

MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL

TUESDAY, June 6, 2017

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 7:00 p.m. by Mayor Diaz in Hoyer Hall, Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Diaz, Vice Mayor Haydon and Councilmembers Catalano and Shuey (arrived at 7:18 p.m.). Councilmembers absent: Councilmember Pierce. Staff present: City Manager Gary Napper, City Attorney Mala Subramanian, Community Development Director Mindy Gentry, Finance Manager Kevin Mizuno and City Clerk/HR Manager Janet Brown.

2. **PLEDGE OF ALLEGIANCE** – led by Mayor Diaz.

3. **CONSENT CALENDAR**

It was moved by Vice Mayor Haydon, seconded by Councilmember Catalano, to approve the Consent Calendar as submitted. (Passed; 3-0 vote).

- (a) Approved the minutes of the City Council’s regular meeting of May 16, 2017.
- (b) Approved the Financial Demands and Obligations of the City.
- (c) Adopted Resolution No. 15-2017 finding the Clayton City Hall HVAC Replacement Project requires the use of specific products and materials for the satisfactory and timely completion of the Project, per Section 3400 (c) (2) of the CA Public Contract Code.

4. **RECOGNITIONS AND PRESENTATIONS**

- (a) Certificates of Recognition to Clayton Police Cadets Kaleigh Finney and Jaden Shaw for dedicated service with the Clayton Police Department.

Mayor Diaz and Police Chief Chris Wenzel presented certificates to Clayton Police Cadets Kaleigh and Jaden Shaw as each is moving on to attend college.

- (b) Certificates of recognition to “Do The Right Thing” public school students selected for exemplifying the character trait of “Courage” during May, June and July 2017.

Mayor Diaz and Diablo View Middle School Principal Patti Bannister presented certificates to middle school students Natalie Pursche, Mason Oakley, Angela Doria, and Sam Mudriyan.

5. REPORTS

- (a) Planning Commission – No meeting held.
- (b) Trails and Landscaping Committee – No meeting held.
- (c) City Manager/Staff – No Report.
- (d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

Vice Mayor Haydon attended the Council Budget Subcommittee meeting, the Clayton Business and Community Association’s General Membership monthly meeting, the VFW’s annual Memorial Day Observance at the Veterans’ Memorial Flagpole Monument in Clayton, the Contra Costa County Mayors’ Conference hosted by the City of Richmond, and the Claycord Bocce Tournament.

Councilmember Tuija Catalano attended the Council Budget Subcommittee meeting, the Clayton Business and Community Association’s General Membership monthly meeting, and the VFW’s annual Memorial Day Observance at the Veterans’ Memorial Flagpole Monument in downtown Clayton.

Mayor Diaz attended a Contra Costa Water District meeting, the Contra Costa County’s inaugural First Responders BBQ, the Clayton Business and Community Association’s General Membership monthly meeting, the League of Cities’ East Bay Division monthly meeting, last Saturday’s Concert in The Grove, and the VFW’s annual Memorial Day Observance at the Veterans’ Memorial Flagpole Monument in Clayton.

- (e) Other – None.

6. PUBLIC COMMENT ON NON - AGENDA ITEMS – None.

7. PUBLIC HEARINGS – None.

8. ACTION ITEMS

- (a) Consider the Second Reading and Adoption of Ordinance No. 476 adding Section 17.22 – Residential Density Calculations for Residential with Sensitive Land Areas to Title 17 Zoning of the Clayton Municipal Code describing and determining how General Plan densities are calculated for proposed residential projects with sensitive land areas.

Community Development Director Mindy Gentry advised the Council that a post-agenda email from Mr. Bill Jordan indicating his concerns of Housing Element compliance has been placed on the Council dais. After review of its content, staff requests Council to take “no action” this evening and continue this item to July 18th to allow staff additional time to research the matters.

Mr. Napper recommended the opening the item for public comments, receive any remarks, close the public comment period and then continue this item to July 18th at 7:00 p.m.

Mayor Diaz opened the floor to receive public comment; no public comments were offered. Mayor Diaz then closed the public comment period.

(Councilmember Shuey arrived at 7:18 p.m.)

It was moved by Councilmember Catalano, seconded by Vice Mayor Haydon, to continue the item to July 18, 2017 City Council meeting at 7:00 p.m. (Passed; 4-0 vote).

- (b) Consider the Introduction/Presentation of the proposed City of Clayton Budget for Fiscal Year 2017-18 and the proposed Capital Improvement Project (CIP) 5-Year Budget and set the date of Tuesday, June 20, 2017 for a Public Hearing to review and adopt the proposed City Budget.

Finance Manager Kevin Mizuno presented the staff report with a PowerPoint presentation highlighting details of the proposed FY 2017-18 City of Clayton City Budget. Mr. Mizuno outlined a 5-Year Budget trend displaying the General Fund, Other Funds, Capital Improvement Program, and the Successor Agencies. Mr. Mizuno advised "Other Funds" include the City's Special Revenue (11 funds), Internal Service (2 funds), Enterprise (1 fund), and Fiduciary Funds (8 funds). He noted the 11.02% reduction from the prior year's budget is due to non-recurring expenses from: 1.) The California Department of Finance's approval of the repayment of the former Clayton Redevelopment Agency's Fire Station Note; and 2.) Fiscal Year 2017 had very large appropriations for the 2016 Arterial Street Project which were funded by Measure J and expended in the CIP Fund, which project will be completed by June 30th. Mr. Mizuno summarized Total Budget Revenues advising the City's three largest revenue source are provided through the General Fund at 63.72%, the Citywide Landscape Maintenance District at 15.71%, and the Gas Tax at 5.07%; he pointed out the Gas Tax Fund is comprised of two revenue sources this year, a repayment from the state of prior forced-loans from local gas taxes, and the new Section 2030 Road Maintenance and Rehabilitation Act (SB1) monies approved by state legislation in early 2017.

Finance Manager Mizuno summarized the proposed Total Budget Expenditures noting the top three expenditure categories, as they should be, are the City's General Fund at 53.54%, the Citywide Landscape Maintenance District at 18.02%, and Measure J – CCTA expenses at 8.49%. Mr. Mizuno provided a chart indicating the General Fund's 17-year revenue trend of budgeted revenues verses a hypothetical revenue gain corresponding to associated Consumer Price Index increases. This comparison found the difference between anticipated revenues next fiscal year is \$992,098 less than if City revenues matched Bay Area Consumer Price Index increases. This chart illustrates the City's ongoing challenge to meet the needs of the community, and its growing needs, with limited financial resources.

Mr. Mizuno discussed City's share of the allocation of 1% Ad Valorem Property Tax local, regional and state run agencies. The amount of the tax is based on an annually-determined assessed valuation calculated by the county assessor's office and is paid to the county tax collector. The City of Clayton has ten tax rate areas by current assessed value returning on 6.6% of the full one percent tax back to the General Fund; in this regard, Clayton is categorized as a "Low Property Tax City."

Mr. Mizuno commented the General Fund's third largest revenue source is the City's share [allocation] of retail sales and use taxes, making up 9.5% of General Fund revenues. This is a tax imposed on the total retail price of any tangible personal property and the use of storage of such property when the sales tax is not paid. For sales in Clayton, the applicable sales tax rate is 8.25% resulting in a 1% local return based on the state's approved local Bradley-Burns rate.

Mr. Mizuno further outlined the General Fund Expenditures by each department. The largest General Fund allocation is 53.3% for the Police Department, followed by 21.5% for Administration, Finance and Legal, and then 6.9% for Community Development. In

other words, out of all General Fund Revenues received next year by the City, the Clayton Police Department operations will take 53.3¢ of every \$1.

Mr. Mizuno highlighted changes included in the proposed budget to the Public Works Department workforce, consisting of the deletion of the second Maintenance Supervisor position, promotion of the City's two experienced Maintenance Worker I employees to Maintenance Worker II positions, and renaming the position of Maintenance Lead Worker to "Senior Maintenance Worker."

He then provided a summary of the Capital Improvement Projects planned for funding by the restricted-use Gas Tax funds in FY 2017-18. The largest project of the three is the proposed 2018 Neighborhood Street Repave project (as a placeholder); the second project is the Keller Ridge Collector Street Rehabilitation project, and then the annual allocation of monies for ADA Sidewalk and Street Improvements. A summary was provided of the proposed Landscape Maintenance District Projects indicating there are two new projects this fiscal year consisting of the Downtown Planter Boxes Replacement Project, and the removal of 18 eucalyptus trees in the City's open space hills. He further provided a summary of planned project activities during Fiscal Year 2017-2018 noting three new projects consisting of: 1. Clayton Community Park Lower Field Rehabilitation; 2. The Downtown Pedestrian Improvement Project; and 3. The North Valley Park Playground Rehabilitation Project.

City Manager Napper clarified the Downtown Pedestrian Improvement Project involves raised crosswalks with pedestrian-activated lights on Oak Street near the elementary school hillside access trail, and a second location by the downtown clock at Main Street and old Marsh Creek Road. The North Valley Park Playground Rehab Project encompasses a replacement resilient play surface, new play apparatus, and some picnic shelter covers over the existing picnic tables. Councilmember Shuey asked if new trees will be planted there as well with a hardier species; Mr. Napper responded staff will look at incorporating additional trees into the project.

Finance Manager Mizuno continued his presentation involving the City's financial status on CalPERS' Unfunded Actuarial Liabilities (UAL) and its budget impacts between Public Safety and Miscellaneous employees dating back to June 30, 2011; he noted the amounts labeled June 30, 2016 and June 30, 2017 are UAL projections as CalPERS has not yet released the actual numbers. On December 21, 2016, CalPERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years giving employers more time to prepare for the changes in contribution costs. Mr. Mizuno also provided a 15-Year Employer Pension Cost trend analysis displaying the impact of UALs and discount rate change on employer contributions and projections for the next 4 years. The decline during FYs 2012-2015 occurred through the attrition/retirement of Tier 1 City employees, the state's implementation of its Public Employee Pension Reform Act (PEPRA), and the City proactively adding a more affordable Tier II Plan.

Mr. Mizuno advised the proposed City Budget has a recommendation to establish a new Pension Rate Stabilization Fund initially comprised of \$110,000 of General Fund reserves built up from the Fiscal Year 2015-16 General Fund surplus, and the anticipated Fiscal Year 2017 projected surplus of \$338,879. These actions will result in approximately \$450,000 set-aside to address the growing CalPERS pension obligations of the City.

Mr. Napper commented by the creation of the Pension Rate Stabilization Fund will serve as an operational buffer; it will still be staff's mission to absorb those pension contribution increases in subsequent years within the annual revenues of the budget. However, should that objective be unattainable, this Pension Rate Stabilization Fund would be available for use, as a policy decision by the City Council, with provisions on its disbursement.

Mr. Mizuno concluded his report by thanking the City Manager and the Council Budget Subcommittee for their input and time in preparation of the proposed City Budget.

Mayor Diaz opened the floor to receive public comments; no public comments were offered on the proposed City Budget.

City Councilmembers commended City staff on its budget preparations and fiscal stewardship of the City.

It was moved by Vice Mayor Haydon, seconded by Councilmember Catalano, to set Tuesday, June 20, 2017 at 7:00 pm in Hoyer Hall as the date, time and location of a Public Hearing on the proposed FY 2017-18 City Budget. (Passed; 4-0 vote).

- (c) City Council discussion of canceling any regularly scheduled Council meetings in July, August and/or September 2017 relative to quorum availability and summer vacation plans.

City Manager Napper advised, per the City's Municipal Code, the Clayton City Council meets the first and third Tuesdays of each month. This year, wherein the Council's first meeting in July 2017 falls on a City holiday, July 4th, the Municipal Code addresses this situation and requires the City Council to meet on very next day, which is then Wednesday, July 5th. He briefly outlined the upcoming City agenda items staff is pursuing; due to pending City business items, there is a need for at least one of the City Council's regular meetings to occur in each of the months of July, August, and September. He suggested the cancellation of the July 5th Council meeting but he will need the July 18th meeting held to transact necessary City business and annual real property assessments and levies. City Manager Napper noted he heard from Councilmember Pierce prior to this evening's meeting that she is available to attend the August 1st City Council meeting.

Councilmember Shuey advised he is unavailable on July 18th; the City Council took a quick poll and determined it would still have a quorum for that Council meeting

Mayor Diaz opened the floor to receive public comments; no public comments were offered.

It was moved by Councilmember Shuey, seconded by Vice Mayor Haydon, to cancel the regularly scheduled City Council meetings of July 5, 2017, August 15, 2017 and September 5, 2017. (Passed; 4-0 vote).

9. **COUNCIL ITEMS** – limited to requests and directives for future meetings.
None.

10. **CLOSED SESSION** – None.

11. ADJOURNMENT– on call by Mayor Diaz, the City Council adjourned its meeting at 8:21 pm.

The next regularly scheduled meeting of the City Council will be June 20, 2017.

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Respectfully submitted,



Janet Brown, City Clerk

APPROVED BY THE CLAYTON CITY COUNCIL



Jim Diaz, Mayor

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