on April 14, 2024. Therefore, we are coming forward to ask for an extension on our tentative map.

Sincerely,

A handwritten signature in blue ink, reading "Stephen E. Schott".

Stephen E. Schott

Vice President

404 Saratoga Avenue, Suite 100  
Santa Clara, CA 95050-7062  
Facsimile: 408-985-6050

**PUBLIC HEARINGS  
AGENDA ITEM  
2. 22-811**



## STAFF REPORT TO THE CITY COUNCIL

**DATE:** Regular Meeting of March 26, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Timothy Rood, AICP, Community Development Director

**SUBJECT:** Repeal Local Density Bonus Regulations in Hercules Municipal Code and Reference State Density Bonus Law

### RECOMMENDED ACTION:

Staff recommends that the City Council adopt Ordinance No. 24-XX (Attachment 2) the proposed amended provisions of Hercules Municipal Code Sections 13-6.100, 13-6.300 and 13-30.420, amending and renumbering Sections 13-30.460 and 13-30.470, repealing Sections 13-30.430, 13-30.440 and 13-30.450 and amending Section 13-60.200 to comply with the State Density Bonus Law and finding the action exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

### PLANNING COMMISSION RECOMMENDATION:

On March 4, 2024, at their regularly scheduled meeting, the Planning Commission approved Resolution No. 24-02 (Attachment 3), recommending City Council approval of the amended provisions of the Hercules Municipal Code to comply with the State Density Bonus Law.

### BACKGROUND:

The City of Hercules regulates and implements the State of California Density Bonus Law (SDBL). The current standards in the Municipal Code allow a sliding scale of density bonuses and the granting of concessions based on the amount and type of affordable housing that is provided, an unlimited number of waivers or reductions of local regulations, and parking reductions based on unit size.

Between 2018 and 2023, the State amended the SDBL 10 times (Attachment 4), so it has been challenging for cities to keep up with required updates to local density bonus ordinances. This proposal would amend the Municipal Code to be consistent with, and refer to, updated State law. The proposal contains the most up-to-date regulations regarding density bonus opportunities.

Since 2021, the City has been receiving housing-related technical assistance through the Association of Bay Area Governments (ABAG) as part of the Regional Early Action Planning (REAP) Grant Program from the State Housing and Community Development Department (HCD). The Contra Costa County Collaborative (C4) meets monthly to discuss housing-related topics, including completing and certifying housing elements, the implementation and complying with evolving State laws.

Recently, several Contra Costa County agency staff discussed repealing their local density bonus regulations/ordinances and adopting references to State law. This approach streamlines local implementation and eliminates the need for numerous amendments to the Zoning Ordinance as State law is amended in the future.

The State Density Bonus Law (SDBL) was adopted in 1976 to address California's affordable housing needs. The SDBL required local agencies to allow increased density, reduced standards, and development incentives based upon the number and type of affordable housing units proposed. Over time, the law has been expanded to include housing for households at a wider range of income levels and with specialized needs (for example seniors, students, foster youth, formerly homeless persons, and disabled veterans).

The SDBL applies to housing projects, including mixed-use developments, new subdivisions, and common-interest developments. Density bonuses and associated incentives and concessions are intended to offset the financial burden of constructing affordable units. The density bonus and associated concessions are based upon the amount and type of affordable units provided.

Qualifying residential projects which set aside a certain percentage of units for affordable residents may be eligible for one or more of the following under SDBL:

- Density Bonus: An increase above the maximum allowed density permitted in the General Plan Land Use Element or Zoning Code. The amount of the bonus depends upon the quantity of affordable units and the level of affordability.
- Incentives/Concessions: Modifications to City development standards that result in actual and identifiable cost reductions to provide for affordable housing costs or rents. The number of required incentives is based on the percentage of affordable units provided in the qualifying project. For example, developers may ask for increased

height above that allowed by the zoning regulations to accommodate the additional units granted in a density bonus.

- Reductions/Waivers: Modification to City development standards that would physically prevent the construction of a housing development at the density permitted with a bonus and any concessions, except where the waiver would cause a public health or safety concern, harm historical property, or would be contrary to the law. There is no limit to the number of reductions/waivers that may be requested. For example, applicants may request decreased setbacks and/or increased floor area ratio and/or waiver of hillside regulations that would preclude a qualifying project from being constructed at the proposed density.
- Reduced Parking Ratios - Parking ratios are defined based on unit size:
  - Zero to one bedroom: one on-site parking space per unit;
  - Two to three bedrooms: one and one-half on-site parking spaces per unit; and,
  - Four or more bedrooms: two and one-half parking spaces per unit.

## **ANALYSIS:**

### ***Existing Density Bonus Ordinance***

Hercules Municipal Code Sections 13-30.420 *Purpose and Applicability*, 13-30.430 *Calculations*, and 13-30.440 *Incentives and Concessions* include the Residential Density Bonus standards. The last update to this portion of the City of Hercules Residential Density Bonus standards was in 2015, and it is therefore out of compliance with current State Density Bonus Law.

The SDBL includes much of the information that is currently included in Hercules Municipal Code, but it also includes additional definitions and options that have not yet been adopted by the City. For example, the SDBL now provides density bonus options for the construction of student housing, shared housing, and housing for transitional foster youth, disabled veterans, and homeless persons.

### ***Proposed Ordinance***

Staff proposes to repeal and replace the existing density bonus regulations with the Ordinance attached to this staff report. The new regulations would adopt the SDBL by reference and identify when the regulations apply. The draft ordinance also contains requirements related to physical constraints and parking reductions, outlines application requirements, and specifies the approval process for density bonus projects. The draft ordinance also acknowledges that future State law amendments may occur.

In future years, as the legislature continues to amend and/or refine SDBL (Attachment 5), the Hercules Municipal Code will remain consistent with State law, and the City will avoid frequent zoning updates. In addition, by referencing State law, City staff will find it easier to process applications and communicate relevant regulations to applicants, the public, and appointed/elected officials.

## **ENVIRONMENTAL DETERMINATION**

The proposed ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption in that the proposed ordinance would only establish and clarify administrative processes and would not facilitate new construction or other groundbreaking activities. It can be seen with certainty that there is no possibility that the ordinance would result in either a direct physical change to the environment or a reasonably foreseeable indirect physical change to the environment. Further, none of the circumstances described in CEQA Guidelines Section 15300.2 applies.

## **FISCAL IMPACT OF RECOMMENDATION:**

There are no direct fiscal impacts associated with this item.

## **ATTACHMENTS:**

- Attachment 1 –Staff Report – Density Bonus Regulations
- Attachment 2 – Draft Ordinance
- Attachment 3 – Planning Commission Resolution No. 24-02
- Attachment 4 –Legislative History Summary (2019-2022)
- Attachment 5 –Summary of Pending (2023-2024) Legislation

**CITY OF HERCULES ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HERCULES AMENDING PROVISIONS OF HERCULES MUNICIPAL CODE SECTIONS 13-6.100, 13-6.300 AND 13-30.420, AMENDING AND RENUMBERING SECTIONS 13-30.460 AND 13-30.470, REPEALING SECTIONS 13-30.430, 13-30.440 AND 13-30.450 AND AMENDING SECTION 13-60.200 TO COMPLY WITH THE STATE DENSITY BONUS LAW AND FINDING THE ACTION EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).**

**WHEREAS**, California's State Density Bonus Law (Government Code §§ 65915 et seq.; "SDBL") encourages developers to build affordable housing (e.g., very low-, low- and moderate-income units) by requiring cities to grant a density bonus, concessions, incentives, and waivers of developments standards for projects that commit certain percentages of their units to affordable housing; and

**WHEREAS**, California Government Code § 65915(a) requires that local governments adopt an ordinance that specifies how compliance with SDBL will be implemented; and

**WHEREAS**, Sections 13-6.100, 13-6.300, 13-30.420, 13-30.430, 13-30.440, 13-30.450, 13-30.460 and 13-30.470 of the Hercules Municipal Code contain regulations implementing the SDBL; and

**WHEREAS**, Hercules Municipal Code Sections 13-6.100, 13-6.300, 13-30.420, 13-30.430, 13-30.440, 13-30.450, 13-30.460 and 13-30.470 were last amended to comply with the SDBL via Ordinance No. 484, adopted on February 10, 2015; and

**WHEREAS**, this ordinance ("Ordinance") amends Hercules Municipal Code Sections 13-6.100, 13-6.300 and 13-30.420, amends and renumbers Sections 13-30.460 and 13-30.470 and repeals Sections 13-30.430, 13-30.440 and 13-30.450 to adopt the State Density Bonus Law by reference. As amended and renumbered by this Ordinance, Hercules Municipal Code Sections 13-30.420, 13-30.430 and 13-30.440 will provide density bonuses and other affordable housing incentives required by SDBL (including but not limited to Government Code § 65915 et seq.); and

**WHEREAS**, adopting the SDBL by reference will ensure the Municipal Code remains current whenever the State Legislature amends the SDBL; and

**WHEREAS**, the Planning Commission did hold a properly noticed public hearing on March 4, 2024 to consider the proposed Text Amendment and did hear and use its independent judgement to consider all said reports, recommendations and testimony hereinabove set forth; and



**WHEREAS**, the Planning Commission at its March 4, 2024 meeting passed Resolution #24-02 recommending City Council adoption of an ordinance to modify the Hercules Zoning Ordinance as proposed in order to comply with SDBL; and

**WHEREAS**, on March 26, 2024, the City Council held a duly noticed public hearing to consider the proposed Ordinance related to density bonus, received the staff report and staff presentation, received comments from the public and interested parties and discussed the matter; and

**WHEREAS**, all legal prerequisites to the adoption of the Ordinance have occurred.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HERCULES DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1. Recitals.** The City Council hereby incorporates the above recitals into this Ordinance by this reference.

**SECTION 2. Amendment.** Deletions to the Hercules Municipal Code are shown in strikethrough. Additions are shown in bold/underline. The City Council of the City of Hercules does hereby amend Hercules Municipal Code Sections 13-6.100, 13-6.300, 13-30.420 and 13-60.200, amends and renumbers Hercules Municipal Code Sections 13-30.460 and 13-30.470 and repeals Hercules Municipal Code Sections 13-30.430, 13-30.440 and 13-30.450 to read as follows:

## **Hercules Municipal Code**

### **TITLE 13. ZONING ORDINANCE**

#### **Chapter 13-6. Residential Districts**

##### **Sec. 13-6.100 Specific Purposes.**

1. In addition to the general purposes listed in Section 13-5.100, the specific purposes of the residential districts are to:

A. Reserve appropriately located areas for family living at a reasonable range of population densities consistent with the General Plan and sound standards of public health and safety.

B. Ensure adequate light, air, privacy, and yard/open space for each dwelling unit and protect residents from public safety hazards and other harmful environmental effects.

C. Preserve as many of the desirable characteristics of single-family residential districts as possible while allowing for associated residential uses such as daycare, rooming and boarding, home occupations, second residential units to the extent that substantial adverse impacts are not caused to adjacent residences.

D. Promote safe and well-designed neighborhoods and encourage new residential development to have an internal circulation system, including pedestrian walkways, bikeways, and access to transit facilities. Ensure provision of public services and facilities to support existing and planned residential densities.

E. Reserve appropriate areas for multifamily dwellings that may be located and designed to be compatible with adjacent land uses and residences.

F. Encourage development of innovative types of housing, including co-housing, congregate care facilities, and other types of housing that may provide low cost alternatives to typical market-rate housing.

G. Encourage provision of affordable housing units, especially for single persons, single parents, elderly and young families. Provide well-designed, well-built housing units for low- and moderate-income households in mixed-density developments, including planned developments (PDs), avoiding a concentration in any limited area.

H. Provide additional affordable senior citizen housing. Encourage provision of senior housing by considering density bonuses up to ~~General Plan maximum~~ where senior projects are desirable and compatible with special senior needs.

I. Allow for public and quasi-public land uses to complement residential development within close access such as schools, churches and daycare facilities; provided, that substantial adverse impacts such as traffic congestion, increased noise (ambient or episodic) or full use of available on-street parking, or other similar impacts are not caused on nearby residences.

2. The additional purposes of each residential zoning district are:

A. RS-E Residential Single-Family Estate. To provide sites for estate homes on larger lots to be developed with custom built and individually designed homes with

a gross density of 1 or 2 units per acre and a minimum parcel size of 0.5 acre. Specific densities are assigned on the Zoning Map.

B. RS-L Residential Single-Family Low Density. To provide areas for single-family housing on smaller lots that will generally be developed as part of a larger planned subdivision where a limited number of models of varied exterior designs are built in a random pattern on individual lots with a gross density of 2 to 7 units per acre and a minimum parcel size of 6,000 square feet unless a smaller lot size is allowed by an approved planned development (PD).

C. RM-L Residential Multifamily Low Density. To provide sites for low density multifamily housing such as townhouses, condominiums and apartments, and medium density single-family housing that incorporate good design and amenities with a gross density up to 12 units per acre (midrange density of 9 units per acre). The minimum parcel size for multifamily housing is 3 acres. The minimum lot size for single-family housing is 4,000 square feet unless a smaller lot size is allowed by an approved planned development (PD).

D. RM-M Residential Multifamily Medium Density. To provide sites for medium density multifamily housing such as townhouses, condominiums and apartments that incorporate good design and amenities with a gross density of 12 to 30 units per acre (midrange density of 20 units per acre) and a minimum parcel size of 5 acres.

E. RM-H Residential Multifamily High Density. To provide sites for high density multifamily housing, typically located near public transit centers, adequate streets, shopping centers or other high activity areas and that incorporate good design and amenities with a gross density of 30 to 55 units per acre (midrange density of 42 units per acre) and a minimum parcel size of 15 acres. [Ord. 544 § 3, 2023; Ord. 543 § 3, 2023; Ord. 515 § 2, 2018; ZO § 6.100.]

### **Sec. 13-6.300 Performance Standards.**

The standard performance standards for development specified in Chapter 13-31 shall be met. In addition, the following specific performance standards shall be met:

1. Residential streets shall be designed in relation to the needed capacity and the adjoining housing patterns while discouraging through traffic on local streets.

2. Existing residential structures of architectural or historic significance are to be restored and maintained.
3. New residential areas shall be designed to avoid conflict with major streets or thoroughfares, and should provide access to transit facilities to encourage safe and convenient alternatives to private auto.
4. Multifamily residential land shall be developed with a balance of open space, landscaping, and recreational amenities and should be easily accessible to commercial and recreational areas and public transportation.
5. Upon reinstitution of the inclusionary housing ordinance, new residential development shall include a minimum 10 percent of the total number of units for affordable housing. No in-lieu fees will be accepted by the City unless the developer can establish extraordinary circumstances for not providing affordable housing or unless an agreement predating the adoption of the 1996 General Plan Amendment provides otherwise.

~~A density bonus up to 35 percent over the maximum General Plan designation may be provided, along with the waiver of fees and the relaxation of development standards, in exchange for low income or senior housing provided, as per Section 65915 of the California Government Code, **as may be amended**, and Sections ~~13-30.420~~ through ~~13-30.470~~ (Residential Density Bonuses). In order to encourage the development of lower income housing units, the waiver of fees and the relaxation of development standards may be considered by the City in return for commitments to provide lower income housing.~~

~~6. Affordable senior housing projects with density bonuses up to General Plan maximum are allowed where desirable and compatible with special senior needs. Such projects shall only be allowed where the size of the structure and style of architecture are compatible with the surrounding neighborhood.~~

~~7~~ 6. The use of solar systems, both active and passive designs, is encouraged in new residential development. [Ord. 544 § 3, 2023; Ord. 543 § 3, 2023; Ord. 515 § 2, 2018; Ord. 484 § 13, 2015; ZO § 6.300.]

## TITLE 13. ZONING ORDINANCE

### Chapter 30. Property Development Standards

#### **Sec. 13-30.420 Residential Density Bonuses—Purpose and Applicability.**

1. This Section through Section 13-30.440 and the requirements of California Government Code Sections 65915 through 65918, as may be amended, are intended to implement the housing element of the General Plan ~~and the requirements of California Government Code Sections 65915 through 65918~~, offering incentives for the development of affordable housing. Where regulations are not specifically addressed in these sections or where there are conflicts between these provisions and the provisions of California Government Code Sections 65915 through 65918, the provisions of the California Government Code, as they may be amended over time, shall apply.

~~2. Housing developments are eligible for a density bonus as provided in California Government Code Section 65915 and these provisions, when the applicant for the housing development agrees or proposes at least 1 of the following:~~

~~A. Construct:~~

- ~~1) Ten percent of the total units affordable to lower-income households at affordable rent or affordable housing cost; or~~
- ~~2) Five percent of the total units affordable to very low-income households at affordable rent or affordable housing cost; or~~
- ~~3) Ten percent of the total units proposed in a common interest development for sale to moderate-income households; provided, that all units in the development are offered to the public for purchase; or~~
- ~~4) A senior citizen housing development.~~

~~B. Donate land in accordance with California Government Code Section 65915.~~

~~3. In addition to meeting the requirements of subsection (1) of this Section, housing developments which include a child care facility in accordance with California Government Code Section 65915 are entitled to an additional density bonus.~~

4. An applicant may also submit a proposal for specific incentives or concessions to be granted in conjunction with the density bonus, as provided in Section 13-30.440.

5. The granting of a density bonus, incentive, or concession, in and of itself, shall not require a General Plan amendment, zone change, or other discretionary approval and shall be reviewed concurrently with the review of the housing development.

6. To qualify for a density bonus, a senior housing development is not required to provide affordable units; however, the entire development must be reserved for qualified senior persons pursuant to Section 51.3 of the California Civil Code. Also, any senior housing development for which a density bonus is requested and approved must have a minimum of 35 units. [Ord. 515 § 2, 2018; Ord. 484 § 12, 2015; ZO § 30.420.

**Sec. 13-30.430 Residential Density Bonuses—Calculation.**

1. Housing developments that meet the criteria in Section 13-30.420(1) are eligible for a maximum density bonus as set forth in Table 13-30.1.

2. The calculation of a density bonus in compliance with this subsection that results in fractional units shall be rounded up to the next whole number, as required by state law. For purposes of calculating a density bonus, the residential units do not have to be based upon individual subdivision maps or parcels.

**Table 13-30.1 Maximum Density Bonus Calculations Based on Government Code Section 65915**

Unit Type	Minimum % Affordable Units in Category	Base Density Bonus Granted <sup>1</sup>	Additional Bonus for each 1% of Affordable Units Provided	% Affordable Units Required for Maximum 35% Bonus
Very Low Income Units	5%	20%	2.5%	11%
Low Income Units	10%	20%	1.5%	20%

**Table 13-30.1 Maximum Density Bonus Calculations Based on Government Code Section 65915**

<b>Unit Type</b>	<b>Minimum % Affordable Units in Category</b>	<b>Base Density Bonus Granted<sup>1</sup></b>	<b>Additional Bonus for each 1% of Affordable Units Provided</b>	<b>% Affordable Units Required for Maximum 35% Bonus</b>
Moderate-Income Units	10%	5%	1.0%	40%
Senior Housing	See Section <u>13-30.420(6)</u>	20%	n/a	n/a
Land Donation (for very low income housing) <sup>2</sup>	10%	15%	1.0%	30%
Condominium Conversion (moderate-income) <sup>3</sup>	33%	25%	n/a	n/a
Condominium Conversion (lower-income) <sup>3</sup>	15%	25%	n/a	n/a
Child Care Facility <sup>4</sup>	n/a	Sq. Ft. in Day Care Facility	n/a	n/a

**Notes:**

1. A density bonus may be selected from only 1 category, except that density bonuses for land donation may be combined with others, up to a maximum of 35 percent, and an additional square foot bonus may be granted for a child care facility as provided in California Government Code Section 65915(h).

2. ~~The donation of land must conform to the requirements of California Government Code Section 65915(g).~~
  3. ~~The conversion of condominiums must conform to the requirements of California Government Code Section 65915.5.~~
  4. ~~The provision of child day care facilities must conform to the requirements of California Government Code Section 65915(h).~~
- [Ord. 515 § 2, 2018; Ord. 484 § 12, 2015; ZO § 30.430.]

**Sec. 13-30.440 Residential Density Bonuses—Incentives and Concessions.**

1. ~~A housing development is eligible for incentives and concessions as shown in Table 13-30.2. Incentives and concessions must be selected from only 1 category (very low-, low-, or moderate-income). No incentives or concessions are available for land donation or for a senior citizen housing development that is not affordable. Condominium conversions and day care centers may have 1 incentive/concession or a density bonus, at the City's option, but not both.~~

**Table 13-30.2 Incentives and Concessions Calculations  
Based on Government Code Section 65915**

Unit Type	Percent of Affordable Units	Number of Concessions/ Incentives
Very Low-Income Units	5% or greater	4
	10% or greater	2
	15% or greater	3
Low-Income Units	10% or greater	4
	20% or greater	2
	30% or greater	3
Moderate-Income Units	10% or greater	4
	20% or greater	2
	30% or greater	3

2. ~~For purposes of this Section, permissible concessions and incentives include but are not limited to:~~



~~A. A modification of development standards or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission as provided in Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code that would otherwise be required, including but not limited to a reduction in setback requirements, lot coverage, landscape coverage, or number of parking spaces, such that the reduction or modification results in identifiable, financially sufficient, and actual cost reductions.~~

~~B. Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development, and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located;~~

~~C. Other regulatory incentives or concessions proposed by the developer or the City which result in identifiable financially sufficient and actual cost reductions.~~

~~3. A housing development which requests incentives or concessions must show that the requested concessions are required to provide for affordable rents or affordable housing costs, as applicable. The Director shall determine the type and detail of documentation that must be provided.~~

~~4. If the housing development is eligible for a density bonus as provided in Section 13-30.420, upon request of the applicant, the maximum off-street parking standards that can be applied, inclusive of handicapped and guest parking, are indicated in Table 13-30.3. These may include tandem and uncovered parking spaces.~~

**~~Table 13-30.3 Off-Street Parking  
Standards for Density Bonus  
Projects~~**

<b><del>Number of Bedrooms</del></b>	<b><del>Maximum Number of Off-Street Parking Spaces Required per Unit</del></b>
<del>0-1</del>	<del>1</del>
<del>2-3</del>	<del>2</del>

**~~Table 13-30.3 Off-Street Parking  
Standards for Density Bonus  
Projects~~**

<b><del>Number of Bedrooms</del></b>	<b><del>Maximum Number of Off-Street Parking Spaces Required per Unit</del></b>
<del>4+</del>	<del>2.5</del>

~~5. Nothing in this Section requires the provision of direct financial incentives for the housing development, including but not limited to the provision of financial subsidies, publicly owned land by the City, or the waiver of fees or dedication requirements. The City, at its sole discretion, may choose to provide such direct financial incentives.~~

~~6. An applicant may submit to the City a proposal for the waiver or reduction of development standards that will have the effect of physically precluding the construction of a development meeting the criteria outlined in Section 13-30.420 at the densities or with the concessions or incentives permitted under Section 13-30.440. A proposal for the waiver or reduction of development standards shall neither reduce nor increase the number of incentives or concessions to which the applicant is entitled. The applicant shall bear the burden of demonstrating that the development standards that are requested to be waived will have the effect of physically precluding the construction of the housing development with the density bonuses and incentives.~~

~~7. The City Council shall grant the concession or incentive requested by the applicant unless the Council makes a written finding, based upon substantial evidence, of either of the following:~~

~~A. The concession or incentive is not required to provide for affordable housing costs, as defined in California Health and Safety Code Section 50052.5, or for rents for the targeted units to be set in compliance with Government Code Section 65915(c); or~~

~~B. The concession or incentive would have a specific adverse impact, as defined by California Government Code Section 65589.5(d)(2), upon public health and~~

~~safety, or the physical environment, or on any real property listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households. [Ord. 515 § 2, 2018; Ord. 484 § 12, 2015; ZO § 30.440.]~~

**~~Sec. 13-30.450 Residential Density Bonuses—General Requirements.~~**

- ~~1. Affordable for-sale and rental low- and very low-income units must remain affordable to low- or very low-income households, as applicable, for 55 years or for a longer period of time if required by a construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program.~~
- ~~2. The affordable dwelling units and land dedication that qualify a housing development for a density bonus may also be used to meet the inclusionary housing provisions of the City's inclusionary housing requirements (Municipal Code Title 10, Chapter 19), to the extent that the Inclusionary Housing requirements are applicable and/or operable; provided, that the affordable units and land dedication comply with the requirements of both the Density Bonus Ordinance (Sections 13-30.420 through 13-30.470), and the Inclusionary Housing Ordinance (Title 10, Chapter 19) as it may apply regarding the required number of affordable units, required level of affordability, and term of affordability so as to provide the greatest affordability to the most households for the longest term.~~
- ~~3. The designated units shall be reasonably dispersed throughout the project, shall contain on average the same number of bedrooms as the nondesignated units in the project, and shall be compatible with the design or use of remaining units in terms of appearance, materials, and finished quality.~~
- ~~4. If a project is to be phased, the density bonus units shall be phased in the same proportion as the nondensity bonus units, or phased in another sequence acceptable to the City.~~
- ~~5. A master regulatory agreement shall be made between the developer and the City which indicates the household type, number, location, size and construction scheduling of all affordable units, and such information as shall be required by the City for the purpose of determining the developer's compliance with this Chapter. The regulatory agreement shall be recorded against the housing development prior to final or parcel~~

~~map approval or, where a map is not being processed, prior to issuance of any building permits, and shall be binding on all future owners and successors in interest.~~

~~6. The City may establish fees associated with the setting up and monitoring of affordable units.~~

~~7. For rental affordable very low and low income units:~~

~~A. The owner shall obtain and maintain on file certifications by each household. Certification shall be obtained immediately prior to initial occupancy by each household and annually thereafter, in the form provided by the City or its designee. The owner shall obtain updated forms for each household on request by the City, but in no event less frequently than once a year. The owner shall maintain complete, accurate, and current records pertaining to the housing development, and will permit any duly authorized representative of the City to inspect the records pertaining to the affordable units and occupants of these units.~~

~~B. The owner shall submit an annual report to the City, on a form provided by the City. The report shall include for each affordable unit the rent, income, and family size of the household occupying the unit.~~

~~C. The owner shall provide to the City any additional information required by the City to ensure the long-term affordability of the affordable units by eligible households.~~

~~8. For any application submitted or processed after January 1, 2015, an applicant shall be ineligible for a density bonus or any other incentives or concessions under this Section if the housing development is proposed on any property that includes a parcel or parcels on which rental dwelling units are or, if the dwelling units have been vacated or demolished in the 5-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income; subject to any other form of rent or price control through a public entity's valid exercise of its police power; or occupied by lower or very low income households, unless the proposed housing development replaces those units (as defined by California Government Code Section [65915\[c\]\[3\]\[B\]](#)), and either of the following applies:~~

~~A. The proposed housing development, inclusive of the units replaced pursuant to this paragraph, contains affordable units at the percentages set forth in Section 13-30.420(2).~~

~~B. Each unit in the development, exclusive of a manager's unit or units, is affordable to, and occupied by, either a lower or very low income household. [Ord. 515 § 2, 2018; Ord. 484 § 12, 2015; ZO § 30.450.]~~

**Sec. 13-30.4630 Residential Density Bonuses—Application Requirements.**

1. An applicant may submit a preliminary proposal for housing development pursuant to Sections 13-30.420 through 13-30.470 **California's Density Bonus Law, including but not limited to Government Code Section 65915,** prior to the submittal of any formal application.

2. All requests pursuant to Sections 13-30.420 through 13-30.470 **California's Density Bonus Law, including but not limited to Government Code Section 65915,** shall be submitted to the City concurrently with the application for the first discretionary permit or other permit required for the housing development and shall be processed concurrently with the discretionary application following the review process as set forth for permits in Chapters 13-40 and 13-42, design review, (when applicable). The applicant shall provide additional information as specified in ~~Sections 13-30.420 through 13-30.470~~ **California's Density Bonus Law, including but not limited to Government Code Section 65915,** specifically:

A. Provide a written statement specifying the desired density increase, incentives and any waivers requested; proposed rent schedules and/or sales prices; and the type, location, size, and construction scheduling of all dwelling units;

B. Submit **sufficient evidence demonstrating that the requested incentive(s)/concession(s) result in an actual and identifiable cost reductions;**~~a project financial report (pro forma) demonstrating that the requested incentives will result in identifiable, financially sufficient, and actual cost reductions to the housing development and they are required to provide for affordable rents or affordable housing costs, as applicable. The pro forma shall include the capital costs, operating expenses, return on investment, loan-to-value ratio and the debt coverage ratio including the contribution(s) provided by any applicable subsidy program(s), as required;~~

~~C. An appraisal report indicating the value of the density bonus and of the incentive(s)/concession(s);~~

~~D. A use of funds statement identifying the financial gaps for the housing development with the affordable housing units. The analysis shall show how the funding gap relates to the incentive(s)/concession(s);~~

**CE.** For any requested waiver of a development standard, evidence that the development standard for which the waiver is requested will have the effect of physically precluding the construction of the housing development with the density bonus and incentives requested;

**DE.** If a mixed-use building or project is proposed as an incentive, evidence that nonresidential land uses will reduce the cost of the housing development and that the nonresidential land uses are compatible with the development and the existing or planned development in the area;

**EG.** If a density bonus is requested for a land donation, the location of the land to be dedicated, proof of site control, and evidence that each of the requirements included in **California's Density Bonus Law, including but not limited to** Government Code Section **65915(g)** can be met.

**FH.** If a density bonus or incentive is requested for a child care facility, evidence that all of the requirements in **California's Density Bonus Law, including but not limited to** Government Code Section **65915(h)** can be met.

**GI.** Any other information requested by the Community Development Director or their designee to determine if the required findings can be made. [Ord. 515 § 2, 2018; Ord. 484 § 12, 2015; ZO § 30.460.]

### **Sec. 13-30.4740 Residential Density Bonuses—Findings.**

1. Before approving an application that includes a request for a density bonus, incentive, parking reduction, and/or waiver pursuant ~~Sections 13-30.420 through this section~~ **to California's Density Bonus Law, including but not limited to** **Government Code Section 65915**, the decision-making body shall make all of the following findings, as applicable:

A. That the residential project is eligible for the density bonus and any incentives, parking reductions, or waivers requested.

B. That any requested incentive will result in identifiable, financially sufficient, and actual cost reductions based upon the financial analysis and documentation provided.

C. That there are sufficient provisions to guarantee that the units will remain affordable for the required time period.

D. If the density bonus is based all or in part on donation of land, a finding that all the requirements included in **California's Density Bonus Law, including but not limited to** Government Code Section **65915(g)** have been met.

E. If the density bonus, concession, or incentive is based all or in part on the inclusion of a child care facility, a finding that all the requirements included in **California's Density Bonus Law, including but not limited to** Government Code Section **65915(h)** have been met.

F. If the concession or incentive includes mixed-use development, a finding that all the requirements included in **California's Density Bonus Law, including but not limited to Government** Code Section **65915(k)(2)** have been met.

G. If a waiver is requested, a finding that the development standards for which the waiver is requested would have the effect of physically precluding the construction of the housing development with the density bonus and incentives permitted.

2. If the findings required by subsection (1) of this Section cannot be made, the City Council may deny an application for a concession, or incentive, ~~or waiver~~ only if it makes 1 of the following written findings, supported by substantial evidence:

A. The concession, or incentive **does not result in identifiable and actual cost reductions, consistent with Government Code Section 65915(k), to provide for affordable housing costs, as defined in Section 50052.5 of the health and Safety Code, or for rents for the targeted units to be set as specified in Government Code Section 65915(c)**, ~~or waiver is not required to provide for affordable housing; or~~



B. The concession or, incentive, ~~or waiver~~ would have a specific, adverse impact, as defined in Government Code paragraph (2) of subdivision (d) of Section 65589.5, upon public health and ~~or safety or the physical environment~~ or on real property listed in the California Register of Historic Resources, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low and moderate income households. ~~For the purpose of this subsection, "specific adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified, written public health or safety standards, policies, or conditions as they existed on the date that the application for the development was deemed complete; or~~

C. The concession or, incentive, ~~or waiver~~ is contrary to State or Federal law.

**3. If the findings required by subsection (1) of this Section cannot be made, the City Council may deny an application for a waiver only if it makes 1 of the following written findings, supported by substantial evidence:**

**A. The waiver or reduction of development standards has a specific, adverse impact as defined in Government Code Section 65589.5(d.2), upon health and safety and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact; or**

**B. The waiver or reduced development standards has a specific, adverse impact on any real property that is listed in the California Register of Historical Resources; or**

**C. The waiver is contrary to State or Federal law.**

**43.** If the findings required by subsection (1) of this Section can be made, the decision-making body may deny an application for a density bonus or incentive that is based on the provision of child care only if it makes a written finding, based on substantial evidence, that adequate child care facilities are already available in the City. [Ord. 515 § 2, 2018; Ord. 484 § 12, 2015; ZO § 30.470.]



## TITLE 13. ZONING ORDINANCE

### Chapter 60. Definitions

#### Sec. 13-60.200 Definitions.

~~“Affordable housing cost” means the amount set forth in the Health and Safety Code Section 50052.5, as may be amended.~~

~~“Affordable rent” means the amount set forth in the Health and Safety Code Section 50053, as may be amended.~~

~~“Density bonus” means a density increase over the otherwise maximum allowable residential density in accordance with the provisions of Sections 13-30.420 through 13-30.470 (residential density bonuses)~~ **California’s Density Bonus Law, including but not limited to Government Code Section 65915** as of the date of the project application.

~~“Lower-income household” means a household whose gross income does not exceed that established by Health and Safety Code Section 50079.5, as may be amended. (generally less than 80 percent of County median income and includes very low income category).~~

~~“Moderate-income household” means a household whose gross income does not exceed that established by Section 50093 of the Health and Safety Code, as may be amended. (generally 80 to 120 percent of County median income).~~

~~“Senior citizen housing development” means a housing development with at least 35 dwelling units as defined in Civil Code Section 51.3, or a mobile home park that limits residency based on age requirements for housing for older persons pursuant to Section 798.76 or 799.5 of the Civil Code, as may be amended.~~

~~“Very low-income household” means a household whose gross income does not exceed that established by Health and Safety Code Section 50105, as may be amended. (generally less than 50 percent of County median income and includes extremely low category).~~

**SECTION 3. CEQA.** The City Council finds that adoption of this Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines § 15061(b)(3) – Common Sense Exemption in that the proposed ordinance would only establish and clarify administrative processes and would not facilitate new construction or other groundbreaking activities. It can be seen with certainty that there is no

possibility that the ordinance will result in either a direct physical change to the environment or a reasonably foreseeable indirect physical change to the environment. Further, none of the circumstances described in CEQA Guidelines § 15300.2 applies. No unusual circumstances are present. This determination reflects the City of Hercules' independent judgment and analysis.

**SECTION 4.** The Ordinance would not be detrimental to the public interest, health, safety, convenience, or welfare of the City, as the proposed Ordinance will comply with, implement, and adopt by reference State Density Bonus Law;

**SECTION 5.** The Hercules City Council has reviewed, considered, and evaluated all of the information prior to acting upon Ordinance.

**SECTION 6. Severability.** If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid, such decisions shall not affect the validity of the remaining portions of this Ordinance. The Council hereby declares that it would have adopted the Ordinance, and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be deleted.

**SECTION 7. Codification.** Section 2 of this Ordinance shall be codified in the Hercules Municipal Code. Sections 1 and 3 through 8 shall not be so codified.

**SECTION 8. Effective Date and Publication.** The City Clerk shall certify the adoption of this Ordinance and shall publish or post the Ordinance as required by law. This Ordinance shall be effective thirty (30) days from date of final adoption.

**THE FOREGOING ORDINANCE** was first read at a regular meeting of the Hercules City Council on the \_\_\_\_ day of \_\_\_\_\_, 2024, and was passed and adopted at a regular meeting of the Hercules City Council on the \_\_\_\_ day of \_\_\_\_\_, 2024, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Dan Romero, Mayor

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Eibleis Melendez  
City Clerk

**HERCULES PLANNING COMMISSION  
RESOLUTION NO. 24-02**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF HERCULES RECOMMENDING THE CITY COUNCIL ADOPT AN ORDINANCE AMENDING PROVISIONS OF HERCULES MUNICIPAL CODE SECTIONS 13-6.100, 13-6.300 AND 13-30.420, AMENDING AND RENUMBERING SECTIONS 13-30.460 AND 13-30.470, REPEALING SECTIONS 13-30.430, 13-30.440 AND 13-30.450 AND AMENDING SECTION 13-60.200 TO COMPLY WITH THE STATE DENSITY BONUS LAW AND FINDING THE ACTION EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).**

**WHEREAS**, California's State Density Bonus Law (Government Code §§ 65915 et seq.; "SDBL") encourages developers to build affordable housing (e.g., very low-, low- and moderate-income units) by requiring cities to grant a density bonus, concessions, incentives, and waivers of developments standards for projects that commit certain percentages of their units to affordable housing; and

**WHEREAS**, California Government Code § 65915(a) requires that local governments adopt an ordinance that specifies how compliance with SDBL will be implemented; and

**WHEREAS**, Sections 13-6.100, 13-6.300, 13-30.420, 13-30.430, 13-30.440, 13-30.450, 13-30.460 and 13-30.470 of the Hercules Municipal Code contain regulations implementing the SDBL; and

**WHEREAS**, Hercules Municipal Code Sections 13-6.100, 13-6.300, 13-30.420, 13-30.430, 13-30.440, 13-30.450, 13-30.460 and 13-30.470 were last amended to comply with the SDBL via Ordinance No. 484, adopted on February 10, 2015; and

**WHEREAS**, this ordinance ("Ordinance") amends Hercules Municipal Code Sections 13-6.100, 13-6.300 and 13-30.420, amends and renumbers Sections 13-30.460 and 13-30.470 and repeals Sections 13-30.430, 13-30.440 and 13-30.450 to adopt the State Density Bonus Law by reference. As amended and renumbered by this Ordinance, Hercules Municipal Code Sections 13-30.420, 13-30.430 and 13-30.440 will provide density bonuses and other affordable housing incentives required by SDBL (including but not limited to Government Code § 65915 et seq.); and

**WHEREAS**, adopting the SDBL by reference will ensure the Municipal Code remains current whenever the State Legislature amends the SDBL; and

**WHEREAS**, on March 4, 2024, the Planning Commission held a duly noticed public hearing to consider these amendments and did hear and use its independent judgment to consider all said reports, recommendations, and testimony hereinabove set forth.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the Planning Commission of the City of Hercules recommends that the City Council:

1. Find that this draft ordinance (Attachment 2a hereto) is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines § 15061(b)(3) – Common Sense Exemption in that the proposed ordinance would only establish and clarify administrative processes and would not facilitate new construction or other groundbreaking activities. It can be seen with certainty that there is no possibility that the ordinance will result in either a direct physical change to the environment or a reasonably foreseeable indirect physical change to the environment. Further, none of the circumstances described in CEQA Guidelines § 15300.2 applies. No unusual circumstances are present. This determination reflects the City of Hercules' independent judgment and analysis.
2. Amend Hercules Municipal Code Sections 13-6.100, 13-6.300 and 13-30.420, amend and renumber Sections 13-30.460 and 13-30.470 and repeal Sections 13-30.430, 13-30.440 and 13-30.450 to adopt the State Density Bonus Law by reference. As amended and renumbered by this Ordinance, Hercules Municipal Code Sections 13-30.420, 13-30.430 and 13-30.440 will provide density bonuses and other affordable housing incentives required by SDBL (including but not limited to Government Code § 65915 et seq.) as noted by the additions and deletions shown in Attach 1a hereto.

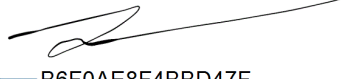
**PASSED AND ADOPTED** by the Planning Commission of the City of Hercules on this 4th day of March 2024, by the following vote:

**AYES:** Morrison, Most-Walker, Schaufenbil and Rubio

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Bhattarai

DocuSigned by:  
  
 B6F0AE8F4BBD47F...  
 Robert Schaufenbil, Chair

ATTEST: DocuSigned by:  
  
 93C0BDCE0850444...  
 Timothy Rood, AICP  
 Community Development Director

Attach 2a: Draft Ordinance amending Hercules Municipal Code Title 13, Chapters 6, 30 and 60

## **ATTACH 4: LEGISLATIVE HISTORY SUMMARY (2019-2022)**

### **2019 – 2023 Amendments by Year**

#### **2019**

- SB 1227 requires a 35% density bonus for housing developments that include at least 20% of its units for low-income college students.
- AB 2797 requires density bonuses in the Coastal Zone to be consistent with the California Coastal Act.
- AB 2372 allows developers to request a floor-area-ratio bonus rather than a traditional density bonus for projects that meet specific requirements.
- AB 2753 requires local governments to notify applicants of required information for a project to be determined complete and provide information on the project's eligibility for density bonus and reduced parking ratios.

#### **2020**

- AB 1763 provides incentives for 100% affordable housing projects, such as an 80% density bonus and an additional concession entitlement. For projects located within ½ mile of a major transit stop, AB 1763 eliminates all local government limits on density and parking and allows a height limit of up to three stories or 33 feet.

#### **2021**

- AB 2345 provides for up to 50% density bonus for mixed-income developments, reduces parking requirements for many projects qualifying for a density bonus, lowers some thresholds for obtaining concessions, and adopts density bonus reporting requirements.

#### **2022**

- AB 571 prohibits local governments from charging affordable housing impact fees, including inclusionary zoning fees and in-lieu fees, against affordable units in density bonus housing developments.
- AB 634 allows local government to adopt an ordinance requiring an affordability period of more than 55 years in density bonus housing projects, except for developments financed with low-income housing tax credits.
- SB 290 provides additional incentives to student housing development, reconciles text regarding public health and safety between the Housing Accountability Act and Density Bonus Law, defines 'total units' in a density bonus project, reduces parking requirements for moderate-income units, and clarifies that the Density Bonus Law applies to both rental and for-sale housing developments.
- SB 728 allows developers in for-sale density bonus housing developments to sell affordable units to nonprofit housing corporations instead of selling the units directly to a low- or moderate-income homebuyer.

#### **2023**

- AB 682 establishes "shared housing" as a new category of housing eligible for a density bonus and other associated benefits and establishes a method of determining base densities.

#### **ATTACH 4: LEGISLATIVE HISTORY SUMMARY (2019-2022)**

- AB 1551 readopts legislation that sunsetted at the end of 2021 requiring that cities and counties provide a “development bonus” to commercial developers if they meet certain requirements.
- AB 2334 provides special benefits to housing developments based on vehicle miles travelled.

## **ATTACH 5: SUMMARY OF PENDING (2023-2024) LEGISLATION**

### **Bills Related to Density Bonus Law Introduced in the 2023 – 2024 Legislative Session**

AB 440 (passed Assembly May 25) would amend provisions related to the calculation of maximum allowable residential density under the State Density Bonus Law.

AB 1287 (passed Assembly May 31) proposes to require jurisdictions to grant an additional density bonus calculated as specified by the bill, additional concessions for projects that meet the bill's requirements, and amend the Density Bonus Law to supersede the California Coastal Act

SB 713 (passed Senate May 22) would affirm that the Density Bonus Law supersedes an ordinance, regulation or other local law enacted by a voter initiative that conflicts with the Density Bonus Law.

AB 1287 (passed Assembly May 31) would allow stackable moderate-income density bonus. Projects can receive an additional 50% bonus by adding 15% moderate-income units after maxing out the regular density bonus.

AB 1630 (introduced February 17) would classify student, faculty, and staff housing as a permitted use on all real property within 1,000 feet of a university campus, where at least 20% of the units be rented to students, staff, or faculty and at least 20% of the units must be affordable to lower-income households. For ministerial projects, the bill does not allow for jurisdiction to impose parking, floor area ratio, or density requirements.

AB 637 (introduced February 9) would allow jurisdictions to deny the granting of a concession, incentive, or waiver of development standard required by the Density Bonus Law with a written finding based upon substantial evidence that the concession, incentive, or waiver of development standard would alter the requirements of a local inclusionary housing program, policy, or ordinance.

AB 323 (passed Assembly May 31) requires that affordable ownership inclusionary units in a Density Bonus project are first offered to future low-income homeowners, only if there are no takers can a nonprofit buy it to operate as a rental unit for a low-income renter.

**CONSENT CALENDAR  
AGENDA ITEM  
1. 22-817**





# City of Hercules

111 Civic Drive  
Hercules, CA 94547

## Meeting Minutes

### City Council

*Mayor Dan Romero*  
*Vice Mayor Dion Bailey*  
*Council Member Alex Walker-Griffin*  
*Council Member Chris Kelley*  
*Council Member Tiffany Grimsley*

*Dante Hall, City Manager*  
*Patrick Tang, City Attorney*  
*Eibeleis Melendez, City Clerk*

Tuesday, March 12, 2024

#### **SPECIAL MEETING - 6:30 P.M., REGULAR MEETING - 7:00 P.M.**

**In-Person in Council Chambers or To Watch or Listen only:**

**Zoom ID: 889 8503 5080 Zoom Passcode: 63813**

#### **I. CLOSED SESSION – CALL TO ORDER - ROLL CALL - NONE**

NONE

#### **II. PUBLIC COMMUNICATION - CLOSED SESSION ITEMS - NONE**

NONE

#### **III. CONVENE INTO CLOSED SESSION**

The Hercules City Council will meet in Closed Session regarding the following:

**NO CLOSED SESSION**

NONE

#### **IV. SPECIAL MEETING – CONVENE TO OPEN SESSION - ROLL CALL - 6:30 P.M.**

**Present:** 4 - Council Member C. Kelley, Council Member T. Grimsley, Council Member A. Walker-Griffin, and Mayor D. Romero

**Absent:** 1 - Vice Mayor D. Bailey

#### **V. REPORT ON ACTION TAKEN IN CLOSED SESSION- NO CLOSED SESSION**

NONE

#### **VI. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was lead by Council Member Grimsley.

**VII. MOMENT OF SILENCE**

NONE

**VIII. INTRODUCTIONS/PRESENTATIONS/COMMISSION REPORTS****Recognizing Hercules High School Students Black History Month Poetry****Recognizing Lupine Elementary School Spelling Bee Finalist****Herculean Mile Awards Program Winners**

Mayor Romero introduced the students from Hercules High School. Elijah Johnson and Genesis Johnson recited their original poetry that they wrote for Black History Month. Council provided comment. Pictures were taken. The recognition of the Lupine Elementary School Spelling Bee Finalist and the Herculean Mile Awards winners were postponed to another meeting.

**IX. AGENDA ADDITIONS/DELETIONS**

NONE

**X. PUBLIC COMMUNICATIONS**

NONE

This time is reserved for members of the public to address issues not included in the agenda. In accordance with the Brown Act, Council will refer to staff any matters brought before them at this time, and those matters may be placed on a future agenda.

Individuals wishing to address the City Council are asked to complete a form indicating the name and address of the speaker and the general topic to be addressed. Speakers must make their comments from the podium and will be allowed 3 minutes to discuss their concerns. All public comments are recorded and become part of the public record. A limit of 30 minutes will be devoted to taking public comment at this point in the agenda. If any speakers remain at the conclusion of the initial 30 minute period, time will be reserved at the conclusion of the meeting to take the remaining comments.

**XI. PUBLIC HEARINGS**

NONE

**XII. CONSENT CALENDAR**

**MOTION: A motion was made by Council Member Kelley, seconded by Council Member Walker-Griffin, to adopt the Consent Calendar. The motion carried by the following vote:**

**Aye:** 4 - Council Member C. Kelley, Council Member T. Grimsley, Council Member A. Walker-Griffin, and Mayor D. Romero

**Absent:** 1 - Vice Mayor D. Bailey

1. [22-793](#) Meeting Minutes for the Regular Meeting of February 27, 2024

**Attachments:** [Meeting Minutes for the Regular Meeting of February 27, 2024](#)

APPROVED

2. [22-794](#) 2023 Annual Housing Element Progress Report and 2023 Annual General Plan Progress Report  
RECOMMENDATION:  
Accept and direct staff to submit the following to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR) via minute action:  
1. The 2023 Annual Housing Element Progress Report (Attachment 1)  
2. The 2023 Annual General Plan Progress Report (Attachment 2)

**Attachments:** [Staff Report - 2023 GP and Housing Element Annual Reports](#)

[Attach 1 - Housing Element Annual Progress Report 2023](#)

[Attach 2 - General Plan APR 2023](#)

APPROVED

3. [22-795](#) Resolution Approving the Continuance of an Annual Parcel Assessment to be Adopted by the County Flood Control District for the Contra Costa Clean Water Program for FY 24-25  
RECOMMENDATION:  
City Council adopt a resolution approving the continuance of the parcel assessment rate of \$35.00 per Equivalent Runoff Unit (ERU) for FY 2024-2025 and requesting the Contra Costa County Flood Control and Water Conservation District adopt this annual parcel assessment for drainage maintenance and the National Pollution Discharge Elimination System (NPDES) Program.

**Attachments:** [Staff Report - FY 23-24 Annual Stormwater Assessment](#)

[Attach 1 - Resolution - 2024-2025 Annual Stormwater Assessment](#)

[Attach 2 - Request to MC for ERU Resolutions](#)

[Attach 3 - Clean Water Program Cost Allocation By City](#)

RESOLUTION 24-017 APPROVED.

**XIII. DISCUSSION AND/OR ACTION ITEMS**

1. [22-796](#) Acceptance of the FY 22-23 Annual Comprehensive Financial Report and other regulatory financial reports.

**RECOMMENDATION:**

Receive the Fiscal Year (FY) 22-23 Annual Comprehensive Financial Report (ACFR) and Accept the Audited Financial Statements.

**Attachments:** [Staff Report - FY 22-23 Annual Audit](#)

[Attach 1 - 2023 - City of Hercules - ACFR - Final Report](#)

[Attach 2 - 2023 - City of Hercules - Wastewater Fund - Final Report](#)

[Attach 3 - 2023 - City of Hercules - Measure B - Final Report](#)

[Attach 4 - 2023 - City of Hercules - Measure N - Final Report](#)

[Attach 5 - 2024 Hercules Cit of GANN FINAL Report](#)

[Presentation](#)

City Manager, Dante Hall, introduced the item. Finance Director, Edwin Gato, and Sohphia Kuo, from the Pun Group, presented the item. Council members asked questions and provided comment. Director Gato and Public Works Director, Mike Roberts, provided a response. No public comment. This was an informational item. No action was taken on this item.

2. [22-799](#) Memorandum of Understanding with Recyclemore Regarding the Implementation of SB1383 Requirements
- RECOMMENDATION:**
- Adopt a resolution approving a Memorandum of Understanding (MOU) between West Contra Costa Integrated Waste Management Authority (Recyclemore) and the City of Hercules regarding implementation of SB 1383 regulatory requirements

**Attachments:** [Staff Report - Hercules MOU](#)

[Attach 1 - Resolution - SB 1383 MOU](#)

[Attach 2 - SB 1383 Hercules MOU](#)

[Attach 3 - SB1383 Work Plan Final](#)

City Manager, Dante Hall, introduced the item. Public Works Director, Mike Roberts, Executive Director of RecycleMore, Peter Holtzclaw and Rose Radford of R3 presented. Council Members asked questions and provided comment. No public comment. Action was taken on this item.

**MOTION: A motion was made by Council Member Kelley, seconded by Council Member Grimsley, to adopt Resolution 24-018. The motion carried by the following vote:**

**Aye:** 4 - Council Member C. Kelley, Council Member T. Grimsley, Council Member A. Walker-Griffin, and Mayor D. Romero

**Absent:** 1 - Vice Mayor D. Bailey

3. [22-800](#) Consideration of Establishing a City-Sponsored Event Policy  
RECOMMENDATION:  
Approve a resolution establishing a policy for City-sponsored events that allows the City Manager to fully or partially waive permit fees as an in-kind contribution to community events that the City co-sponsors with City-recognized nonprofit groups.

**Attachments:** [Staff Report - City-Sponsored Event Policy](#)

[Attach 1 - Resolution Adopting City-Sponsored Event Policy](#)

[Attach 2 - City-Sponsored Event Policy](#)

[Attach 3 - City Recognized Nonprofit Groups](#)

Community Development Director, Tim Rood, introduced and presented the item. Council Members asked questions and provided comment. Director Rood, Parks and Recreation Director, Christopher Roke, and City Manager, Dante Hall, provided a response. No public comment. Action was taken on this item.

**MOTION:** A motion was made by Council Member Grimsley, seconded by Council Member Walker-Griffin, to adopt Resolution 24-019. The motion carried by the following vote:

**Aye:** 4 - Council Member C. Kelley, Council Member T. Grimsley, Council Member A. Walker-Griffin, and Mayor D. Romero

**Absent:** 1 - Vice Mayor D. Bailey

#### **XIV. PUBLIC COMMUNICATIONS**

NONE

This time is reserved for members of the public who were unavailable to attend the Public Communications period during Section X of the meeting, or were unable to speak due to lack of time. The public speaker requirements specified in Section X of this Agenda apply to this Section.

#### **XV. CITY COUNCIL/CITY MANAGER/CITY ATTORNEY ANNOUNCEMENTS, COMMITTEE, SUB-COMMITTEE AND INTERGOVERNMENTAL COMMITTEE REPORTS AND FUTURE AGENDA ITEMS**

This is the time for brief announcements on issues of interest to the community. In accordance with the provisions of the Brown Act, matters which do not appear on this agenda but require City Council discussion may be either (a) referred to staff or other resources for factual information or (b) placed on a future meeting agenda.

1. Regional Committee
2. City Council Committees and Subcommittees
3. Commission Liaisons

City Manager, Dante Hall, and City Attorney, Patrick Tang, had no

announcements.

**1. Regional Committee**

Council Member Kelley, Council Member Walker-Griffin and Mayor Romero reported out on the March Contra Costa Mayors Conference.

**2. City Council Committees and Subcommittees**

No reports were provided

**3. Commission Liaisons**

No reports were provided

**Community Events-**

Council Members reported out on events they attended throughout the City and County

**Future Agenda Items Requests-**

Council Member Grimsley requested a future discussion about having a community composting and recycling event. Council Members unanimously agreed to bring it back for discussion at a future City Council meeting.

Mayor Romero requested that the recognition of the Hercules High School Students that participated in the Black Student Union Poetry event, be invited back annually and added to the agenda for the first meeting in March.

**XVI. ADJOURNMENT**

Mayor Romero adjourned the meeting at 7:55 P.M.

---

Dan Romero, Mayor

Attest:

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Eibleis Melendez, City Clerk

**DISCUSSION AND/OR ACTION  
AGENDA ITEMS**

- 1. 22-814**
- 2. 22-813**
- 3. 22-812**
- 4. 22-815**



## STAFF REPORT TO THE CITY COUNCIL

**DATE:** March 26, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Mike Roberts, Public Works Director/City Engineer

**SUBJECT:** CCTA Feasibility Study Update for Expanded Ferry Service in Contra Costa County – Hercules Location

### RECOMMENDED ACTIONS:

It is recommended that the City Council receive a status update from Contra Costa County Transportation Authority (CCTA) Executive Director Tim Haile on the draft Ferry Feasibility Study for the Hercules location and discuss the information provided.

### BACKGROUND:

In November 2023 the Hercules City Council approved a Memorandum Of Understanding (MOU) with the Cities of Antioch, Martinez, and Pittsburg, Contra Costa County, Eastern Contra Costa Transit Authority, and the Contra Costa Transportation Authority to evaluate the feasibility of expanded ferry service in Contra Costa County including the Hercules Hub at a participating cost of \$40,000 in Measure J Funding.

The Hercules Hub is a regional, state-of-the-art housing and transportation development located on the waterfront overlooking the San Pablo Bay. It will connect thousands of housing units with a new train stop along the Capitol Corridor, bicycle and pedestrian pathways, bus routes, carpool options, and potential ferry service. To date \$46M in capital improvements have been constructed for this new facility and the City is fully engaged in securing the funding needed to design and construct the remaining infrastructure.

The scope of work includes assessing existing infrastructure, capital improvement costs, operational and maintenance costs including the use of small vessels, permitting requirements, ridership, fare structure, evaluation of possible management structures of the service, and identifying funding options including grant opportunities. As the lead agency, the Contra Costa Transportation Authority (CCTA) is completing the majority of



the work under the MOU while each agency is participating through a designated representative.

Participating in the MOU is laying the groundwork for future service to the Hub by leveraging service expansion through the joint effort of 7 public agencies, providing the studies needed to better understand and plan for service, and the completion of a written plan by the regional transportation planning agency (i.e. CCTA) needed for the City to be competitive on future grant funding opportunities.

The study is nearing completion and the presentation tonight is intended to provide a high level assessment of the Hercules site.

#### **ANALYSIS:**

This section of the staff report is covered in the attached presentation which will be elaborated upon in the verbal presentation.

#### **ATTACHMENTS:**

1. Presentation

# CCTA Feasibility Study for Ferry Service Expansion

Hercules City Council Meeting  
March 26, 2024



CONTRA COSTA  
transportation  
authority

## Feasibility Study Partners



CONTRA COSTA  
transportation  
authority



*San Francisco Bay Ferry*



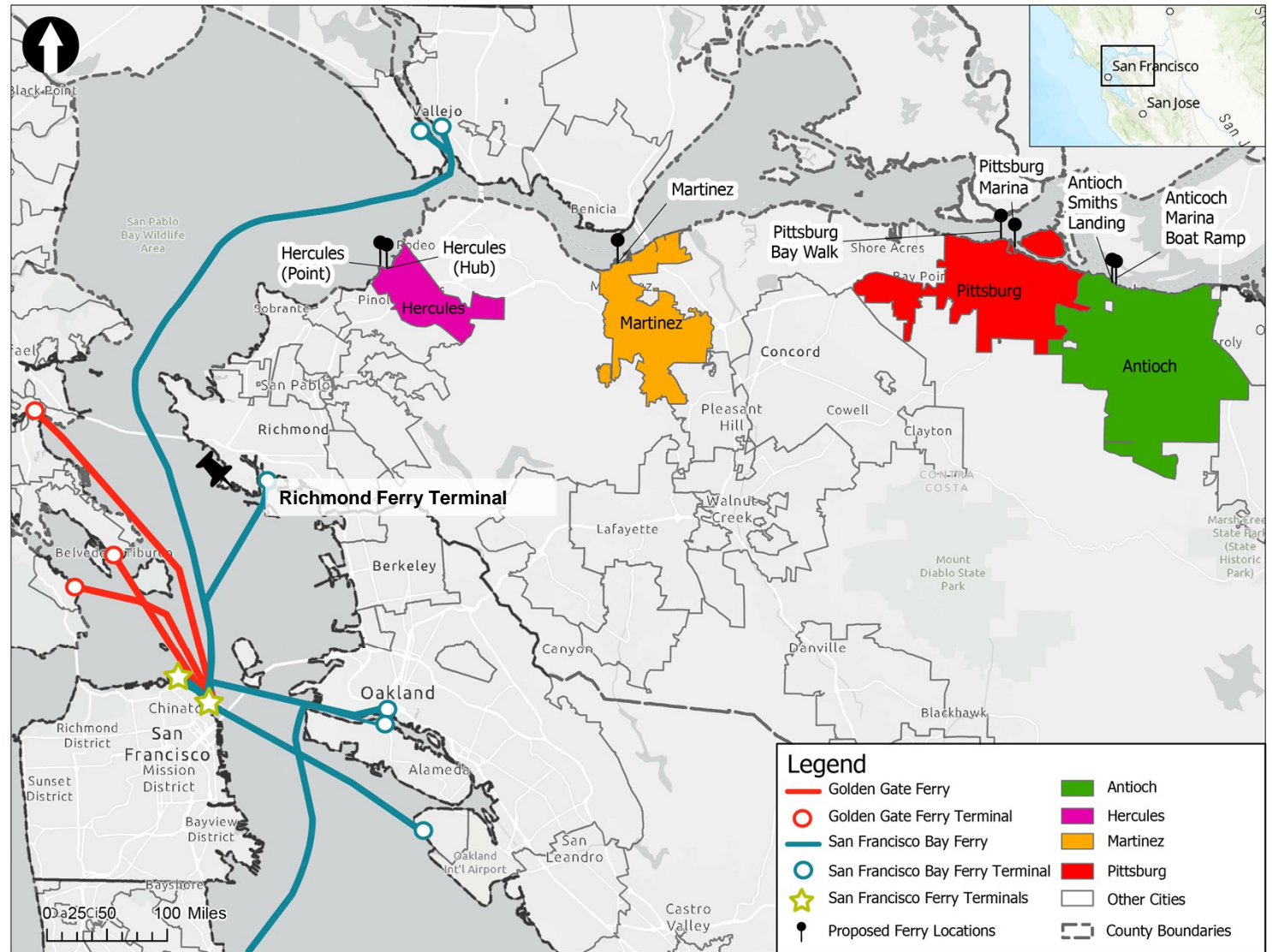
**PITTSBURG**  
CALIFORNIA

CITY OF  
**ANTIOCH**  
CALIFORNIA  
OPPORTUNITY LIVES HERE



TRI DELTA TRANSIT

# Overview of Contra Costa County Ferry Terminal Locations



# Initial Ferry Service Assessment Approach

*A simple Benefit/Cost Analysis*

## Benefits

- Demand Potential
- Additional transit connections for Equity Priority Communities
- Indirect benefits from nearby development
- Waterfront access
- Reducing car trips to SF
  - Greenhouse Gas reduction
  - Road congestion reduction

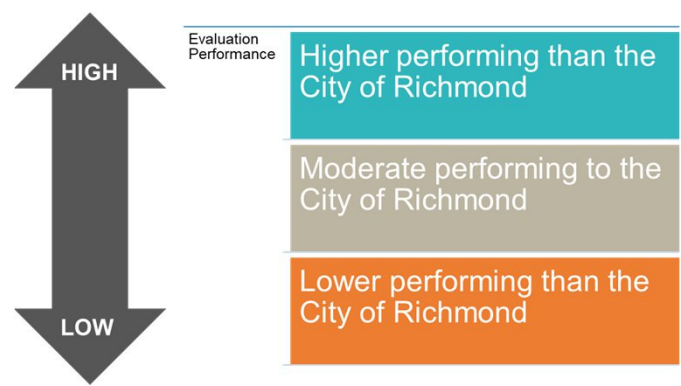
## Costs


- Operating costs
- Capital costs
  - Landside Costs
  - Waterside costs
  - Operations and Maintenance Facility
  - Vessel Procurement
- Initial and Annual Maintenance Dredging

# Demand Potential

Initial Ferry Feasibility Assessment

- Existing and planned conditions at the proposed ferry terminal are evaluated against the current existing Richmond ferry terminal



 <b>Demand Potential</b>	City of Richmond	Ferry Location 1
<ul style="list-style-type: none"> <li>Travel Demand to SF Ferry Terminal<sup>1</sup></li> <li>Transit travel times</li> <li>Driving travel times</li> <li>Residents within ¾-mile walkshed</li> <li>Jobs within ¾-mile walkshed</li> <li>Residential density</li> <li>Job density</li> <li>Existing transit connections</li> <li>Existing active transportation connections</li> <li>Planned transit connections</li> <li>Planned active transportation connections</li> </ul>	<div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div>	<div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div> <div>●</div>

Notes: Travel Demand to SF Ferry Terminal is for 2022

# Vessels Evaluated and Operating Authority

## WETA Vessel: Dorado Vessel



- **Passenger Capacity:** 320
- **Bike Capacity:** 25
- **Max Speed:** 32 knots
- **Vessel Purchase Cost:** \$21 million
- **Ownership:** WETA and operated by contractor

### Notes:

1. Vessel Types were recommended by WETA. They represent the currently available and approved vessels. The vessel choices for the actual service can be different as new products becoming available.
2. Bike capacity is based on the existing vessels and can be customized.

## Prop SF Vessel: Billie J



- **Passenger Capacity:** 70
- **Bike Capacity:** 8
- **Max Speed:** 38 knots
- **Vessel Purchase Cost:** \$3 million
- **Ownership:** Prop SF and operated by Prop SF under contract with WETA



# Benefits of Demand Potential: Hercules

Ferry Feasibility Criteria		Hercules: Hub	Hercules: Point
Demand Potential <div> </div>	Travel Demand to SF Ferry Terminal	<div></div>	<div></div>
	Transit travel times	<div></div>	<div></div>
	Driving Travel Times	<div></div>	<div></div>
	Residents in 15 min walk shed	<div></div>	<div></div>
	Jobs in 15 min walk shed	<div></div>	<div></div>
	Residential density	<div></div>	<div></div>
	Job density	<div></div>	<div></div>
	Transit connections	<div></div>	<div></div>
	Active transportation connections	<div></div>	<div></div>
	Planned transit connections	<div></div>	<div></div>
	Planned active transportation connections	<div></div>	<div></div>

- Overall has optimal development and transportation plans to support ferry service yet capital cost is a challenge.
- The Hub location has expensive dredging costs, yet the development costs of the Point location make it far more expensive relative to the Hub location.
- Detailed assessment of capital costs for the Hub and the Point locations to understand the challenges and benefits associated with each site as it relates to capital costs.
- Evaluation of the optimal ferry service provider for initial and long-term service.
- Conduct further research on the feasibility of emerging vessel, low and zero emission technologies for ferry service, as well as policy implications and costs associated with implementing these technologies when planning ferry service.

Legend	
Higher performing than the City of Richmond	<div></div>
Moderate performing to the City of Richmond	<div></div>
Lower performing than the City of Richmond	<div></div>



## Annual Operating Costs by Service Type – Hercules

Type of Service	Service Level 1 <i>Peak service only</i>	Service Level 2 <i>All day weekday</i>	Service Level 3 <i>All day weekday &amp; weekend</i>	Richmond Service <i>All day weekday &amp; weekend</i>
<b>WETA Cost</b> <sub>1</sub>	\$16.8M	\$21.0M	\$24.2M	FY2023- 24 \$10.2M
<b>Prop SF Cost</b> <sub>2</sub>	\$10.6M	\$12.3M	\$13.7M	
<b>Proposed One-Way Trips</b>	20 (WETA) 24 (Prop SF)	25	25 (Weekday) 10 (Weekend)	28 (Weekday) 10 (Weekend)

**Source Notes:** WETA & Prop SF | \*Additional services in Service Level 1 for Prop SF to accommodate for vessel size capacity. | Number of Round trips have been rounded up | 2023 USD \$

1 WETA operating costs include vessel crew labor, vessel fuel, vessel O&M, Facility O&M and System Expenses

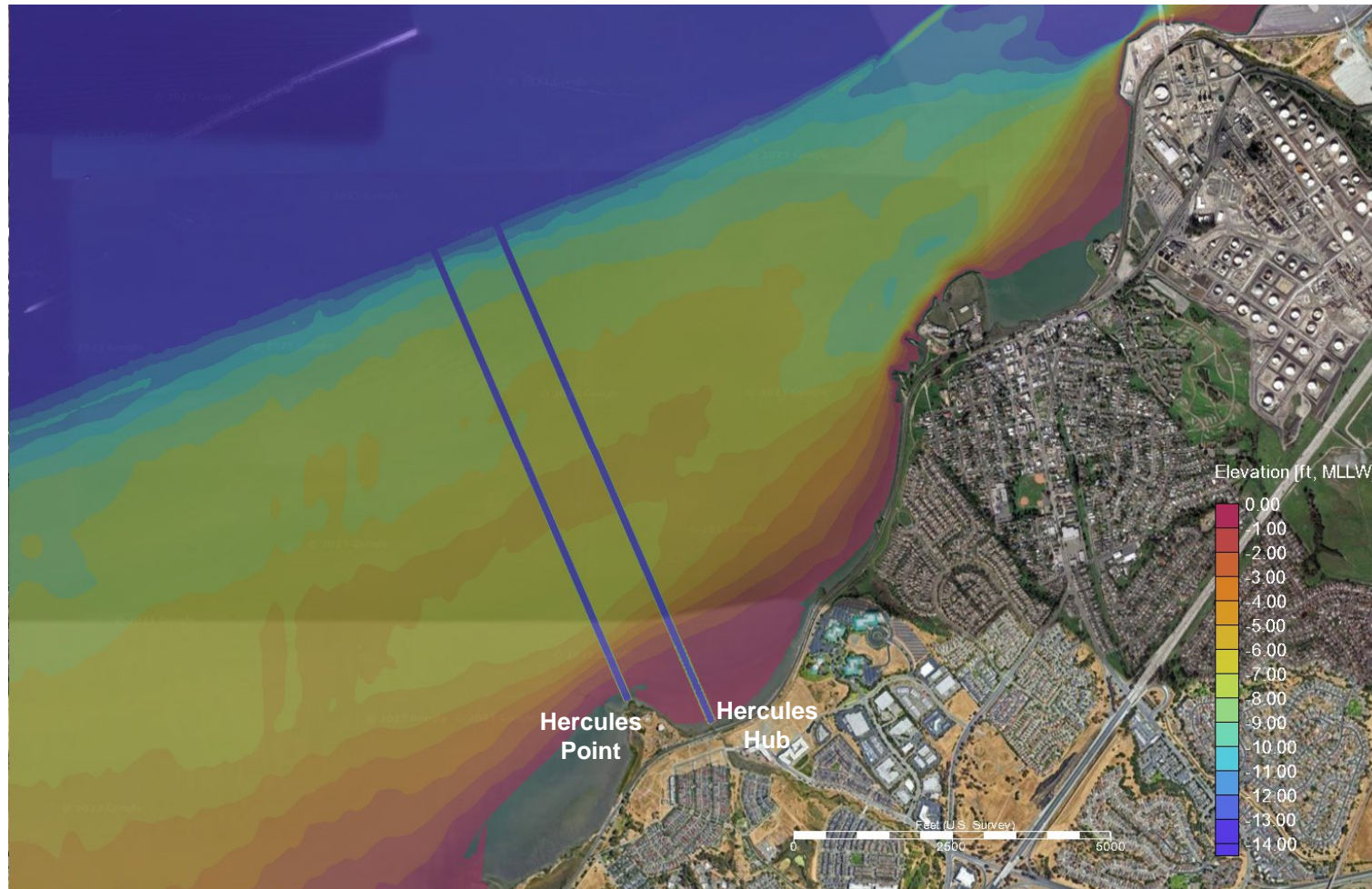
2 Prop SF assumed operating expenses include maintenance and repairs. However, the assumed costs do not include vessel purchase/lease costs and the cost of a maintenance facility.

# Capital Costs: Hercules (The Point & The Hub)

- **Hercules Total Capital Costs**
  - WETA Dorado Vessel\*:
    - The Point: **\$61.6M**
    - The Hub: **\$59M**
  - Prop SF Billie J Vessel
    - The Point: **\$47.4M**
    - The Hub: **\$44.2M**
- **Vessel Purchase Cost:**
  - WETA Dorado Vessel: **\$76M**
  - Prop SF Vessel: **\$11M**
- **The Point had a higher cost due to its location farther away from development.**
- **Capital Costs include:**
  - Landside costs: utilities, pavement, landscaping, site civil
  - Waterside costs: piles, float and shelter items, construction, cost of pier, gangway
  - \*Proportional Share of Operations and Maintenance Facility: Only applicable to the WETA Dorado Vessel with an estimated cost of \$10.2M



## Dredging Costs: Hercules (The Point & The Hub)





# Emerging Ferry Technology



# Thank you!



**Timothy Halle**  
Executive Director  
[thaile@ccta.net](mailto:thaile@ccta.net)

X @ccta @thaile    in @ContraCostaTA @Tim Haile



**DISCUSSION AND/OR ACTION  
AGENDA ITEM  
2. 22-813**





## STAFF REPORT TO THE CITY COUNCIL

**DATE:** March 26, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Mike Roberts, Public Works Director/City Engineer

**SUBJECT:** Contra Costa Countywide Smart Signals Project

### RECOMMENDED ACTIONS:

It is recommended that the City Council receive a presentation from Contra Costa County Transportation Authority (CCTA) Planning Director John Hoang on the Contra Costa Countywide Smart Signals Project including within the City of Hercules and discuss the information provided.

### BACKGROUND:

Contra Costa Transportation Authority (CCTA) is leading a Smart Signals Project to upgrade traffic signals at 328 intersections throughout the 19 cities and unincorporated communities within Contra Costa County. This work is focused along major arterials that have been designated Routes of Regional Significance. In Hercules, San Pablo Avenue is the designated Route of Regional Significance and the signals that would receive upgrades include Victoria Crescent East, John Muir Parkway, Market Drive, Sycamore Avenue, and Hercules Avenue.

Currently existing traffic signals within Contra Costa lack proper communications tools (like fiber or ethernet), preventing synchronization and coordination between signals. Additionally, most modern signal systems need Signal Control and Prioritization technology that can help transit vehicles and alternative modes such as bikes and shuttles move through intersections safely and efficiently.

The benefits of Smarter Signals includes:

- **Safer Roads:** Better emergency response time, easier management of incidents by first responders and law enforcement, and reduction of secondary incidents due to video analytics that can identify near-miss situations.
- **Smoother Travel:** Synchronized, responsive signals can reduce idling at red lights, improve speed management, decrease travel delays, reduce greenhouse gas emissions and increase transit reliability.
- **Better Traffic Management:** Cities will have access to real-time data that allows for optimization of traffic during incidents, evacuations or other major events. Cities will be able to prioritize transit and emergency vehicles as needed.

### **ANALYSIS:**

This section of the staff report is covered in the attached presentation which will be elaborated upon in the verbal presentation.

### **FISCAL IMPACT:**

The One Bay Area Grant (OBAG) 3 that CCTA secured for the construction of the Countywide Smart Signals project will fund \$567,597 of the total cost of the improvements in Hercules while the City would be responsible for the remaining 11.47% grant match of \$65,091.

### **ATTACHMENTS:**

1. Presentation



# Contra Costa Countywide Smart Signals

## City of Hercules City Council Meeting

3/26/2024

John Hoang  
Director, Planning



CONTRA COSTA  
transportation  
authority

# SMART SIGNALS Goals



**IMPROVE SAFETY,  
MINIMIZE CRASHES,  
ELIMINATE  
INJURIES +  
FATALITIES,  
VISION ZERO**



**OPTIMIZE MOBILITY,  
RELIEVE  
CONGESTION +  
MANAGE  
EVACUATION ROUTES**



**ADVANCE THE  
SMART COUNTY  
SYSTEM /  
PREPARE  
ARTERIALS FOR  
THE FUTURE**

# Key Benefits

- Supports multi-modal transportation for all users
- Increases safety
- Increases transit reliability
- Improves emergency vehicle response time
- Relieves congestion

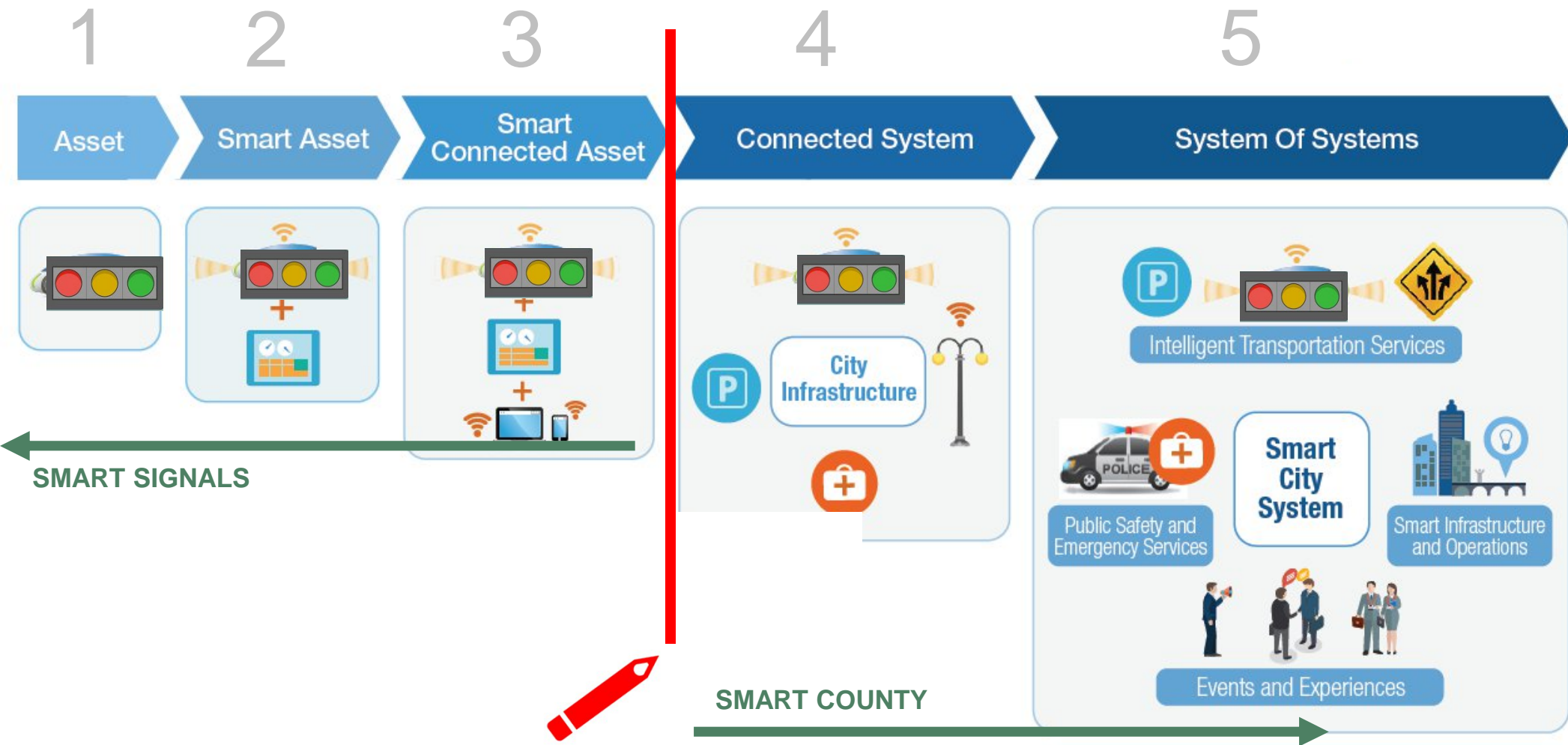


## How does the SMART Signal System work?



- Pedestrian and bicycle detection system supports proactive identification and prevention of “near miss” situations
- Signal Synchronization controls and smooths traffic flow
- Signal Control and Prioritization (SCP) to
  - Reduce emergency vehicle response time
  - Increase transit reliability
  - Effectively manage arterial traffic during day-to day operations, major incidents on freeway, evacuations, or major events
- Real-time monitoring of traffic conditions allows CCTA/cities/Caltrans access to monitor all videos and signals to optimize operations
- Connected infrastructure to support deployment of connected and autonomous vehicles (V2X, V2I, V2P)

# Five Steps to a SMART City System





# SMART Signal Improvements



SMART  
MOBILITY / Signal Control And  
Prioritization (TSP/EVP)



VULNERABLE ROAD USER PROTECTION  
BENEFIT: Pedestrian Safety and Health

VIDEO / DATA  
ANALYTICS

BENEFIT: Safety  
Monitoring  
and Alerts



FIBER OPTIC/CELLULAR  
COMMUNICATION

BENEFIT: Better Capacity and  
Reliability



VIDEO DETECTION

BENEFIT: Unobtrusive  
Monitoring and Managing of the  
Road Network



UPGRADE TO ADVANCED  
CONTROLLERS & ATC CABINETS  
BENEFIT: ADVANCED MOBILITY

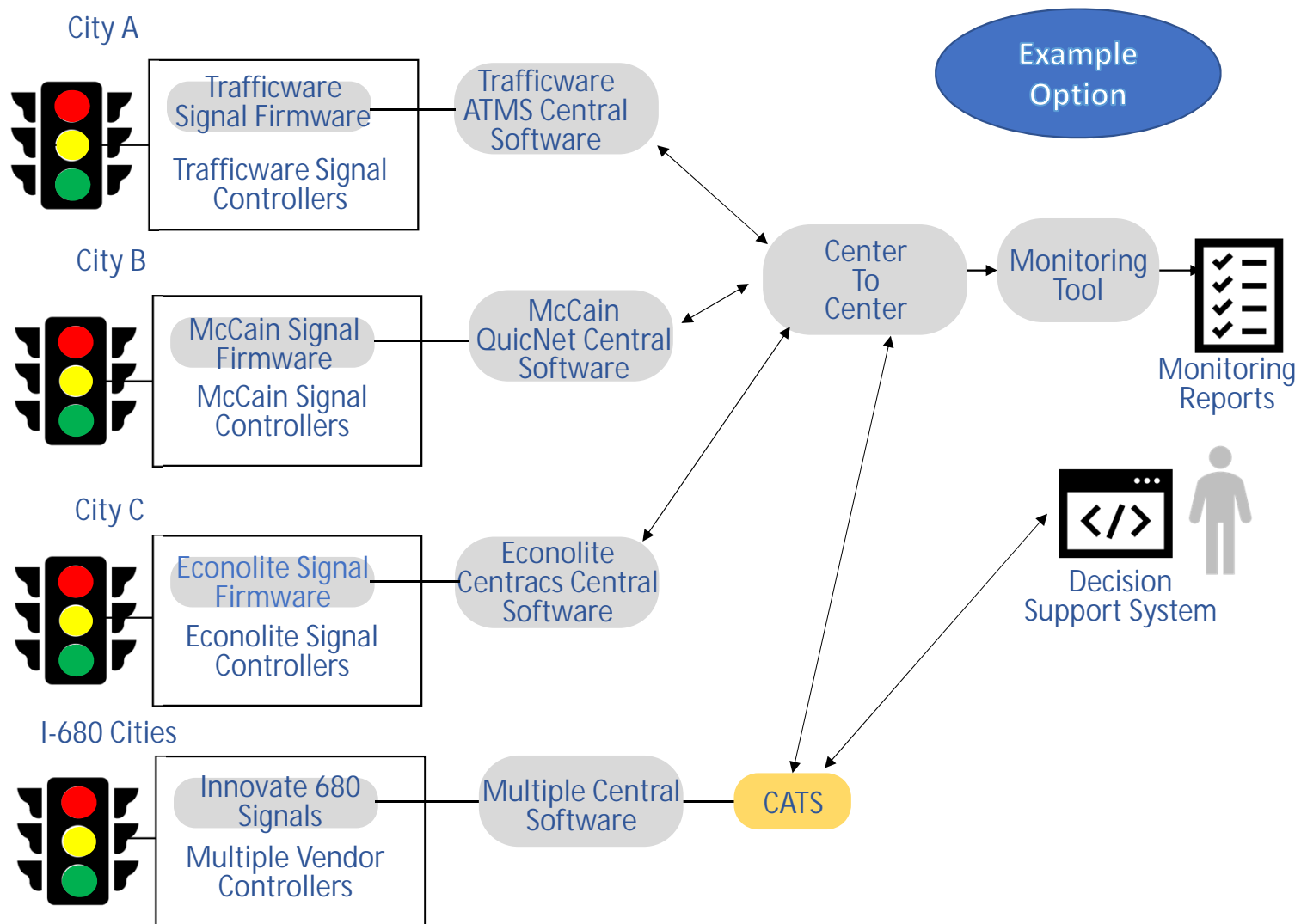
# SMART Signal - Intersection Prioritizing

- ▶ On regional routes of significance
- ▶ In Priority Development Area (PDA) or access to PDA + Downtown and Commercial Districts
- ▶ Presence of transit routes and connection to BART
- ▶ Presence of bicycle lanes
- ▶ Bicycle and pedestrian collisions
- ▶ Connection to Shared Mobility Hubs
- ▶ Traffic volume









# PROJECT TEAM

## Design & Management Team

Internal CCTA staff, AMG, consultants/contractors performing day-to-day activities.

(bi-monthly meetings)

## Core Advisory Committee (CAG)

Technical Staff from CCTA , local cities, Contra Costa County and transit agencies

(Monthly meetings a week prior to Stakeholder meetings)

## Stakeholders

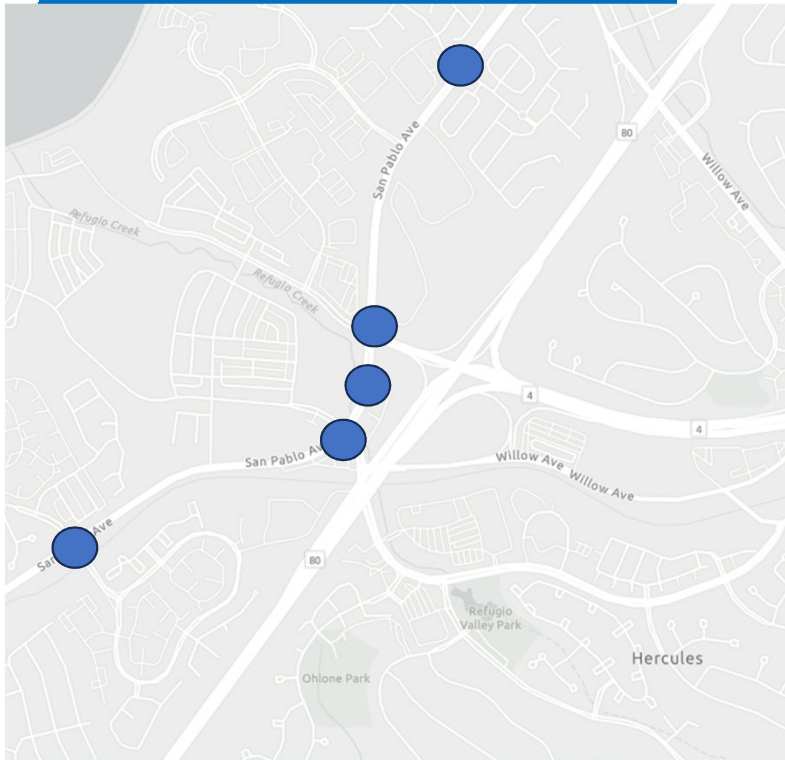
Traffic engineer and public work staff from all agencies, including Cities, County, CHP, and Transit agencies.

(Monthly meetings a week after CAG meetings)

# FUNDING PLAN

Project Phases	Total Cost	Secured Funds	
		Amount	Fund Sources
Planning/ Conceptual	\$ 250,000	\$ 250,000	Measure J
Environmental Studies (PA&ED)	\$ 440,280	\$ 440,280	Measure J
Design Engineering (PS&E)	\$ 1,651,050	\$ 189,375	City Local Match
		\$ 1,461,675	OBAG
Right-of-way Construction	\$ 28,433,092	\$ 3,339,767	City Local Match
		\$ 25,093,325	OBAG 3
<b>Total</b>	<b>\$ 30,774,422</b>	<b>\$ 30,774,422</b>	

# CITY OF HERCULES



San Pablo Ave

Hercules Ave

San Pablo Ave

Sycamore Ave

San Pablo Ave

Market Dr

San Pablo Ave

John Muir Pkwy

San Pablo Ave

Victoria Cres E



# CITY OF HERCULES

Hercules	Amount
Total	\$567,597
Match (11.47%)	\$65,091



# PROJECT SCHEDULE

Systems Engineering

← SPRING 2023 - SPRING 2024

Plan, Specifications, & Estimate

← SPRING 2024 - FALL 2025

Construction

← FALL 2025 – FALL 2026

Systems Integration

← FALL 2026 – FALL 2027

Project Close Out

← FALL 2028



# Questions

**DISCUSSION AND/OR ACTION  
AGENDA ITEM  
3. 22-812**





## STAFF REPORT TO THE CITY COUNCIL

**DATE:** Regular Meeting of March 26, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Edwin Gato, Director of Finance  
Mike Roberts, Public Works Director

**SUBJECT:** Draft Fiscal Year 2024-25 Capital Projects Proposed Budget and Ten-Year Capital Improvement Projects (CIP) Plan

### RECOMMENDED ACTION:

Staff recommends that the City Council receive a report and the Draft Fiscal Year (FY) 2024-25 Proposed Capital Budget and Ten-Year CIP and provide direction to staff regarding potential funding options needed for future capital improvements.

### EXECUTIVE SUMMARY:

Hercules Capital Improvement Projects (CIP) aims to maintain and improve our City's aged public infrastructure as best it can with available resources. Taking care of existing infrastructure is an important part of building a resilient city. As such, the capital improvements in this plan balance the need of rehabilitating aged infrastructure while also embarking on key enhancement projects that address critical priorities, such as street safety and sustainability.

This Capital Improvement project emphasizes:

- Substantial capital work has been completed and proposed in light of grant-funded (and locally matched) transportation projects.
- A "fix it first" approach where proper maintenance of Hercules existing infrastructure is prioritized above requests for "new" infrastructure.
- Additional revenue or funding is needed to maintain our existing infrastructure adequately.

Public infrastructure includes the City's streets, sewers, storm drains, transportation, facilities, and parks. While this CIP plans for ten years, the City Council will only allocate funds for Fiscal Year (FY) 2024-25. This CIP and budget will be proposed, along with the City's operating budget for approval by the City Council during the adoption of the annual budget.

## **BACKGROUND:**

The CIP outlines the vision for short- and long-range project delivery and funding for maintaining, improving, and building new and existing infrastructure assets to benefit our residents, businesses, property owners, and visitors. The CIP links the General Plan, Parks Master Plan, and various master planning documents, as well as available resources, to provide a means for planning, scheduling, and implementing capital projects over the next ten years.

The CIP is intended to incorporate the City's investments in infrastructure development and maintenance (i.e., capital improvements) with other significant capital expenditures that add to or strategically invest in the City's inventory of assets. Projects included in a CIP are defined as any long-term investment that builds, replaces, or improves an asset (e.g. facilities, roads, parks, sewer, and drainage lines, etc.), have a useful life of at least five years and a minimum cost of \$50,000. A critical distinction between the capital and operating budget is that capital projects are approved in one year, but their completion can take years. In contrast, operating budgets are typically focused on ongoing maintenance and are "use-it-or-lose-it" at year's end, with unspent funds returned to the fund.

## **ANALYSIS:**

Projects in the Ten-Year CIP were prioritized according to the Ten-Year Action Plan of the recently completed Parks Master Plan, the Sanitary Sewer Master Plan, the City's Pavement Management Program, and the Draft Building Facilities Assessment. Proposed FY 2024-25 recommended projects include:

- Construction of the Refugio Park picnic area and shade structure project
- Completion of the final design of Beechnut Park
- Resurfacing the Foxboro Basketball Court
- Repairs to the Bay Trail Wall

Also included is the design of the Upper Sycamore Sewer main replacement while Falcon Way is to be resurfaced from Wren Court to Refugio Valley Road. Ten of the City's public buildings are proposed to receive upgrades, including painting and recarpeting the first half of City Hall, pool repairs and HVAC replacement in the Community Swim Center, and bathroom renovations in the Ohlone Community Center. The summary of the Ten-Year

CIP is listed in Attachment 2 and detailed descriptions of all the proposed CIP projects are included in Attachment 3 to 7.

The FY 2024-25 Proposed CIP are fully funded by various funding sources as specified below.

The Capital Improvement Projects are funded almost exclusively with revenues from restricted funds.

- The Sewer Fund is restricted to maintenance and replacement of the City's sewers. Much of the available funding for the capital budget is, in fact, devoted to the Sewer Fund.
- Transportation Fund includes Gas Tax, Measure J, and SB1 Road Maintenance and Repair Account are the result of voters' approval of increases dedicated to transportation infrastructures. Transportation projects also are supplemented by Development Impact Fees (DIF), which are paid for by new residential and commercial developments. However, these fees are highly variable and have categorical restrictions.
- Facilities Replacement – Internal Service Fund (ISF) is used for capital improvements to city-owned buildings and is paid through their operating budget.
- The General Fund, though historically a small contributor to the overall capital budget, is the only non-restricted funding source that can support any public infrastructure expense.

While the Draft FY 2024-2025 Capital Budget specifies dedicated funding sources to complete the projects listed, years 2-10 of the Ten-Year CIP identified a significant number of unfunded projects. The total number of unfunded projects identified in the Ten-Year CIP is approximately \$118 million: \$101 million for Hercules HUB, \$9.6 million for streets, \$4.2 million for parks, and \$3.3 million for facilities as summarized in Attachment 2. Staff recommends looking for other alternatives to fund the projects. The following are financing or funding options for the City Council to explore regarding potential funding for the future CIP.

- Capital Grants – The City acquired the services of grant writing consultant, California Consulting to continue efforts to identify, and apply for, available grants applicable to approved Capital Improvement Projects.
- Bond Financing (Attachment 8)
  - General Obligation Bonds, which are also referred to as GOs, are municipal bonds which provide a way for state and local governments to raise money for projects that may not generate a revenue stream directly. They are called “general obligation” bonds because they are not backed by a specific revenue producing project or asset. Instead, they are backed by the “full faith and credit” of the issuer. In simple terms that means the bonds are backed by the state or local government's ability to tax, and to raise taxes

to pay bondholders. For cities, it normally comes in the form of property taxes.

- Lease Revenue Bonds is an effective and increasingly popular vehicle for state and local governments or cities to finance and refinance equipment acquisitions, the construction of public facilities and the expansion and rehabilitation of existing public facilities. Lease financing enables cities to finance a variety of governmental projects without incurring a “debt” or an “indebtedness”.

## **FISCAL IMPACT:**

Projects with prior City Council appropriations that were not fully expended have remaining appropriation balances included as carryover amounts. These amounts are strictly estimates and will be trued up at year-end close. The carryover estimate often includes funds encumbered/committed due to an executed contract for services or goods.

The ten-year CIP coordinates physical improvements with financial planning, allowing maximum benefits from available funding sources. It relies on funding from various sources, primarily retained in the capital and special revenue funds, with uses usually restricted to specific purposes. Funding sources are each further described in the City's adopted budget. The City also adopted a policy to set aside money for a capital reserve to utilize as a funding source for capital needs.

Because staff identified many unfunded projects in the next ten years, staff recommend that the City Council explore financing these projects by issuing bonds. By issuing long-term debt for costly infrastructure projects with long service lives, the City can increase equity between generations without disrupting the operating budget.

Staff are committed to completing the projects outlined in the CIP budget.

## **ATTACHMENTS:**

1. Summary of Completed Projects and Prior Year Carryovers
2. Ten-Year CIP – Summary of CIP Spending Plan FY 2024-2034
3. Ten-Year CIP – Facility Category
4. Ten-Year CIP – Street Category
5. Ten-Year CIP – Sewer Category
6. Ten-Year CIP – Parks & Open Space Category
7. Ten-Year CIP – Transportation Category
8. Presentation - Bond Financing

**CITY OF HERCULES**  
**CAPITAL PROJECTS**  
**SUMMARY OF COMPLETED PROJECTS AND PRIOR YEAR CARRYOVERS**

<b>Project Name</b>	<b>Budget to date</b>	<b>Actual Expenditures thru March 2024</b>	<b>Outstanding Encumbrances/Estimate through June 30</b>	<b>Projected Prior Year Carryover/Remaining Balance</b>
Police Facilities Expansion	160,000	5,089	96,993	57,918
Council Chamber Improvements	50,000	-	50,000	-
Coporation Yard Drainage Improvements	-	-	-	-
Building Facilities Plan	75,000	64,965	10,035	-
Library Repair Leak	107,000	12,955	(5,955)	100,000
<b>Total, Facilities</b>	<b>392,000</b>	<b>83,009</b>	<b>151,073</b>	<b>157,918</b>
Pedestrian Sidewalk Improvement Willow & Palm	1,781,940	1,559,169	222,771	-
2022 Annual Street Rehabilitation Sycamore Avenue	920,773	920,773	-	-
Countywide Smart Signals	567,597	-	567,597	-
Sidewalk and Safe Walkways	100,000	100,000	-	-
Village Parkway Traffic Calming	88,147	88,147	-	-
Emergency Repairs	250,000	247,481	2,519	-
<b>Total, Streets</b>	<b>3,708,457</b>	<b>2,915,570</b>	<b>792,887</b>	<b>-</b>
Sycamore Ave (Lower Trunk Main)	14,351,000	10,778,284	3,572,716	-
Sycamore Ave (Upper Truck Main)	200,000	40,396	159,604	-
<b>Total, Sewer</b>	<b>14,551,000</b>	<b>10,818,680</b>	<b>3,732,320</b>	<b>-</b>
Baywood Tree Replacement	140,000	140,000	-	-
Woodfield Park Backstop	20,000	20,000	-	-
Park Improvement Project	200,000	14,266	185,734	-
Lupine Hill Stabilization	-	-	-	-
Beechnut Park	25,000	-	-	25,000
Refugio Tennis Court	-	-	-	-
Community Swim Center Fence Replacements	91,987	91,987	-	-
Community Center Building & Deferred Maintenance	250,000	122,189	127,811	-
Parks Master Plan	150,000	150,000	-	-
Swing Sets	89,766	89,766	-	-
Refurnish Gazebo/Railing	23,575	23,575	-	-
Ohlone Dog Park Tree Removal & Pruning	42,900	42,900	-	-
Tree Planting & Removal Open Space	110,000	61,650	48,350	-
Aerator Reugio Valley Parks	45,218	45,218	-	-
Tree Mitigation & Replacement Program	150,000	48,850	101,150	-
Tree Mitigation in Open Space	50,000	50,000	-	-
Refugio Picnic Area	76,450	-	-	76,450
<b>Total, Parks &amp; Open Space</b>	<b>1,464,896</b>	<b>900,401</b>	<b>463,045</b>	<b>101,450</b>
Hercules Rail Station	46,377,537	46,377,537	-	-
Hercules HUB	1,994,531	725,685	533,816	735,030
<b>Total, Transportation</b>	<b>48,372,068</b>	<b>47,103,222</b>	<b>533,816</b>	<b>735,030</b>
<b>Total</b>	<b>68,488,421</b>	<b>61,820,882</b>	<b>5,673,141</b>	<b>994,398</b>

**SUMMARY OF TEN-YEAR CAPITAL IMPROVEMENT  
PROGRAM SPENDING PLAN FY 2024-2034**

Project Name	Funding Sources	Prior Carryover	FY 2024-25 Proposed	FY 2025-26 Projection	FY 2026-27 Projection	FY 2027-28 Projection	FY 2028-29 Projection	FY 2029-30 Projection	FY 2030-31 Projection	FY 2031-32 Projection	FY 2032-33 Projection	FY 2033-34 Projection	Total Projection
City Hall	General Fund/Capital Reserves	-	137,170	337,700	-	-	-	-	-	-	-	-	474,870
Senior Center	General Fund/Capital Reserves	-	22,715	19,250	-	-	-	-	-	-	-	-	41,965
Library	General Fund/Capital Reserves	100,000	15,000	-	-	-	-	-	-	-	-	-	115,000
Community Swim Center	General Fund/Capital Reserves	-	132,638	94,160	-	-	-	-	-	-	-	-	226,798
Teen Center	General Fund/Capital Reserves	-	20,460	11,000	-	-	-	-	-	-	-	-	31,460
Hanna Ranch Childcare Center	General Fund/Capital Reserves	-	6,820	34,650	-	-	-	-	-	-	-	-	41,470
Lupine Kidz Center	General Fund/Capital Reserves	-	17,380	17,160	-	-	-	-	-	-	-	-	34,540
Public Works Maintenance Yard	General Fund/Capital Reserves	-	30,000	-	-	-	-	-	-	-	-	-	30,000
Ohlone Community Center	General Fund/Capital Reserves	-	113,905	37,620	-	-	-	-	-	-	-	-	151,525
Foxboro Community Center	General Fund/Capital Reserves	-	9,735	-	-	-	-	-	-	-	-	-	9,735
Police Department Lobbies	Police Impact Fee	-	200,000	-	-	-	-	-	-	-	-	-	200,000
	Asset Seizure Fund	57,918	117,000	-	-	-	-	-	-	-	-	-	174,918
Future Facility Capital Improvement Project	Unfunded	-	-	-	415,000	415,000	415,000	415,000	415,000	415,000	415,000	415,000	3,320,000
<b>Total, Facilities</b>		<b>157,918</b>	<b>822,823</b>	<b>551,540</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>	<b>4,852,281</b>
Falcon Way	General Fund/Capital Reserves	-	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000
	State Gas Tax Fund - 262	-	300,000	-	-	-	-	-	-	-	-	-	300,000
	Measure J Fund - 263	-	100,000	-	-	-	-	-	-	-	-	-	100,000
	Solid Waste Fund	-	250,000	-	-	-	-	-	-	-	-	-	250,000
Foxboro	General Fund/Capital Reserves	-	-	750,000	-	-	-	-	-	-	-	-	750,000
	State Gas Tax Fund - 262	-	150,000	250,000	-	-	-	-	-	-	-	-	400,000
	Measure J Fund - 263	-	-	100,000	-	-	-	-	-	-	-	-	100,000
Hercules By The Bay	State Gas Tax Fund - 262	-	-	-	250,000	-	-	-	-	-	-	-	250,000
	Measure J Fund - 263	-	-	-	100,000	-	-	-	-	-	-	-	100,000
	Unfunded	-	-	150,000	1,150,000	-	-	-	-	-	-	-	1,300,000
Green Infrastructure Project	Unfunded	-	-	250,000	-	-	-	-	-	-	-	-	250,000
Annual Street Repair Project	State Gas Tax Fund - 262	-	-	-	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,750,000
	Measure J Fund - 263	-	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
	Unfunded	-	-	-	-	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	8,050,000
Countywide Smart Signals	State Gas Tax Fund - 262	-	65,100	-	-	-	-	-	-	-	-	-	65,100
<b>Total, Streets</b>		<b>-</b>	<b>1,865,100</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>15,365,100</b>
Sycamore Ave (Upper Trunk Main)	Sewer Fund - 421	-	640,000	5,505,300	-	-	-	-	-	-	-	-	6,145,300
Promenade Lift Station	Sewer Fund - 421	-	-	185,000	1,170,450	-	-	-	-	-	-	-	1,355,450
Repair/Replace Sewer Lines under SR-4 & Along Willow Avenue	Sewer Fund - 421	-	-	200,000	100,000	1,080,000	-	-	-	-	-	-	1,380,000
<b>Total, Sewer</b>		<b>-</b>	<b>640,000</b>	<b>5,890,300</b>	<b>1,270,450</b>	<b>1,080,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,880,750</b>
Beechnut Park	Eastbay Regional Park District WW Grant Fund	25,000	35,000	-	-	-	-	-	-	-	-	-	60,000
	Prop 64 Grant Funds	-	3,500	190,500	-	-	-	-	-	-	-	-	194,000
	Parks Impact Fee	-	-	150,000	-	-	-	-	-	-	-	-	150,000
	Unfunded	-	-	50,000	550,000	-	-	-	-	-	-	-	600,000
Foxboro Playground	General Fund/Capital Reserves	-	145,000	-	-	-	-	-	-	-	-	-	145,000
Refugio Picnic Area	General Fund/Capital Reserves	76,450	500,000	-	-	-	-	-	-	-	-	-	576,450
	Community Development Tax	-	170,000	-	-	-	-	-	-	-	-	-	170,000
Refugio Tennis Court	Unfunded	-	-	55,000	270,000	-	-	-	-	-	-	-	325,000
Dredge Refugio Lake	General Fund/Capital Reserves	-	-	-	500,000	-	-	-	-	-	-	-	500,000
	Unfunded	-	-	170,000	225,000	-	-	-	-	-	-	-	395,000
Woodfield Basketball Court	Unfunded	-	-	215,000	-	-	-	-	-	-	-	-	215,000
Woodfield Tennis Court	Unfunded	-	-	-	320,000	-	-	-	-	-	-	-	320,000
Woodfield Replace Restroom	Unfunded	-	-	-	-	-	-	465,000	-	-	-	-	465,000
Woodfield Accessibility Route	Unfunded	-	-	-	-	55,000	273,000	-	-	-	-	-	328,000
Sycamore Avenue Bicycle	Transportation Impact Fee	-	-	-	-	240,000	-	-	-	-	-	-	240,000
	Unfunded	-	-	-	-	-	1,440,000	-	-	-	-	-	1,440,000
Slurry Seal the Bay Trail	Unfunded	-	-	-	132,000	-	-	-	-	-	-	-	132,000
Bay Trail Wall Repair	State Gas Tax Fund - 262	-	100,000	-	-	-	-	-	-	-	-	-	100,000
<b>Total, Parks</b>		<b>101,450</b>	<b>953,500</b>	<b>830,500</b>	<b>1,997,000</b>	<b>295,000</b>	<b>1,713,000</b>	<b>465,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,355,450</b>

**SUMMARY OF TEN-YEAR CAPITAL IMPROVEMENT  
PROGRAM SPENDING PLAN FY 2024-2034**

Project Name	Funding Sources	Prior Carryover	FY 2024-25 Proposed	FY 2025-26 Projection	FY 2026-27 Projection	FY 2027-28 Projection	FY 2028-29 Projection	FY 2029-30 Projection	FY 2030-31 Projection	FY 2031-32 Projection	FY 2032-33 Projection	FY 2033-34 Projection	Total Projection
Hercules - The HUB	Grants	735,030	989,000	2,909,500	1,289,000								5,922,530
	General Fund/Capital Reserves				2,329,500								2,329,500
	Unfunded			4,250,000	29,085,319	30,162,080	30,162,080	7,540,520					101,199,999
<b>Total, Transportation</b>		<b>735,030</b>	<b>989,000</b>	<b>7,159,500</b>	<b>32,703,819</b>	<b>30,162,080</b>	<b>30,162,080</b>	<b>7,540,520</b>	-	-	-	-	<b>109,452,029</b>
<b>Total, CIP</b>		<b>994,398</b>	<b>5,270,423</b>	<b>15,931,840</b>	<b>37,886,269</b>	<b>33,452,080</b>	<b>33,790,080</b>	<b>9,920,520</b>	<b>1,915,000</b>	<b>1,915,000</b>	<b>1,915,000</b>	<b>1,915,000</b>	<b>144,905,610</b>
<b>Funding Sources:</b>													
Grant Funds		760,030	1,027,500	3,100,000	1,289,000	-	-	-	-	-	-	-	6,176,530
Parks Impact Fee		-	-	150,000	-	-	-	-	-	-	-	-	150,000
Transportation Impact Fee		-	-	-	-	240,000	-	-	-	-	-	-	240,000
Police Impact Fee		-	200,000	-	-	-	-	-	-	-	-	-	200,000
General Fund/Capital Reserves		176,450	2,150,823	1,301,540	2,829,500	-	-	-	-	-	-	-	6,458,313
Community Development Tax Fund		-	-	-	-	-	-	-	-	-	-	-	-
State Gas Tax Fund - 262		-	615,100	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,865,100
Asset Seizure Fund		57,918	117,000	-	-	-	-	-	-	-	-	-	174,918
Facility Maintenance Fund		-	-	-	-	-	-	-	-	-	-	-	-
Measure J Fund - 263		-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Solid Waste Fund		-	250,000	-	-	-	-	-	-	-	-	-	250,000
Sewer Fund - 421		-	640,000	5,890,300	1,270,450	1,080,000	-	-	-	-	-	-	8,880,750
Community Development Tax		-	170,000	-	-	-	-	-	-	-	-	-	170,000
Unfunded		-	-	5,140,000	32,147,319	31,782,080	33,440,080	9,570,520	1,565,000	1,565,000	1,565,000	1,565,000	118,339,999
<b>Total, Funding</b>		<b>994,398</b>	<b>5,270,423</b>	<b>15,931,840</b>	<b>37,886,269</b>	<b>33,452,080</b>	<b>33,790,080</b>	<b>9,920,520</b>	<b>1,915,000</b>	<b>1,915,000</b>	<b>1,915,000</b>	<b>1,915,000</b>	<b>144,905,610</b>



**City of Hercules  
Facilities CIP Summary**

Project	Funding Source:	Prior	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
		Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
City Hall	General Fund/Capital Reserves	\$ -	\$ 137,170.00	\$ 337,700.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,870
Senior Center	General Fund/Capital Reserves	\$ -	\$ 22,715.00	\$ 19,250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,965
Library	General Fund/Capital Reserves	\$100,000.00	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Community Swin Center	General Fund/Capital Reserves	\$ -	\$ 132,638.00	\$ 94,160.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,798
Teen Center	General Fund/Capital Reserves	\$ -	\$ 20,460.00	\$ 11,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,460
Hanna Ranch Childcare Center	General Fund/Capital Reserves	\$ -	\$ 6,820.00	\$ 34,650.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,470
Lupine Kidz Center	General Fund/Capital Reserves	\$ -	\$ 17,380.00	\$ 17,160.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,540
Ohlone Childcare Center	Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works Maintenance Yard	General Fund/Capital Reserves	\$ -	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Ohlone Community Center	General Fund/Capital Reserves	\$ -	\$ 113,905.00	\$ 37,620.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,525
Foxboro Community Center	General Fund/Capital Reserves	\$ -	\$ 9,735.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,735
Police Department Lobbies	Police Development Impact Fee	\$ -	\$ 200,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
	Asset Seizure Fund	\$ 57,918.00	\$ 117,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,918
Future Facility Capital Improvement Project	Unfunded	\$ -	\$ -	\$ -	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 3,320,000
<b>Total</b>		<b>\$ 157,918</b>	<b>\$ 822,823</b>	<b>\$ 551,540</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 4,852,281</b>

**Funding Source:**

	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund/Capital Reserves	\$ 100,000	\$ 505,823	\$ 551,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,157,363
Police Development Impact Fee	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Facility Maintenance Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset Seizure Fund	\$ 57,918	\$ 117,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,918
Unfunded	\$ -	\$ -	\$ -	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 3,320,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 157,918</b>	<b>\$ 822,823</b>	<b>\$ 551,540</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 415,000</b>	<b>\$ 4,852,281</b>





**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** City Hall

**Description:**

FY 24-25  
ADA Transition Plan \$25,000  
Carpet/Paint \$75,000  
Rebuild Entrance Garden / Fountain / Lighting \$20,000  
Exit Lights \$4,200

FY 25-26  
Exterior Paint \$50,000  
ADA Transition \$25,000  
Carpet/Paint \$75,000  
Repave Parking Lot \$150,000

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 137,170	\$ 337,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,870
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 137,170</b>	<b>\$ 337,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 474,870</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Senior Center

**Description:**

FY 24-25  
Fence around inground transformer Transformer \$3,000  
ADA Steps , Ramps and walkways at Senior Center \$15,000  
Inspect and update Exit Lights as needed \$2,100

FY 25-26  
Repair / Replace roof gutters \$2,000  
Repaint Outside Senior Center \$8,000  
Repaint inside Senior Center \$5,000  
Carpet \$2,500

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 22,715	\$ 19,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,965
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 22,715</b>	<b>\$ 19,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,965</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Library**

**Description:**

Seal the Starry Cone with elastomeric paint.

FY 24-25

Seal Starry Cone \$15,000

**Justification:**

Elastomeric paint could prevent leaking from re-occurring for 2-3 Years.



**Projected Timing:**

Estimated Start Date:

Estimated End Date:

<b>Funding Source:</b>	<b>Prior Year</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>FY 2031-32</b>	<b>FY 2032-33</b>	<b>FY 2033-34</b>	<b>Total Budget</b>
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ 100,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 100,000</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,000</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Community Swin Center**

**Description:**

FY 24-25	
Pool Deck slot drain Repair \$25,000	Replace electrical Panel Cover \$1,200
HVAC Repair/Replacement \$79,080	AC compressor Electrical Disconnects \$3,500
Filter Flow Meters \$3,600	
Inspect and update Exit Lights as needed \$2,100	
FY 25-26	
Ada Steps , Ramps and walkways at Senior Center \$25,000	Flow Meters \$5,400
ADA Striping \$3,000	Pool Deck Lighting \$18,000
Shower Benches \$12,000	UPS To Phone System \$1,200
Replace Diving Board \$15,000	Pool Filter Media \$3,600

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 132,638	\$ 94,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,798
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 132,638</b>	<b>\$ 94,160</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 226,798</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Teen Center

**Description:**

FY 24-25  
ADA Steps , Ramps and walkways at Teen Center \$15,000  
Bathroom Exhaust Fans \$3,600

FY 25-26  
Kitchen Range Hood \$2,000  
Exterior Paint \$8,000

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 20,460	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,460
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 20,460</b>	<b>\$ 11,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,460</b>





**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Hanna Ranch Childcare Center

**Description:**

FY 24-25  
Kitchen Range Hood \$2,000  
Inspect and update Exit Lights as needed \$4,200

FY 25-26  
VCT Flooring in Classrooms \$25,000  
Interior Cabinet Repair and Refresh \$6,500

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 6,820	\$ 34,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,470
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 6,820</b>	<b>\$ 34,650</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,470</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Lupine Kidz Center**

**Description:**

FY 24-25  
Restroom Exhaust Fans \$5,400  
Kitchen Range Hood \$2,000  
Inspect and update Exit Lights as needed \$8,4000

FY 25-26  
Slurry Seal Parking Lot \$3,500  
Restripe Parking Lot \$2,500  
Inspect and update Fire Alarm as needed \$9,600

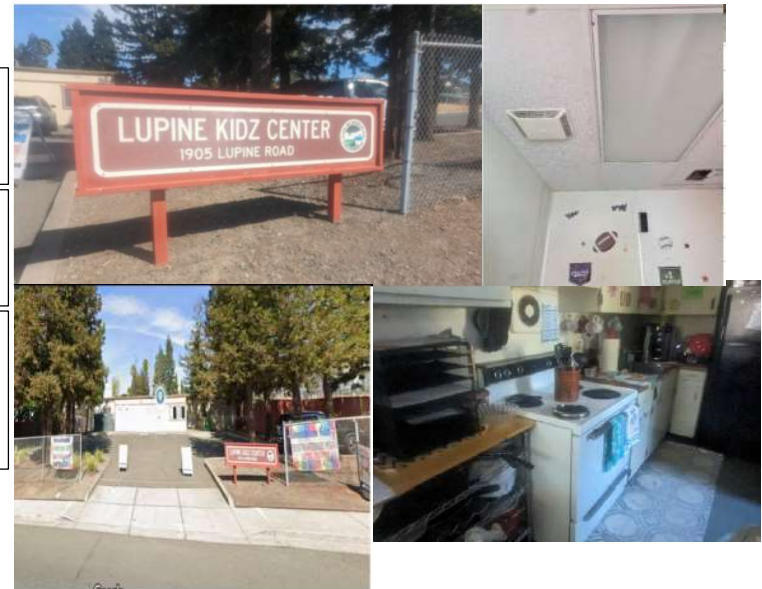
**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 17,380	\$ 17,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,540
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 17,380</b>	<b>\$ 17,160</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,540</b>



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

**Project Number:**

**Project Name:** Ohlone Childcare Center

**Description:**

No work planned.

**Justification:**

Facility is owned by school district.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -





City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

**Project Number:**

**Project Name:** Public Works Maintenance Yard

**Description:**

FY 24-25  
Replace or Repair Trailer \$30,000

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community. The Roof and siding needs to be repaired.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,000</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Ohlone Community Center**

**Description:**

FY 24-25	
Redesign and Renovate Bathrooms \$56,000	Water Heater \$3,500
HVAC Repair and or Replacement \$22,950	Inspect and update Exit Lights as needed \$2,100
Interior Cabinet Repair and Refresh \$6,500	Install Parking lot Lights \$10,500

FY 25-26  
Exterior Paint \$8,000  
ADA Transition \$10,000  
HVAC Repair and or Replacement \$16,200

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 113,905	\$ 37,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,525
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 113,905</b>	<b>\$ 37,620</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 151,525</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Foxboro Community Center

**Description:**

FY 24-25  
Furnace Repair / Replacement \$6,750  
Inspect and update Exit Lights as needed \$2,100

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
General Fund/Capital Reserves	\$ -	\$ 9,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,735
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 9,735</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,735</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:** BDP#22-3  
**Project Name:** Police Department Lobbies

**Description:** This project will remove the decrepit, abandoned modular building in front of City Hall and replace it with police lockers, including private restrooms and showers, and a workout/training area. The project is on hold until sufficient developer impact fees have been deposited into the fund, which would occur for example when the Bayfront developer pulls permits for The Mint private residential development project.

**Justification:** The Locker room and restrooms used by Police Staff are too small and are in greatly deteriorated condition as they are utilized 24 hours a day/seven days a week. In addition, as our Police staffing has become more diverse with more female officers, space needs to be reallocated to accommodate this shift. A remodel and upgrade of the existing locker rooms and restrooms was evaluated but is not feasible. The new facilities will provide more space and allow for increased diversity and inclusion.

**Projected Timing:**  
**Estimated Start Date:**  
**Estimated End Date:**



<b>Funding Source:</b>	<b>Prior Year</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>FY 2031-32</b>	<b>FY 2032-33</b>	<b>FY 2033-34</b>	<b>Total Budget</b>
	<b>Carryover</b>	<b>Budget</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
Police Development Impact Fee	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Asset Seizure Fund	\$ 57,918	\$ 117,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,918
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 57,918</b>	<b>\$ 317,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 374,918</b>



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

**Project Number:**

**Project Name:** Future Facility Capital Improvement Project

**Description:**

Future facility capital improvement projects to be determined.

FY 26-27 through FY 33-34  
Per Draft Building Assessment

**Justification:**

Identified in the Draft Building Assessment 10-Year CIP for health, safety, building longevity, and service to the community.

**Projected Timing:**

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
Unfunded	\$ -	\$ -	\$ -	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 3,320,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 3,320,000



City of Hercules  
Streets CIP Summary

Project	Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
		Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Falcon Way	General Fund/Capital Reserves	\$ -	\$ 1,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
	State Gas Tax Fund - 262	\$ -	\$ 300,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
	Measure J Fund - 263	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
	Solid Waste Fund	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Foxboro	General Fund/Capital Reserves	\$ -	\$ -	\$ 750,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
	State Gas Tax Fund - 262	\$ -	\$ 150,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
	Measure J Fund - 263	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
	State Gas Tax Fund - 262	\$ -	\$ -	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Hercules By The Bay	Measure J Fund - 263	\$ -	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
	Unfunded	\$ -	\$ -	\$ 150,000.00	\$ 1,150,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000
	Unfunded	\$ -	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
	State Gas Tax Fund - 262	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 1,750,000
Annual Street Repair Project	Measure J Fund - 263	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 700,000
	Unfunded	\$ -	\$ -	\$ -	\$ -	\$ 1,150,000.00	\$ 1,150,000.00	\$ 1,150,000.00	\$ 1,150,000.00	\$ 1,150,000.00	\$ 1,150,000.00	\$ 1,150,000.00	\$ 8,050,000
	State Gas Tax Fund - 262	\$ -	\$ 65,100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,100
	Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Countywide Smart Signals	State Gas Tax Fund - 262	\$ -	\$ 65,100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,100
Total		\$ -	\$ 1,865,100	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 15,365,100

Funding Sources:

General Fund/Capital Reserves	\$ -	\$ 1,000,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,750,000
State Gas Tax Fund - 262	\$ -	\$ 515,100	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 2,765,100
Measure J Fund - 263	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000
Solid Waste Fund	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Unfunded	\$ -	\$ -	\$ 400,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 9,600,000
Total	\$ -	\$ 1,865,100	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 15,365,100



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Falcon Way**

**Description:**

Repair and resurface Falcon Way from Wren Court to Refugio Valley Road

**Justification:**

This section of Falcon Way which serves as a collector for the Birds neighborhood is in extremely poor condition and on a steep downgrade with curves.

Design = \$100,000  
Construction = \$1,500,000  
Contract Project Management Cost = \$50,000  
Design and construct FY24-25

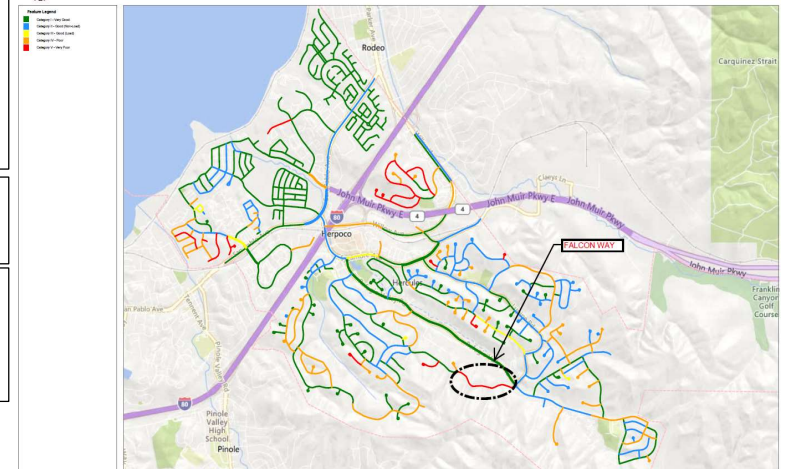
**Projected Timing:**

**Estimated Start Date:**

**Estimated End Date:**



**PCI Condition**  
AS OF 12/31/2022



<b>Funding Source:</b>	<b>Prior Year</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>FY 2031-32</b>	<b>FY 2032-33</b>	<b>FY 2033-34</b>	<b>Total Budget</b>
	<b>Carryover</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
General Fund/Capital Reserves	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
State Gas Tax Fund - 262	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Measure J Fund - 263	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Solid Waste Fund	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,650,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,650,000</b>





**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Foxboro**

**Description:**

Repair and Resurface residential streets in Foxboro as funding allows.

**Justification:**

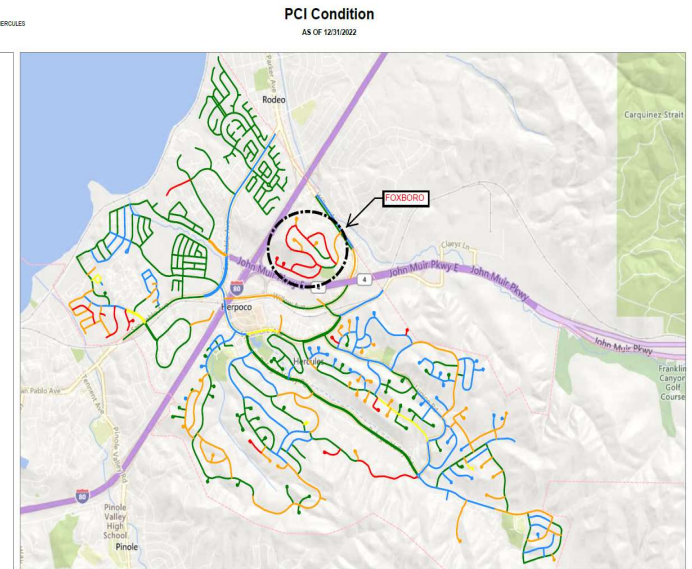
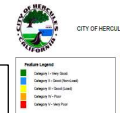
The Foxboro neighborhood, as a whole, has the most degraded streets in Hercules.

Design = \$100,000  
Construction = \$1,100,000  
Contract Project Management Cost = \$50,000  
Design FY24-25  
construct FY25-26

**Projected Timing:**

**Estimated Start Date:**

**Estimated End Date:**



<b>Funding Source:</b>	<b>Prior Year</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>FY 2031-32</b>	<b>FY 2032-33</b>	<b>FY 2033-34</b>	<b>Total Budget</b>
	<b>Carryover</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
General Fund/Capital Reserves	\$ -	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
State Gas Tax Fund - 262	\$ -	\$ 150,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
Measure J Fund - 263	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 1,100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,250,000</b>





**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Hercules By The Bay

**Description:**

Repair and Resurface residential streets in Hercules By The Bay as funding allows.

**Justification:**

Hercules By The Bay, as a whole, has the most degraded streets in Hercules excepting the Foxboro neighborhood

Design = \$100,000  
Construction = \$1,500,000  
Contract Project Management Cost = \$50,000  
Design FY25-26  
construct FY26-27

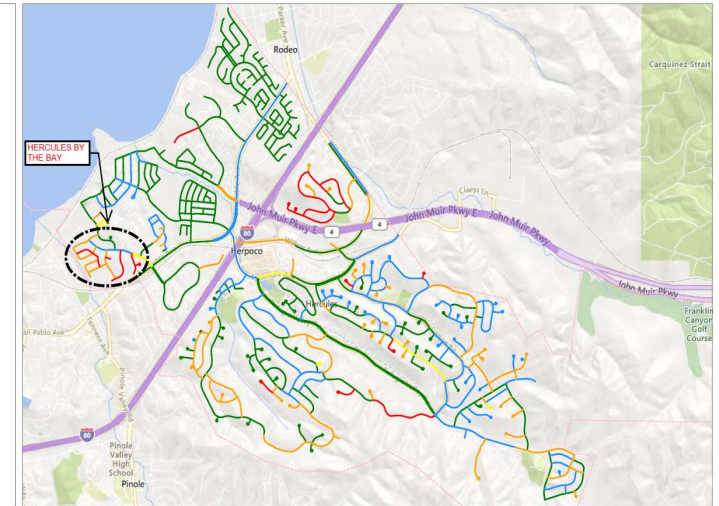
**Projected Timing:**

**Estimated Start Date:**

**Estimated End Date:**



**PCI Condition**  
AS OF 12/31/2022



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
State Gas Tax Fund - 262	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Measure J Fund - 263	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Unfunded	\$ -	\$ -	\$ 150,000	\$ 1,150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 1,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,650,000</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** **Green Infrastructure Project**

**Description:**

Green Infrastructure (GI) refers to the construction and retrofit of storm drainage to reduce runoff volumes, disperse runoff to vegetated areas, harvest and use runoff where feasible, promote infiltration and evapotranspiration, and use bioretention and other natural systems to detain and treat runoff before it reaches our creeks and Bay. Green infrastructure facilities include, but are not limited to, pervious pavement, infiltration basins, and bioretention facilities or “raingardens”.

**Justification:**

Provision C.3.j.i of the Municipal Regional Stormwater Permit (MRP) requires the City to treat 1.58 acres through Green Infrastructure by June 30, 2027.

FY25/26  
\$250k



**Projected Timing:**

Estimated Start Date:

Estimated End Date:

<b>Funding Source:</b>	<b>Prior Year</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>FY 2031-32</b>	<b>FY 2032-33</b>	<b>FY 2033-34</b>	<b>Total Budget</b>
	<b>Carryover</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
Unfunded	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: Annual Street Repair Project

Description:

Repair and Resurface City streets at miscellaneous locations.

Justification:

v

Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
State Gas Tax Fund - 262	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,750,000
Measure J Fund - 263	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 700,000
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 8,050,000
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 10,500,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: Countywide Smart Signals

Description:

This is a part of a County-wide traffic signal improvement and coordination project that will be funded and administered by CCTA through a grant they received and for which Hercules will provide the local match. Signals to be included are along the San Pablo Corridor including: Hercules Av, Sycamore Av, Market Dr, John Muir Parkway, and Victorial Crescent East. The improvements will include video detection, back up batteries, traffic signal synchronization, and controller updates.

Justification:

CCTA's SHare of cost \$502,506  
City Match \$65,000

Signal improvements will increase traffic efficiencies at each signal and County wide, provide needed updates to the controllers, and the backup batteries will ensure the signals function during power outages.

Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Gas Tax Fund - 262	\$ -	\$ 65,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,100
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 65,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,100



City of Hercules  
Sewer CIP Summary

Project	Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
		Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Sycamore Ave (Upper Truck Main)	Sewer Fund - 421	\$ -	\$ 640,000	\$ 5,505,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,145,300
Promenade Lift Station	Sewer Fund - 421	\$ -	\$ -	\$ 185,000	\$ 1,170,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,355,450
Repair/ Replace Sewer Lines under SR-4 & Along Willow Ave	Sewer Fund - 421	\$ -	\$ -	\$ 200,000	\$ 100,000	\$ 1,080,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,000
	Total	\$ -	\$ 640,000	\$ 5,890,300	\$ 1,270,450	\$ 1,080,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,880,750



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Sycamore Ave (Upper Trunk Main)

**Description:**

Upsize 1,446 ft. of 20-inch Gravity main to 24-inch gravity main and 1,956 ft. of 20 and 24-inch gravity main to 27-inch gravity main along sycamore Ave. The extent of this project goes from Highway 80 on the upstream end to the convergence of the trunk sewer from the industrial LS Force main on the downstream end. Flow monitoring, hydraulic modeling, and preliminary design is occurring in FY 2023-24, final design is scheduled for 2024-25, with construction in FY 2025-26.

**Justification:**

The hydraulic modeling in the Sewer Master Plan Update indicates the mainlines need to be increased in size to convey future flows.

Design = \$540,000  
Construction = \$5,505,300  
Contract Project Management = \$100,000

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Sewer Fund - 421	\$ -	\$ 640,000	\$ 5,505,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,145,300
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 640,000</b>	<b>\$ 5,505,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,145,300</b>



**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:** Promenade Lift Station

**Description:**

As part of the Bay Front Development Project, the Promenade Lift Station will be taken off-line and bypassed using gravity piping. The Project includes decommissioning the Promenade Lift Station and installing 1,1200 feet of 12-inch diameter gravity main.

**Justification:**

The relocation is required by the Development Agreement.

Design = \$135,000  
Construction = \$1,170,450  
Contract Project Management = \$50,000



**Projected Timing:**

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Sewer Fund - 421	\$ -	\$ -	\$ 185,000	\$ 1,170,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,355,450
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 185,000</b>	<b>\$ 1,170,450</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,355,450</b>





**City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34**

**Project Number:**

**Project Name:**           **Repair/ Replace Sewer Lines under SR-4 & Along Willow Ave.**

**Description:**

Repair existing main under SR-4 between Willow and Foxboro and 2 sections of main along Willow near Sycamore.

FY 25-26 Replace 2 Sections of pipe

FY 26-27 Design remaining sections, including under SR-4

FY 26-27 Construction

**Justification:**

Prior cleaning/video inspection has determined the pipes are in poor condition and should be repaired. Additional analysis during design will determine extent of repair needed.



**Projected Timing:**

Estimated Start Date:

Estimated End Date:

<b>Funding Source:</b>	<b>Prior Year</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>FY 2031-32</b>	<b>FY 2032-33</b>	<b>FY 2033-34</b>	<b>Total Budget</b>
	<b>Carryover</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>Sewer Fund - 421</b>	\$ -	\$ -	\$ 200,000	\$ 100,000	\$ 1,080,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Adjustment</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	\$ -	\$ -	\$ 200,000	\$ 100,000	\$ 1,080,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,000





City of Hercules  
Parks CIP Summary

Project		Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
			Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Beechnut Park	Eastbay Regional Park District WW Grant Funds		\$ 25,000.00	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000.00
	Prop. 64 Grant Funds		\$ -	\$ 3,500.00	\$ 190,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,000.00
	Parks Impact Fee Fund		\$ -	\$ -	\$ 150,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00
Foxboro Playground	Unfunded		\$ -	\$ -	\$ 50,000.00	\$ 550,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000.00
Foxboro Basketball Court	General Fund/Capital Reserves		\$ -	\$ 145,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,000.00
Refugio Picnic Area	General Fund/Capital Reserves		\$ 76,450.00	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,450.00
	Community Development Tax Fund		\$ -	\$ 170,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000.00
	Unfunded		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refugio Tennis Courts	Unfunded		\$ -	\$ -	\$ 55,000.00	\$ 270,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,000.00
Dredge Refugio Lake	General Fund/Capital Reserves		\$ -	\$ -	\$ -	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00
	Unfunded		\$ -	\$ -	\$ 170,000.00	\$ 225,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,000.00
Woodfield Basketball Court	Unfunded		\$ -	\$ -	\$ 215,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,000.00
Woodfield Tennis Court	Unfunded		\$ -	\$ -	\$ -	\$ 320,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,000.00
Woodfield Replace Restroom	Unfunded		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,000.00	\$ -	\$ -	\$ -	\$ -	\$ 465,000.00
Woodfield Accessibility Route	Unfunded		\$ -	\$ -	\$ -	\$ -	\$ 55,000.00	\$ 273,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,000.00
Sycamore Avenue Bicycle	Transportation Impact Fee Fund		\$ -	\$ -	\$ -	\$ -	\$ 240,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,000.00
	Unfunded		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,000.00
Slurry Seal the Bay Trail	Unfunded		\$ -	\$ -	\$ -	\$ 132,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,000.00
Bay Trail Wall Repair	State Gas Tax Fund - 262		\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00
Total			\$ 101,450	\$ 953,500	\$ 830,500	\$ 1,997,000	\$ 295,000	\$ 1,713,000	\$ 465,000	\$ -	\$ -	\$ -	\$ -	\$ 6,355,450

Funding Source:

Transportation Impact Fee Fund	\$ -	\$ -	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,000
Eastbay Regional Park District WW Grant Funds	\$ 25,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Prop. 64 Grant Funds	\$ -	\$ 3,500	\$ 190,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,000
General Fund/Capital Reserves	\$ 76,450	\$ 645,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,221,450
Parks Impact Fee Fund	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Community Development Tax Fund	\$ -	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
State Gas Tax Fund - 262	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Unfunded	\$ -	\$ -	\$ 490,000	\$ 1,497,000	\$ 55,000	\$ 1,713,000	\$ 465,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,220,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 101,450	\$ 953,500	\$ 830,500	\$ 1,997,000	\$ 295,000	\$ 1,713,000	\$ 465,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,355,450



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:  
Project Name: **Beechnut Park Improvement Project**

**Description:** Improve Beechnut Park utilizing grant funding. Improvements are to be determined but could include a half play court with basketball hoop, play structures, picnic area, and turf play area. There is an easement for the overhead electric transmission lines which needs to be modified by PG&E and approved by the CPUC prior to improvements being constructed. This process is expected to occur over FY 24-25 along with the preliminary design, with final design and construction taking place FY 25-26.

**Justification:** Beechnut Park is the most in need of enhancing and has been essentially unimproved for many years. Council appropriated the grant funding for Beechnut Park in a prior year. This project is included in the 5-Year Action Plan of the Parks Master Plan.

Design = \$63,500  
Construction = \$340,500  
Contract Project Management = In house, no additional cost



**Projected Timing:**  
Estimated Start Date:  
Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Eastbay Regional Park												
District WW Grant Funds	\$ 25,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Prop. 64 Grant Funds	\$ -	\$ 3,500	\$ 190,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,000
Parks Impact Fee Fund	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 25,000	\$ 38,500	\$ 340,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:  
Project Name: **Foxboro Playground Equipment and Safety Surfacing Replacement Project**

Description:

Playground Equipment and Safety Surfacing Replacement Project.  
Replace the playground equipment and safety surfacing

Justification:

Both the playground equipment and safety surfacing are in poor condition and need to be replaced.  
This project is included in the 5-Year Action Plan of the Parks Master Plan.

Design = \$25,000  
Construction = \$550,000  
Contract Project Management =\$25,000



Projected Timing:  
Estimated Start Date:  
Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -	\$ -	\$ 50,000	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ 50,000	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: **Foxboro Basketball Court Surfacing & Relocate/Replace Hoops**

Description:

Resurface the basketball court and relocate/replace the hoops.

Justification:

The surfacing is uneven in places and very rough. The hoops do not have the standard setback. This project is included in the 5-Year Action Plan of the Parks Master Plan.

Construction = \$135,000  
Contract Project Management \$10,000  
Timeline FY 24-25



Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
General Fund/Capital Reserves	\$ -	\$ 145,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 145,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,000





City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

**Project Number:**  
**Project Name:** Refugio Valley Park Picnic Area & Shade Structure Improvement Project

**Description:** This project will add 2 shade structures over the picnic areas to replace the shade provided by the eucalyptus trees that were removed, renovate the picnic area surfacing and furniture, and provide accessible parking stalls in the parking lot and path of travel to these facilities.

**Justification:** These facilities are in need of a renovation and this project was included in the 5-Year Action Plan of the Parks Master Plan

Final Design & Construction Support = \$76,450  
Construction = \$670,000  
Contract Project Management = inhouse, no additional cost



**Projected Timing:**

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
General Fund/Capital Reserves	\$ 76,450	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,450
Community Development Tax Fund	\$ -	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 76,450	\$ 670,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746,450



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

**Project Number:**  
**Project Name:** Refugio Tennis Courts Circulation and Safety Improvement Project

**Description:** This project will renovate the circulation system between the parking lot, practice wall, group picnic area, tennis courts, and Turquoise Avenue including replacing the wood railroad tie stairs, steps, and other connecting features with concrete and provide a marked accessible parking spot and accessible route from the parking lot to the tennis courts and gathering areas.

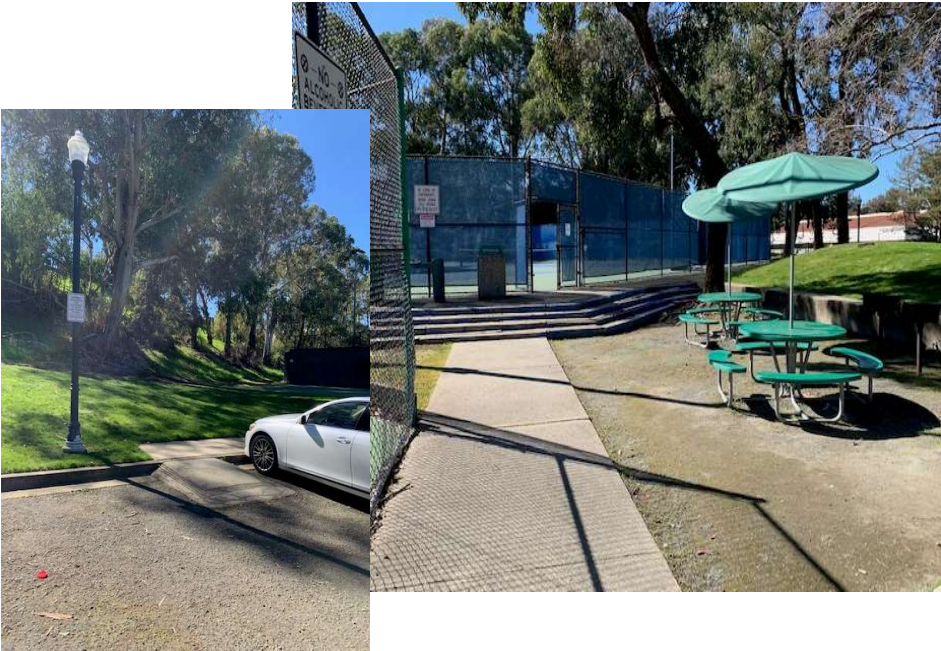
**Justification:** The safety and accessibility enhancements are needed to fully utilize the site and these improvements were included in the 5-Year Action Plan of the Parks Master Plan.

Design = \$35,000  
Construction = \$270,000  
Contract Project Management = \$20,000  
Funding - Unfunded  
Timeline FY 26-27

**Projected Timing:**

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -	\$ -	\$ 55,000	\$ 270,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ 55,000	\$ 270,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: Dredge Refugio Lake

Description:

Dredge Refugio Lake which is filling in the lake with sediment.

Justification:

If the lake is not dredged soon, it will continue to fill in. This project was listed in the 5-Year Action Plan of the Parks Master Plan.

Preliminary Design, Environmental, Permits = \$100,000  
Final Design = \$50,000  
Construction = \$675,000  
Contract Project Management = \$70,000  
Timeline Preliminary Design/Permits FY 25-26  
Final Design & Construction FY 26-27



Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
General Fund/Capital Reserves	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Unfunded	\$ -	\$ -	\$ 170,000	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ 170,000	\$ 725,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 895,000





City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:  
Project Name: **Woodfield Basketball Court Renovation Project**

Description: Resurface and restripe courts, replace posts, backboards, hoops.

Justification: Surfacing and basketball hoops/posts are in very poor shape and this project is listed in the 5-Year Action Plan of the Parks Master Plan.

Basketball Court Renovation Project  
Construction Cost = \$200,000  
Contract Project Management \$15,000  
FY 25-26

Projected Timing:

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -	\$ -	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,000





City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: **Woodfield Tennis Court Renovation Project**

Description:

Resurface and restripe tennis courts, install new nets, perimeter seating and storage, remove trees in the perimeter lifting the courts. New courts will support tennis and/or pickleball.

Justification:

Court surfacing and appurtenant facilities are in very poor condition and need of renovation. This project is listed in the 5-Year Action Plan of the Parks Master Plan.

Construction Cost \$300,000  
Contract Project Management \$20,000  
FY 26-27



Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -	\$ -	\$ -	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:  
Project Name: **Woodfield Replace Restroom Project**

**Description:** Replace the existing restroom building with a prefab restroom, similar to Duck Pond Park.

**Justification:** The building and facilities are in extremely poor condition and need of replacement. This project is listed in the 5-Year Action Plan of the Parks Master Plan.

Construction Cost \$450,000  
Contract Project Management \$15,000  
FY 29-30



**Projected Timing:**  
Estimated Start Date:  
Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,000	\$ -	\$ -	\$ -	\$ -	\$ 465,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,000	\$ -	\$ -	\$ -	\$ -	\$ 465,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: **Woodfield Accessibility Route Project**

Description:

Install an accessible pathway between the restrooms, fields, courts, playground, picnic areas, and street parking. Relocate and enhance entrance to park, pending on funding availability (not included in budget).

Justification:

Accessible route connecting existing park features will enhance the park for all-ability users. This project is listed in the 5-Year Action Plan of the Parks Master Plan.

Design = \$30,000  
Construction Cost = \$273,000  
Contract Project Management = \$25,000  
Construction FY27-28



Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 273,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 273,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,000





City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: **Sycamore Avenue Bicycle and Pedestrian East-West Connector Project**

Description: Install multiuse pedestrian/bicycle pathway on the north side of Sycamore and Class II bicycle facilities on the south side under I-80/BNSF RR to connect the east and west sides of the City.

Justification: I-80 divides the City and safety enhancements are needed on Sycamore so bicyclists and pedestrians have connectivity to the east and west sides of the City. This project is listed in the 5-Year Action Plan of the Parks Master Plan.

Design = \$160,000  
Construction = \$1,440,000  
Contract Project Management = \$80,000  
Funding Future Grants  
Timeline TBD, dependent upon funding

Projected Timing:

Estimated Start Date:

Estimated End Date:



Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Transportation Impact Fee Fund	\$ -	\$ -	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,000
Unfunded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,000
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ 240,000	\$ 1,440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,680,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

**Project Number:**

**Project Name:** Slurry Seal the Bay Trail

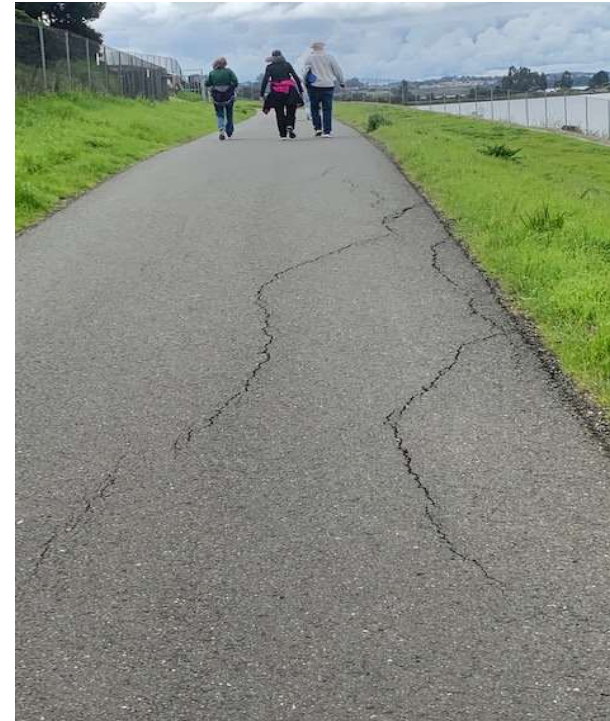
**Description:**

Crack seal and slurry seal the City's section of the Bay Trail from approximately 1,100 feet south of Railroad Avenue to the northern City limits.

**Justification:**

The trail is highly used and needs regular maintenance to ensure the surfacing is safe and usable. This project is listed in the 5-Year Action Plan of the Parks Master Plan.

Project Cost  
Construction Cost = \$120,000  
Contract Project Management = \$12,000  
FY 26-27



**Projected Timing:**

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Unfunded	\$ -		\$ -	\$ 132,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ 132,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,000



City of Hercules  
Capital Improvement Plan  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: Bay Trail Wall Repair

Description: Install a cut-off wall below the Bay Trail wall to prevent soil from migrating under the wall onto the trail. Backfill soil on the private property above the wall.

Justification: This work is needed to protect the property above the wall and prevent soil from encroaching onto the Bay Trail.

Project Cost  
Construction Cost = \$100,000  
FY 24-25



Projected Timing:

Estimated Start Date:

Estimated End Date:

Funding Source:	Prior Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
	Carryover	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
State Gas Tax Fund - 262	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000



City of Hercules  
Capital Improvement Plan  
Transportation CIP Summary  
Fiscal Years 2024-25 through 2033-34

Project Number:

Project Name: **Hercules - The Hub**

Description:

Environmental mitigation work from previous construction phases is on-going. A funding plan has been created to complete the final design, utility relocations, and construction of the remainder of the Hub. The budget in coming years is dependent upon receiving grants. The City set aside \$3M in the General Fund/Capital Reserves as the City's local contribution. Most recently, the City was successful in securing \$2.4M of State TIRCP funds towards final design.

Justification:

Moving forward, a total of \$107.7M is needed to complete the infrastructure for a train stop, of which it is proposed \$104.7M be funded with grants.

Project Schedule

	2023				2024				2025				2026				2027				2028				2029			
	Quarter				Quarter				Quarter				Quarter				Quarter				Quarter				Quarter			
DESIGN																												
CONSTRUCTION PACKAGE 1: Utility Relocations																												
CONSTRUCTION PACKAGE 2: Track, Structures, Platform																												
CONSTRUCTION PACKAGE 3: Transit Center																												



Phase:	Funding Source:	Prior	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Total Budget
		Carryover	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Env - Reporting & Field Monitoring	Grant Measure J SP	\$ -	\$ 89,000	\$ 89,000	\$ 89,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,000
Env - Conservation Easement	Public Benefit Fee Funds	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
Design	Grant Measure J TLC	\$ 130,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,527
	Grant WCCTAC STMP Funding	\$ 604,503	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 904,503
	Grant WCCTAC STMP Funding	\$ -	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000
	Grant TIRCP	\$ -	\$ -	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400,000
	General Fund	\$ -	\$ -	\$ 670,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 670,500
	Unfunded	\$ -	\$ -	\$ 4,250,000	\$ 4,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500,000
ROW/Utility Relocations	General Fund	\$ -	\$ -	\$ 2,329,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,329,500
	Unfunded	\$ -	\$ -	\$ 24,835,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,835,319
Construction	Unfunded	\$ -	\$ -	\$ -	\$ 30,162,080	\$ 30,162,080	\$ 7,540,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,864,681
Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total		\$ 735,030	\$ 989,000	\$ 7,159,500	\$ 32,703,819	\$ 30,162,080	\$ 30,162,080	\$ 7,540,520	\$ -	\$ -	\$ -	\$ -	\$ 109,452,030



# CITY OF HERCULES



**Municipal Financial  
Advisory Services**



# General Obligation Bonds vs. Lease Revenue Bonds

# Credit Sectors

	<div> Higher Credit Quality <div> </div> Lower Credit Quality </div>				
Security Type	General Obligation Bonds	Enterprise Revenue Bonds	Lease Revenue Bonds / COPs	Tax Allocation Bonds	Land-Secured Bonds
Revenue Pledge	Secured by property taxes (cities, schools, special districts) or general fund (state).	Net revenue pledge with rate covenant (water or sewer services, tolls, parking fees, sales tax, etc.).	Lease payments for use of asset (typically essential property is leased back from third party); there is a general fund appropriation.	Tax increment revenue from increased assessed valuation in defined redevelopment project area.	Special tax or assessment on property. Bonds are backed by property in defined area.
Vote Required?	Yes. In California there is a 2/3 vote for local bonds; school districts have the option for 55% approval. California state bond measures require a simple majority vote for passage.	No public vote required. Approval by agency board is required. Sales tax may require registered voter election.	No public vote required. Approval by agency board is required.	No public vote required. Approval by agency board is required. Public process required to establish project area.	Yes. In California a 2/3 vote by property owners for Community Facilities Districts (CFDs) and simple majority for assessment districts (ADs).

# General Obligation Bonds

## ❖ Overview

- ❖ Annual tax levied on property tax roll in proportion to total assessed property values
- ❖ 2/3rds voter approval or 55% for certain school G.O. bonds (Proposition 39)
- ❖ Voters approve total bond amount and use of proceeds, not tax rate or annual payment

## ❖ Advantages

- ❖ Generates new revenue source to repay debt
- ❖ Broad-based tax support for public improvements
- ❖ Lowest interest cost due to ad valorem security and unlimited tax pledge

## ❖ Disadvantages

- ❖ Time, expense and uncertain outcome of election
- ❖ Property tax increase

## ❖ When Used?

- ❖ Typically for projects with broad political support – varies by community



# City Bond & Assessed Value History

City of Hercules Historical Assessed Value		
Year	Total Assessed Value	% Change
2014	\$2,432,594,373	
2015	\$2,864,065,832	17.74%
2016	\$3,034,936,504	5.97%
2017	\$3,279,462,767	8.06%
2018	\$3,505,453,844	6.89%
2019	\$3,654,869,380	4.26%
2020	\$3,873,305,959	5.98%
2021	\$4,113,845,828	6.21%
2022	\$4,341,814,600	5.54%
2023	\$4,506,106,654	3.78%
2024	\$4,675,408,790	3.76%
Average		6.82%

Source: Urbics Analytics LLC

- ❖ The City's tax base has grown by 92% since 2014
- ❖ The City's 2023-24 assessed value is approximately \$4.7 billion; the average annual AV growth rate is 6.8%



# General Obligation Bond Proceeds

- ❖ The City can generate between \$27.9 million and \$44.0 million

City of Hercules Bond Proceeds at Varying Tax Rates <sup>(1)</sup>				
Tax Rate per \$100,000 of A.V.	Series A 2025	Series B 2027	Series C 2029	Total Bond Proceeds
<b>\$19.00</b>	\$9,200,000	\$8,800,000	\$9,900,000	\$27,900,000
<b>\$25.00</b>	\$12,100,000	\$11,600,000	\$13,000,000	\$36,700,000
<b>\$30.00</b>	\$14,400,000	\$14,000,000	\$15,600,000	\$44,000,000

(1) Assumes AV growth of 3.50% and 30 year bond terms; Preliminary – Subject to change

Source: Urban Futures, Inc.

- ❖ With projected annual assessed value growth of 3.50%, the City of Hercules can generate up to \$44.0 million
- ❖ At more aggressive growth rates or a longer bond program, the City could generate up to \$50.0 million
- ❖ Depending on tax rate selected and assessed value assumptions, the City can generate significant proceeds

# Lease Revenue Bonds

## ❖ Overview

- ❖ Lease-leaseback structure with third-party entity
- ❖ Issuer covenants to appropriate annual lease payments from general fund
- ❖ May be structured as lease revenue bonds or “certificates of participation” (“COPs”)
- ❖ Not subject to constitutional debt limits

## ❖ Advantages

- ❖ No voter approval required
- ❖ Fairly quick financing process

## ❖ Disadvantages

- ❖ Requires leasable essential assets of value  $\geq$  borrowing amount
- ❖ Competes with other general fund priorities

## ❖ When Used?

- ❖ For projects of general community benefit
- ❖ To indirectly leverage a general fund revenue stream
- ❖ To provide “credit enhancement” for less credit-worthy borrowing or for desired “risk-sharing”





# City General Fund Obligations

- ❖ The City has two series of Lease Revenue Bonds outstanding
  - ❖ 2009 Taxable Lease Revenue Bonds debt service is paid by Bio-Rad
  - ❖ 2020 Lease Revenue Refunding Bonds
    - ❖ Encumbers Civic Center
    - ❖ Annual debt service approximately \$562,000

Series	Dated Date	Outstanding Par	Coupon Range	Tax Status	Final Maturity	Call Date
<b>General Fund Obligations</b>						
2009 Taxable Lease Revenue Bonds (Bio-Rad)*	Jul 2009	\$7,930,000	7.00%-8.40%	Taxable	Jul 2038	Jul 2019
2020 Lease Revenue Refunding Bonds	Aug 2020	\$5,490,180	2.210%	Tax-Exempt	Dec 2033	Any Time
H.E.L.P Loan	Apr 2005	\$1,363,521	1.500%	*	Apr 2027	*
R.D.L.P Loan	Feb 2007	\$3,750,000	1.500%	*	Aug 2026	*
Engie Energy Conservation Loan	Aug 2020	\$4,000,642	2.710%	Tax-Exempt	Sep 2040	*
<b>Total</b>		<b>\$22,534,343</b>				

\*Lease Payments from Bio-Rad

# Sales Tax Measure

- ❖ The City of Hercules' current sales tax rate is 9.25%, and the cap for Contra Costa County is currently 9.75%, which means that the City has remaining capacity of 0.50%.
- ❖ In 2022, the City received approximately \$2 million in Measure B Sales Tax Revenue; using that as a proxy, the City could generate approximately \$1 million per 0.25% of additional sales tax.
- ❖ If voters approve a 0.50% sales tax measure with no sunset, the City could issue 30-year Lease Revenue Bonds that could generate approximately \$30.7 million in total bond proceeds.

City of Hercules Bond Proceeds at Varying Tax Rates <sup>(1)</sup>				
Additional Tax Rate	2025 Series	2027 Series	2029 Series	Total Bond Proceeds
0.25%	\$10,000,000	\$5,230,000	--	\$15,230,000
0.50%	\$10,680,000	\$10,000,000	\$10,000,000	\$30,680,000

(1) Assumes sales of taxable goods remains consistent; Preliminary, subject to change.

Source: Urban Futures, Inc.

- ❖ Alternatively, the City could allocate half the projected sales tax revenue for debt service (generating approximately \$15.2 million in bond proceeds), and the other half (i.e., \$1 million/year) could be used for other General Fund purposes.



# Comparison of Financing Options

- ❖ Given the repayment of GO Bonds is based on the unlimited ad valorem tax, they are a lower cost of financing than Lease Revenue Bonds
- ❖ The table below compares the cost of financing a \$10 million project with GO Bonds versus Lease Revenue Bonds

	Lease Revenue Bonds	General Obligation Bonds
Par Sold	\$10,515,000	\$10,200,000
Project Fund Deposit	\$10,000,000	\$10,000,000
TIC	4.89%	4.79%
Net Payments	\$20,041,725	\$19,188,542
Avg Ann Payment	\$679,381	\$661,674
Repayment Ratio	1.9x	1.9x
Final Payment	Aug 2053	Aug 2053

**Notes:** TIC = average interest rate for the term of the bonds; Assumes current market rates; A rated LRBs / A+ rated GOBs; 30-year terms



# Regulatory Disclosure

**Disclosure of Conflicts of Interest and Legal or Disciplinary Events.** Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. (“UFI”) and its associated persons.

**Conflicts of Interest. Compensation.** UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e. hourly or fixed fee based) may also present a potential conflict of interest regarding UFI’s ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

**Other Municipal Advisor Relationships.** UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

**Legal or Disciplinary Events.** UFI does not have any legal events or disciplinary history on UFI’s Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel.

**DISCUSSION AND/OR ACTION  
AGENDA ITEM  
4. 22-815**



## STAFF REPORT TO THE CITY COUNCIL

**DATE:** March 26, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Mike Roberts, Public Works Director/City Engineer

**SUBJECT:** Victoria by the Bay Landscaping and Lighting Assessment District –  
Implementing Strategy to Balance the Budget and Eliminate the  
Fund Deficit

### RECOMMENDED ACTIONS:

It is recommended that City Council:

- a) Receive a report from staff on the follow-up items from the February 27, 2024 Council meeting; and
- b) Direct staff by minute order to begin preparing documents for a Proposition 218 property owner ballot proceeding to increase assessment rates for the Victoria by the Bay Landscaping and Lighting Assessment commencing Fiscal Year 2024/25 to balance the budget and eliminate the cumulative fund deficit over a 10-year period, to be considered for approval at a future Council meeting during the regularly scheduled, annual LLAD assessment approval process; and
- c) Select by minute order the cessation of irrigation and maintenance of the landscaping on residential streets, excepting trees, as the preferred cost-cutting option to balance the budget and eliminate the deficit over a 10-year period, should the Proposition 218 proceedings to increase the assessments not pass, and authorize staff to communicate the same to property owners in advance of said proceedings; and
- d) Authorize staff by minute order to include the funding of a Lighting and Landscaping Program Supervisor in the Fiscal Year 2024/25 Budget to be considered for approval at a future Council meeting as part of the annual budget adoption process.

**BACKGROUND:**

The financial status of the Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 (Victoria by the Bay LLAD) was discussed in detail at the February 27, 2024 Council meeting and extensive background information is provided in the staff report from that meeting (Att #1). Council directed staff at that meeting to bring the item back for further discussion on March 26th and to provide more detailed budget information, including the funding plan for the LLAD Program Supervisor, and to research who would be responsible to maintain the planter strips on residential streets if the City no longer maintains them. This information is provided in the ANALYSIS section below.

**ANALYSIS:**

Three alternative funding plans for FY 24-25 for Victoria By The Bay LLAD are detailed below as follows:

- I. Maximum CPI (Consumer Price Index) Increase Allowable
- II. Cost Cutting Measures to Balance the Budget and Eliminate the Fund Deficit in 10 Years
- III. Proposition 218 Process to Increase Assessments to Balance the Budget and Eliminate the Fund Deficit in 10 Years.



# **I. Revenue and Expense Projections with Maximum CPI Increase**

LANDSCAPING AND LIGHTING DISTRICT NO. 2002-1 (VICTORIA BY THE BAY)		
TABLE 1 - INCOME AND EXPENSE PROJECTIONS WITH ANTICIPATED CPI INCREASES		
REVENUES	FY 2024-25	FY 2025-26
Assessments	\$508,538	\$523,794
<b>Estimated Assessment Revenue due to Authorized CPI</b>	<b>\$15,256</b>	<b>\$15,714</b>
General Benefit Contribution	<u>\$13,016</u>	<u>\$13,495</u>
<b>TOTAL REVENUES:</b>	<b>\$536,810</b>	<b>\$553,003</b>
ESTIMATED EXPENDITURES		
Personnel	\$107,500	\$110,725
Transfer for Arterials/Major Roads L&L Maintenance	\$29,529	\$30,415
Landscaping, Open Space, and Associated Repairs	\$195,000	\$200,850
Tree Trimming	\$25,000	\$25,750
Electricity and Streetlight Repairs	\$50,000	\$51,500
Landscape and Facilities Water	\$229,967	\$241,465
Assessment Engineering Cost	\$5,000	\$5,000
Incidental / Direct Admin Cost	\$37,500	\$38,625
County Fees	<u>\$853</u>	<u>\$853</u>
<b>TOTAL ANNUAL EXPENDITURES:</b>	<b>\$680,349</b>	<b>\$705,184</b>
CAPITAL IMPROVEMENT PROJECTS (CIP)		
Miscellaneous Capital Improvement Projects including Tree Mitigation	<u>\$25,000</u>	<u>\$25,000</u>
<b>TOTAL CIP EXPENDITURES:</b>	<b>\$25,000</b>	<b>\$25,000</b>
TOTAL EXPENDITURES		
<b>TOTAL ANNUAL AND CIP EXPENDITURES:</b>	<b>\$705,349</b>	<b>\$730,184</b>
FUND BALANCE INFORMATION		
Beginning Balance - Projected July 1, 2024	(\$450,000)	(\$618,539)
FY 2024-25 Reserve Collection Increase/(Decrease)	<u>(\$168,539)</u>	<u>(\$177,181)</u>
Ending Balance - Projected June 30, 2025	<b>(\$618,539)</b>	<b>(\$795,720)</b>
Available Operating Reserves	(\$618,539)	(\$795,720)
Available Capital Reserves	\$0	\$0

As shown in Table 1 above, with the maximum allowable CPI increase (estimated to be 3%) alone for FY 24-25 and FY 25-26, the annual operating deficit is projected to increase from (\$168,539) to (\$177,181) and the cumulative fund deficit is anticipated to increase from (\$450,000) to (\$795,720) by the end of Fiscal Year 2025-26.

The financial structural deficit Victoria by the Bay LLAD is experiencing was first detected during the annual rate setting process, confirmed to not be self-correcting over a 5-year financial projection that was completed in May 2023, and an independent 3<sup>rd</sup> party audit completed in October 2023 determined that the District was being administered properly. The funding shortfall is attributed to the increase in water cost, which has doubled over the past decade, more extreme weather necessitating additional landscaping irrigation, and the maturation of the approximately 4,500 trees in the District which now require frequent pruning using a tree trimming company versus a landscaping company.

As can be determined from Table 1, a total of approximately \$213,500 in cost will need to be cut from the Victoria by the Bay LLAD budget to eliminate the projected annual operating deficit (\$168,539) and the cumulative fund deficit over 10 years (\$45,000) beginning with Fiscal Year 2024-25.

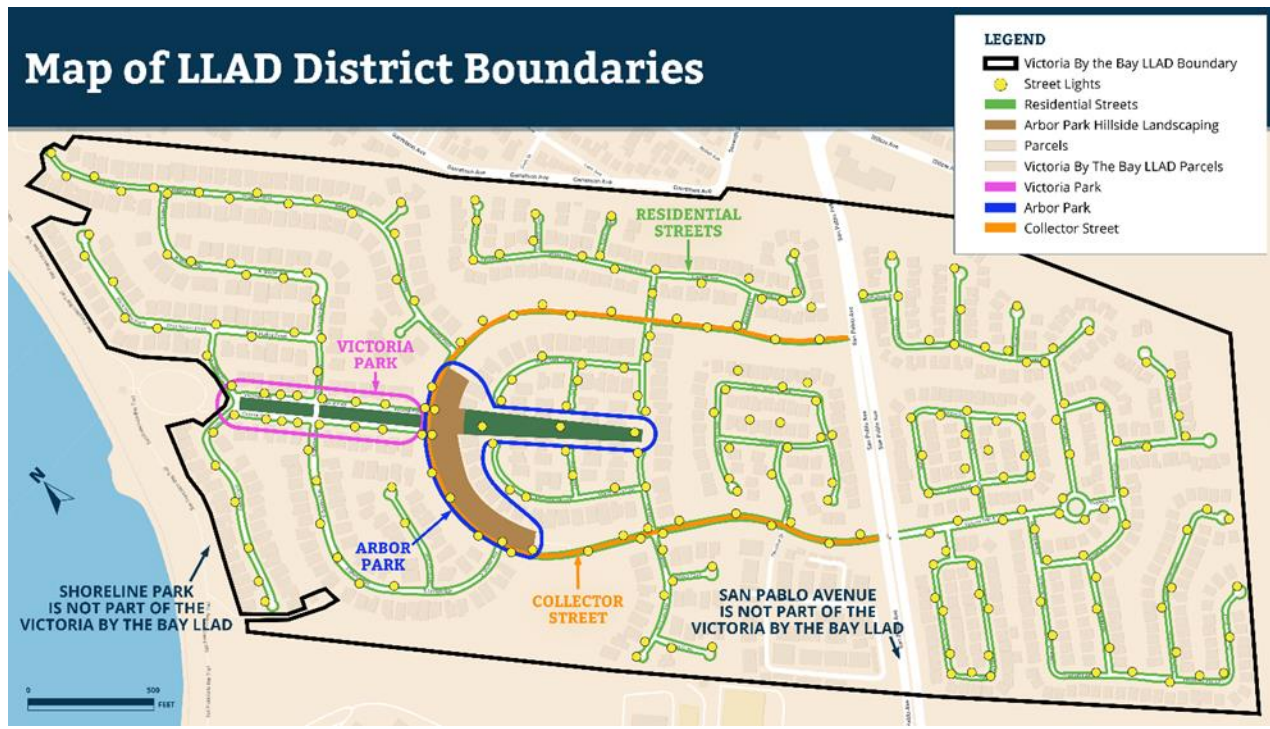
## II. Funding Plan for Cost Cutting Measures

LANDSCAPING AND LIGHTING DISTRICT NO. 2002-1 (VICTORIA BY THE BAY)		
TABLE 2 - INCOME AND EXPENSE PROJECTIONS WITH COST CUTTING MEASURES		
REVENUES	FY 2024-25	FY 2025-26
Assessments	\$523,794	\$539,508
General Benefit Contribution	\$13,016	\$13,495
<b>TOTAL REVENUES:</b>	<b>\$536,810</b>	<b>\$553,003</b>
ESTIMATED EXPENDITURES		
Personnel	\$107,500	\$110,725
Transfer for Arterials/Major Roads L&L Maintenance*	\$29,529	\$30,415
Landscaping, Open Space, and Associated Repairs	\$195,000	\$200,850
<b>Cost Savings Attributed to Reduced Landscape Services</b>	<b>(\$97,985)</b>	<b>(\$100,924)</b>
Tree Trimming	\$25,000	\$25,750
Electricity and Streetlight Repairs	\$50,000	\$51,500
Landscape and Facilities Water	\$229,967	\$241,465
<b>Cost Savings Attributed to Reduced Watering</b>	<b>(\$115,555)</b>	<b>(\$121,333)</b>
Assessment Engineering Cost	\$5,000	\$5,000
Incidental / Direct Admin Cost	\$37,500	\$38,625
County Fees	\$853	\$853
<b>TOTAL ANNUAL EXPENDITURES:</b>	<b>\$466,809</b>	<b>\$482,926</b>
CAPITAL IMPROVEMENT PROJECTS (CIP)		
Miscellaneous Capital Improvement Projects including Tree Mitigation	\$25,000	\$25,000
<b>TOTAL CIP EXPENDITURES:</b>	<b>\$25,000</b>	<b>\$25,000</b>
TOTAL EXPENDITURES		
<b>TOTAL ANNUAL AND CIP EXPENDITURES:</b>	<b>\$491,809</b>	<b>\$507,926</b>
FUND BALANCE INFORMATION		
Beginning Balance - Projected July 1, 2024	(\$450,000)	(\$404,999)
FY 2024-25 Reserve Collection Increase/(Decrease)	\$45,001	\$45,077
Ending Balance - Projected June 30, 2025	(\$404,999)	(\$359,922)
Available Operating Reserves	(\$404,999)	(\$359,922)
Available Capital Reserves	\$0	\$0

As discussed in Section I and illustrated in Table 2 above, a total of approximately \$213,500 in cost will need to be cut from the Victoria by the Bay LLAD budget to eliminate the annual operating deficit (\$168,539) and the cumulative fund deficit over 10 years (\$45,000/year) beginning with Fiscal Year 2024-25. Cost cutting options which were discussed at the February 27th Council meeting are summarized below.

## SUMMARY OF COST CUTTING MEASURES FOR ELIMINATING THE VICTORIA BY THE BAY LLAD O&M AND FUND DEFICITS

Victoria by the Bay LLAD Expenditure Descriptions	Cost Cutting Measures	Potential Savings
Arbor Park	Eliminate Irrigation and Maintenance	\$37,512
Victoria Park	Eliminate Irrigation and Maintenance	\$48,834
Collector Streets	Eliminate Irrigation and Maintenance	\$77,748
<b>Residential Streets</b>	<b>Eliminate Irrigation and Maintenance</b>	<b>\$260,874</b>
Streetlighting Electricity & Maintenance	De-energize and no longer maintain 245 streetlights	\$50,000
Tree Maintenance and Capital Improvement Projects	Eliminate tree maintenance and periodic replacement for 5,000 trees	\$50,000
Transfer for Arterials/Major Roads L&L Maintenance	Contribution to landscaping and lighting along City Arterials/Major Roads	\$29,529



Of the available cost cutting options, eliminating irrigation and maintenance of the planter strips (excepting the trees) on residential streets achieves the necessary savings (estimated to be approximately \$260,874). Additionally, each property owner could elect to extend the irrigation and maintenance of their lawn to the planter strip so that it continues to be maintained. Alternatively, Homeowners Associations (HOAs) could maintain the planter strips throughout the neighborhood for consistency purposes, as occurs with the Bayside LLAD. Due to potential liability, the City would continue to maintain the trees in the planter strips. A review of City files relating to the development indicate that the City is responsible for maintaining planter strips in this area, so that maintenance by the HOA or adjacent property owners of the turf and landscaping would be elective and on a voluntary basis. It should be noted that the Development Agreement at Section 4.5 requires the developer and its successors to cooperate with the City to

make changes to the LLAD reasonably necessary to provide for the long term operation and maintenance of the landscaped areas of the Project Site.

### III. Funding Plan for Proposition 218 Assessment Increases

LANDSCAPING AND LIGHTING DISTRICT NO. 2002-1 (VICTORIA BY THE BAY)		
TABLE 3 - INCOME AND EXPENSE PROJECTIONS WITH PROP. 218 ASSESSMENT INCREASES		
REVENUES	FY 2024-25	FY 2025-26
Assessments	\$523,794	\$650,346
<b>Proposition 218 Assessment Increases (Two \$150/Year Increases)</b>	<b>\$126,553</b>	<b>\$126,553</b>
General Benefit Contribution	\$13,016	\$13,495
<b>TOTAL REVENUES:</b>	<b>\$663,363</b>	<b>\$790,394</b>
ESTIMATED EXPENDITURES		
Personnel	\$107,500	\$110,725
Transfer for Arterials/Major Roads L&L Maintenance*	\$29,529	\$30,415
Landscaping, Open Space, and Associated Repairs	\$195,000	\$200,850
Tree Trimming	\$25,000	\$25,750
Electricity and Streetlight Repairs	\$50,000	\$51,500
Landscape and Facilities Water	\$229,967	\$241,465
Assessment Engineering Cost	\$5,000	\$5,000
Incidental / Direct Admin Cost	\$37,500	\$38,625
County Fees	\$853	\$853
<b>TOTAL ANNUAL EXPENDITURES:</b>	<b>\$680,349</b>	<b>\$705,184</b>
CAPITAL IMPROVEMENT PROJECTS (CIP)		
Miscellaneous Capital Improvement Projects including Tree Mitigation	\$25,000	\$25,000
<b>TOTAL CIP EXPENDITURES:</b>	<b>\$25,000</b>	<b>\$25,000</b>
TOTAL EXPENDITURES		
<b>TOTAL ANNUAL AND CIP EXPENDITURES:</b>	<b>\$705,349</b>	<b>\$730,184</b>
FUND BALANCE INFORMATION		
Beginning Balance - Projected July 1, 2024	(\$450,000)	(\$491,987)
FY 2024-25 Reserve Collection Increase/(Decrease)	(\$41,987)	\$60,211
Ending Balance - Projected June 30, 2025	(\$491,987)	(\$431,776)
Available Operating Reserves	(\$491,987)	(\$431,776)
Available Capital Reserves	\$0	\$0

As shown in Table 3, two \$150/year assessment increases would be needed to eliminate the annual operating deficit and the cumulative fund deficit over 10 years beginning with Fiscal Year 2024-25. Under this plan, no cost-cutting measures would be needed. However, in accordance with Proposition 218, property owners would have to vote in the increase. A similar effort occurred last fall, and property owners did not approve the proposed increase by a 77% to 23% margin. ***Staff is recommending proceeding again with a Proposition 218 process to raise assessments this Spring while communicating that due to funding shortfalls the City will no longer maintain the planter strips on residential streets if property owners do not approve the increase.***

The schedule for the Victoria by the Bay LLAD Proposition 218 proceedings that could be conducted this Spring, which would run concurrently with the annual rate setting process for the other 4 Districts, is as follows:

March 26, 2024: City Council approves strategy to Balance the Budget and Authorizes Victoria by the Bay LLAD Proposition 218 proceedings.

April 9, 2024: City Council adopts Resolution of Initiation.

April 23, 2024: City Council preliminarily approves Victoria by the Bay LLAD Engineer's Report and proposed assessments and adopts Resolution of Intention.

No Later than May 10, 2024: Mail required Proposition 218 notices and ballots to Victoria by the Bay LLAD property owners (must occur a minimum of 45 days prior to public hearing).

June 25, 2024: City Council conducts public hearing, closes balloting period, conducts ballot tabulation, declares results of ballot tabulation, and approves final Engineer's Report and increased assessments, assuming favorable results, commencing FY 2024/25.

### **Funding Plan for LLAD Program Supervisor**

Staff is recommending funding an LLAD Program Supervisor position, primarily to provide better customer service to residents and higher-level oversight of the landscaping and tree trimming contracts. All 5 LLADs would fund the position as follows: 40% Citywide Parks (LLAD 83-2, Zone 10), 50% based upon pro-rata annual Operating & Maintenance Budgets for each of the Districts, and similarly 10% based upon pro-rata streetlight count.

LLAD Description	FY 2024-25 O&M Costs (Minus Streetlights)	Streetlight Count	% of LLAD Program Supervisor Costs	Share of LLAD Program Supervisor Costs
LLAD No. 2002-1 (VBTB)	\$625,382	245	16.46%	\$28,966.77
LLAD No. 2002-2 (Promenade)	\$219,672	167	6.20%	\$10,912.22
LLAD No. 2004-1 (Baywood)	\$156,180	37	3.99%	\$7,013.68
LLAD No. 2005-1 (Bayside)	\$142,836	158	4.29%	\$7,545.53
Zone 1 (Hercules by the Bay)	\$64,809	128	2.24%	\$3,936.61
Zone 2 (Foxboro)	\$48,139	42	1.39%	\$2,440.53
Zone 3&4 (Gems and Birds)	\$66,970	143	2.37%	\$4,165.64
Zone 5A (Business Park)	\$84,521	39	2.25%	\$3,968.51
Zone 5B (Commercial)	\$28,723	2	0.71%	\$1,246.13
Zone 5C (Miscellaneous Parcels)	\$24,619	4	0.62%	\$1,088.90
Zone 6 (Village Parkway)	\$53,500	58	1.60%	\$2,815.45
Zone 7 (Heights)	\$59,572	163	2.29%	\$4,031.58
Zone 8 (Trees and Flowers)	\$115,189	290	4.30%	\$7,566.10
Zone 9 (Birds and Country Run)	\$56,501	153	2.16%	\$3,809.19
Zone 10 (Citywide Parks)	\$1,196,439	0	40.00%	\$70,400.00
Citywide Arterials	\$311,884	303	9.14%	\$16,093.17
<b>Total:</b>	<b>\$3,254,934</b>	<b>1,932</b>	<b>100.00%</b>	<b>\$176,000.00</b>

The \$28,967 cost for the LLAD Program Supervisor position for Victoria by the Bay will be completely offset as the current staffing performing this function would be reassigned

to other duties. Enhanced oversight and customer service will be gained through operational efficiency by having one person assigned to this function instead of multiple people that have other priorities related to buildings, sewer, and streets. The overall impact of this position, should Council wish to proceed, would be presented as part of the annual budget.

#### **FISCAL IMPACT:**

If City Council directs staff to conduct Proposition 218 proceedings and Victoria by the Bay LLAD property owners approve the proposed two-step assessment increase, the City will be able to generate additional annual revenues in FY 2024/25 and FY 2025/26 to eliminate the current annual operating deficit, begin restoring reserves, and provide a contribution toward funding the new LLAD Program Supervisor position.

If Victoria by the Bay LLAD assessment revenues are not increased and City Council directs staff to reduce approximately \$213,500 in services beginning in FY 2024/25, the operating budget will be balanced, and the fund deficit will be eliminated over a 10-year period.

If no action is taken, the Victoria by the Bay LLAD cumulative fund deficit of \$450k will continue to increase exponentially each year with a projected cumulative fund deficit approaching \$800k by the end of Fiscal Year 2025-26 as shown in Table 1 of this staff report.

#### **ATTACHMENTS:**

1. February 27, 2024 Staff Report





## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of February 27, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Mike Roberts, Public Works Director/City Engineer

**SUBJECT:** Victoria by the Bay Landscaping and Lighting Assessment District – Adopt a Resolution Declaring the Results of the Property Owner Protest Ballot Proceedings and Discuss Options to Balance the Budget and Eliminate the Fund Deficit

### **RECOMMENDED ACTIONS:**

It is recommended that City Council:

- a) Adopt a resolution declaring the results of the property owner protest ballot tabulation conducted on December 5, 2023 regarding a proposed increase in the maximum assessment for the Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 (Victoria by the Bay LLAD) commencing Fiscal Year (FY) 2024/25; and
- b) Receive a staff report, discuss options to balance the budget and eliminate the fund deficit for the Victoria by the Bay LLAD, and provide direction to staff on the next steps to take.

### **EXECUTIVE SUMMARY:**

Victoria by the Bay LLAD is experiencing a funding shortfall, which is currently being covered by a de facto loan from the General Fund. A 5-year financial projection completed in May 2023 and an independent evaluation in October 2023 confirmed the shortfall would not be self-correcting. On October 19, 2023, notices and ballots were mailed to Victoria by the Bay LLAD property owners, in accordance with Proposition 218, to approve a two-step \$150 per year assessment increase for a total annual increase of \$300. Results from the ballot tabulation conducted on December 5, 2023 confirmed property owners did not approve the proposed increase to their Victoria by the Bay LLAD assessments by a 77% to 23% margin.



Given all five of the City of Hercules (City) Landscaping and Lighting Assessment Districts (LLADs) have been self-funded through property assessments, balancing the operating budget and eliminating the fund deficit for the Victoria LLAD would require either increasing assessment revenues or cutting cost by reducing levels of service. Increasing assessments requires the City to obtain approval from property owners through Proposition 218 proceedings.

Alternatively, the primary cost cutting options that could be operationally implemented and not unduly raise liability for the City would be to discontinue irrigation and regular maintenance of specified landscaped areas such that the required savings are achieved. These potential landscaping areas include:

- Arbor Park
- Victoria Park
- Collector Streets (Craftsman Drive, Victoria Crescent East, Victoria Crescent West)
- Residential Streets (planter strips between curb and sidewalk in front of homes)

Given the potential negative impacts of reducing levels of service on neighborhood attractiveness and property values, staff is recommending cost cutting measures be identified at this meeting and then communicated to property owners as part of another Proposition 218 balloting proceeding that could be conducted this spring concurrently with the typical annual LLAD approval process for FY 2024/25. That way, prior to returning their ballot, Victoria by the Bay LLAD property owners will be informed of the specific cost-cutting measures that will be implemented in their neighborhood if the proposed assessment increase is not approved.

## **BACKGROUND:**

The City annually levies and collects special assessments to maintain certain improvements benefiting property within the City's five LLADs. Each LLAD provides ongoing maintenance, servicing, administration, and operations of various landscape, lighting, and park improvements benefiting parcels within that LLAD. Each property is assessed only for the cost of the improvements from which benefit is received.

The boundaries of the Victoria by the Bay LLAD encompass the residential areas adjacent to San Pablo Avenue located at the northernmost point of the City. The Victoria by the Bay LLAD provides for well-maintained, attractive landscaping and LED streetlighting located along the neighborhood streets, Arbor Park, and Victoria Park, as well as its share of funding for the maintenance of the landscape and streetlighting improvements associated with the City's arterial roadways.

5-year financial projections presented to City Council on May 23, 2023 showed that the operating budget for the Victoria by the Bay LLAD is experiencing an annual operating deficit primarily due to the need for higher-level tree pruning work, the need for increased irrigation watering due to climate change, and East Bay Municipal Utility District water rate increases which have far exceeded the maximum allowable increase to the annual

LLAD assessments. City Council directed staff to evaluate options to address the annual operating deficit and cumulative fund deficit prior to the start of FY 2024/25.

City staff conducted a virtual community meeting on September 19, 2023 with the Victoria by the Bay LLAD property owners, which included informing them of the funding challenges the Victoria by the Bay LLAD is experiencing as well as actively listening to their concerns and providing responses when appropriate.

With City Council's authorization, City staff also secured the services of Bakertilly, a management consulting firm, to comprehensively evaluate the means and methods by which the City is currently delivering services for the Victoria by the Bay LLAD. The consultant from Bakertilly presented findings and recommendations from their evaluation at the October 3, 2023 City Council meeting. The primary recommendation of the Bakertilly evaluation was that the City initiate proceedings pursuant to Proposition 218 for the Victoria by the Bay LLAD to obtain property owner approval to increase assessments with the objective of eliminating the current annual operating deficit, fund deficit including associated loan from the General Fund, and eventually restoring reserves.

At the October 10, 2023 City Council meeting, City Council authorized staff to conduct Proposition 218 property owner ballot proceedings to increase the maximum rates for the Victoria by the Bay LLAD, preliminarily approved the Victoria by the Bay Engineer's Report and proposed assessments, and adopted the Resolutions of Initiation and Intention. On October 19, 2023, notices and ballots were mailed to all affected property owners in the Victoria by the Bay LLAD, in accordance with Proposition 218, with instructions that ballots must be returned by mail by 5:00 PM on December 5, 2023, or in person by the conclusion of public testimony of the Public Hearing to be held at the December 5, 2023 City Council meeting.

City staff conducted another virtual community meeting on November 16, 2023 with the property owners of the Victoria by the Bay LLAD to provide details on the upcoming December 5<sup>th</sup> Public Hearing, information regarding the proposed assessment increase, and procedures for property owners to submit their ballot. Of the 794 ballots mailed, 300 were returned.

On December 5, 2023, returned ballots were publicly tabulated outside City Council Chambers immediately following the conclusion of public testimony. Property owners for the Victoria by the Bay LLAD opposed increasing their maximum assessment rates 77% to 23%.

The table below outlines the amount needed to balance the current budget and eliminate the fund deficit over a 10-year period for the Victoria by the Bay LLAD.

Estimated Assessment Revenue needed to cover O&M and Eliminate fund Deficit <sup>1</sup> :	\$737,000
Estimated FY 2024/25 Assessment Revenue under Current Assessments <sup>2</sup> :	<u>\$523,800</u>
<b>Amount Needed to Balance the Budget and Eliminate the Fund Deficit:</b>	<b>\$213,200</b>

<sup>1</sup> Per Estimate of Cost shown on page 8 of Engineer's Report dated December 5, 2023 with minor modifications.

<sup>2</sup>The actual maximum authorized assessment for FY 2024/25 will be known in mid-March when the applicable Consumer Price Index is published by the Bureau of Labor and Statistics.

**ANALYSIS:**

The Victoria by the Bay LLAD structural financial deficit can be cured by either increasing revenue or decreasing expenditures.

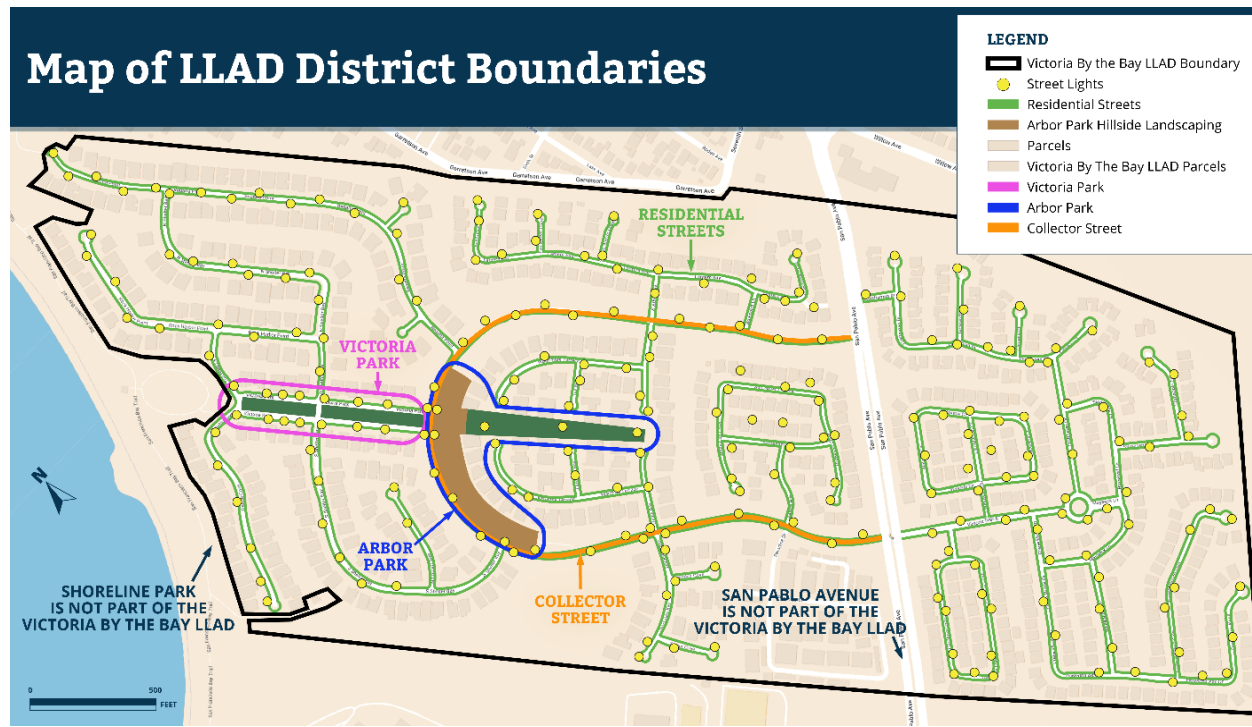
**I. Eliminating Structural Financial Deficit by Cutting Cost (i.e. Reducing Levels of Service)**

City Council could direct staff to implement reductions in levels of services that cut costs approximately **\$213,200** per year beginning in FY 2024/25, which is the amount needed to balance the operating budget and eliminate the fund deficit over a 10-year period. *Planning level estimates of cost cutting options that can be operationally implemented are summarized in Exhibit 1 and described in the narrative below. A map depicting the location of improvements maintained for Victoria by the Bay LLAD is also included in Exhibit 1.*

## EXHIBIT 1

### SUMMARY OF COST CUTTING MEASURES FOR ELIMINATING THE VICTORIA BY THE BAY LLAD O&M AND FUND DEFICITS

Victoria by the Bay LLAD Expenditure Descriptions	Cost Cutting Measures	Potential Savings
Arbor Park	Eliminate Irrigation and Maintenance	\$37,512
Victoria Park	Eliminate Irrigation and Maintenance	\$48,834
Collector Streets	Eliminate Irrigation and Maintenance	\$77,748
Residential Streets	Eliminate Irrigation and Maintenance	\$260,874
Streetlighting Electricity & Maintenance	De-energize and no longer maintain 245 streetlights	\$50,000
Tree Maintenance and Capital Improvement Projects	Eliminate tree maintenance and periodic replacement for 5,000 trees	\$50,000
Transfer for Arterials/Major Roads L&L Maintenance	Contribution to landscaping and lighting along City Arterials/Major Roads	\$29,529
LLAD Program Leader	Recommended by City staff to administer the LLAD program (A cost, not savings)	(\$32,890)



### Arbor Park

Eliminating irrigation and maintenance is estimated to save approximately \$37,512 annually. However, this action will result in the deterioration of non-tree landscaping, such as turf and shrubs, especially in the less visible upper half of the park. Restoration of the park in the future would be challenging due to funding constraints and the cost associated with re-establishing the landscaping.

### Victoria Park

Eliminating irrigation and maintenance is estimated to save approximately \$48,834 annually. However, this will result in the deterioration of non-tree landscaping, such as turf and shrubs in the park, which serves as a focal point and is highly visible, potentially impacting property values. Restoration of the park in the future would be challenging due to funding constraints and the cost associated with re-establishing the landscaping.

### Collector Streets

Eliminating irrigation and maintenance is estimated to save approximately \$77,748 annually. However, this would result in the deterioration of non-tree landscaping, such as turf and shrubs. While there are no homes directly fronting the collector streets, collector streets are driven to access residential streets so the visual impact would be significant. Restoration of landscaping on collector streets in the future would be challenging due to funding constraints and the cost associated with re-establishing the landscaping.

### Residential Streets

Eliminating irrigation and maintenance in the planter streets is estimated to save up to \$260,874 annually. In consulting with a licensed arborist, the trees in the planter strip would be likely to survive, but some may die, so funding would need to be allocated every year to remove and potentially replace them. The turf in the planter strips are very durable, but consume enormous amounts of water. Past recommendations include replacing the turf with hardscape and/or drought tolerant landscaping. Property owners could elect to expand the watering and maintenance of the turf in their front yards to the planter strip or the Victoria Bay the Bay Homeowners Association (HOA) could take over the maintenance. If instead the turf dies, it could be the first step towards replacing the planter strips with drought tolerant landscaping or hardscape.

The Alexandria at Victoria development (Gardenia Loop) has drought tolerant landscaping instead of turf, but no hardscape which reduces water usage but requires much more intensive maintenance. In a similar manner, the adjacent property owner could maintain and irrigate the landscaping in the planter strip in front of their home or it could be performed by the HOA.

### Streetlighting

De-energizing and no longer maintaining the 245 streetlights located throughout the neighborhood could save up to \$50,000 annually. While streetlights play an important role in enhancing the safety of all street users and serve as a deterrent against crime, it's worth noting that some communities choose not to have them. Working with PG&E to de-energize the lights would likely take months, negatively impacting the initial savings.

### Tree Maintenance and Capital Improvement Projects

Eliminating tree maintenance for the 5,000 trees in the Victoria by the Bay LLAD is estimated to save approximately \$25,000 annually. However, neglecting maintenance would lead to risks such as falling limbs, obscured stop signs, damage to homes, and hazards for pedestrians due to low-hanging branches. For this reason, this cost cutting option is not recommended. If water is turned off and trees are not irrigated, an additional \$25,000 would be needed annually to replace dead trees which otherwise could be accumulated for necessary capital replacement projects.

### Transfer for Arterials/Major Roads

Each of the City's five LLADs contribute to landscaping and lighting located along the City's Arterials/Major Roads. Eliminating Victoria by the Bay LLAD's funding contribution is estimated to save approximately \$29,529 annually but would leave this program underfunded.

### Addition of LLAD Program Leader

Staff is recommending the addition of a LLAD Program Leader position. VBB proportional cost to fund the position would be \$32,890. The LLAD Program Leader position would be dedicated to and responsible for administering the City's LLADs, including all of the public parks. Its highest priorities would be working with community members to resolve issues and providing quality assurance/quality control on the landscape maintenance contracts. Duties would include field inspection, monitoring water usage, overseeing extra work beyond the base landscaping contract, processing progress payments, monitoring the district budgets, performing streetlight audits, overseeing streetlight contract work, tree pruning work, and sidewalk repair due to damage from tree roots. Currently there is insufficient staffing to adequately perform these duties, which are spread across different positions, which creates inefficiencies and coordination challenges. All five of the City's LLADs would contribute their fair share of cost to funding this position, which would be based upon the proportional benefit they receive. If there is an interest in funding this position, staff would determine the potential savings from other City personnel costs for duties this position would supplant.

## **II. Eliminating Structural Financial Deficit by Increasing Revenue**

The other option to cure Victoria By The Bay's structural financial deficit would be to increase revenue by raising property assessments. This would require Proposition 218 proceedings (i.e. property owner approval). The currently authorized Victoria by the Bay LLAD maximum annual assessment is estimated to be ~\$620 per single-family home for FY 2024/25. The actual maximum annual assessment for FY 2024/25 will be known in mid-March when the applicable Consumer Price Index (CPI) is published by the Bureau of Labor and Statistics. If City Council directs staff to conduct Proposition 218 property owner ballot proceedings, staff recommends proposing the maximum assessment be increased by a total of \$300 through a two-step fixed increase, which could be implemented in FY 2024/25 and FY 2025/26 if approved by property owners. Therefore, the Victoria by the Bay LLAD maximum annual assessment for each single-family home would increase by \$150 (or \$12.50 per month) from ~\$620 to \$770 for FY 2024/25 and

would increase again by \$150 from ~\$770 to \$920 for FY 2025/26. The total \$300 proposed annual assessment increase through FY 2025/26 would be utilized as follows:

Eliminate Current Annual Operating Deficit:	\$209.00
Eliminate Cumulative Fund Deficit over 10-year period:	\$53.00
LLAD Program Leader Position*:	<u>\$38.00</u>
Total annual VBTB LLAD assessment increase through FY 2025/26:	\$300.00
*Staff recommendation discussed in detail above.	

The tentative schedule for the Victoria by the Bay LLAD Proposition 218 proceedings that could be conducted this spring is as follows:

March 12, 2024: City Council adopts Resolution of Initiation and authorizes Proposition 218 proceedings.

April 9, 2024: City Council preliminarily approves Victoria by the Bay LLAD Engineer's Report and proposed assessments and adopts Resolution of Intention.

April 26, 2024: Mail required Proposition 218 notices and ballots to Victoria by the Bay LLAD property owners (must occur a minimum of 45 days prior to public hearing).

June 11, 2024: City Council conducts public hearing, closes balloting period, conducts ballot tabulation, declares results of ballot tabulation, and approves final Engineer's Report and increased assessments, assuming favorable results, commencing FY 2024/25.

Given the potential negative impacts of reducing levels of service on neighborhood attractiveness and property values, staff is recommending the identified cost cutting measures be communicated to property owners as part of another Proposition 218 balloting proceeding that could be conducted this spring concurrently with the typical annual LLAD approval process for FY 2024/25. That way, prior to returning their ballot, Victoria by the Bay LLAD property owners will be informed of the specific cost-cutting measures that will be implemented in their neighborhood if the proposed assessment increase is not approved.

### **III. Other Significant District Costs**

#### **City Personnel**

Currently 0.78 of a full-time equivalent (FTE) is allocated to the Victoria by the Bay LLAD at a cost to the District of \$108,000. This includes labor for Maintenance Workers, Public Works Superintendent, Specialist/Inspector, Permit Technician, and City Clerk. Examples of city personnel activities include overseeing the landscape maintenance contract, bidding out and overseeing annual street tree maintenance, delivering capital improvement projects, maintaining the streetlights, invoicing, responding to citizen complaints, picking up litter, emptying trash cans, and graffiti abatement. If significant reductions in levels of service were to be implemented, the allocation for City staffing would be adjusted to reflect the reduced level of effort.



### City Overhead Cost Allocation

The City's overhead costs for Victoria By The Bay LLAD is \$37,000 per the adopted Cost Overhead Allocation formula and account for the time of the Public Works Director, City Manager, administrative staff, and use of office facilities, information technology, and vehicles. If significant reductions in levels of service were to be implemented, the allocation for City staffing would be adjusted to reflect the reduced level of effort.

### **FISCAL IMPACT:**

If City Council directs staff to conduct Proposition 218 proceedings and Victoria by the Bay LLAD property owners approve the proposed two-step assessment increase, the City will be able to generate additional annual revenues in FY 2024/25 and FY 2025/26 to eliminate the current annual operating deficit, begin restoring reserves, and provide a contribution toward funding the new LLAD Program Leader position.

If Victoria by the Bay LLAD assessment revenues are not increased and City Council directs staff to reduce approximately \$213,200 in services beginning in FY 2024/25, the operating budget will be balanced and the fund deficit will be eliminated over a 10-year period.

If no action is taken, the Victoria By The Bay LLAD fund deficit amount of \$450k will continue to increase each year by approximately \$213,200.

### **ATTACHMENTS:**

- I. Resolution Declaring the Results of the Property Owner Protest Balloting Proceedings for Victoria by the Bay LLAD conducted on December 5, 2023.