

MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL

TUESDAY, October 17, 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 and Councilmembers Catalano, Pierce and Shuey. Councilmembers absent: Vice Mayor Haydon. Staff present: City Manager Gary Napper, City Attorney Mala Subramanian, Finance Manager Kevin Mizuno, Community Development Director Mindy Gentry, and City Clerk/HR Manager Janet Brown.

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

3. **CONSENT CALENDAR**

It was moved by Councilmember Pierce, seconded by Councilmember Catalano, to approve the Consent Calendar Items as submitted. (Passed; 4-0 vote).

- (a) Approved the minutes of the City Council’s regular meeting of October 3, 2017.
- (b) Approved the Financial Demands and Obligations of the City.
- (c) Approved a multi-year Agreement (60-month lease) with MailFinance (a Neopost USA Company) for an IN-610 postage equipment (City Hall replacement machine) with accompanying maintenance at a 5-year lease price of \$160.83 per month plus applicable sales taxes.
- (d) Approved the Master Cooperative Funding Agreement (12C.07) with the Contra Costa Transportation Authority (CCTA), required for the City’s awarded Measure J “Transportation for Livable Communities” Program grant in the amount of \$252,000 for pedestrian safety improvements in the Clayton Town Center, and authorize the Mayor to sign the Agreement.
- (e) Approved a new Model Encroachment of Improvements within Public Right-of-Way Agreement for City use in certain circumstances involving private property hardscapes (e.g. fences, retaining walls) within City rights-of-way.

4. **RECOGNITIONS AND PRESENTATIONS**

- (a) Proclamation declaring November 1, 2017 as “Shelter in Place Education Day.”

Mayor Diaz noted the issuance of the Proclamation and indicated staff will send it to the requestor as no representative was present.

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.

Councilmember Catalano noted she attended the recent Contra Costa County Mayors' Conference held in Lafayette.

Councilmember Shuey had no report.

Councilmember Pierce attended the recent Contra Cosa County Mayors' Conference, several meetings of the Association of Bay Area Governments' meetings, the Regional Planning Committee meeting, several meetings of the Metropolitan Transportation Committee, and a Marsh Creek Trail meeting to discuss a proposed trail leading from the edge of Clayton to Brentwood.

Mayor Diaz attended the County Connection Board Operating Committee meeting, the recent Contra Costa County Mayors' Conference, and the Annual Chiefs Special Agents 24th Annual Law Enforcement appreciation luncheon whereat Clayton Chief of Police Chris Wenzel was among those recognized for outstanding achievements.

- (e) Other – None.

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

7. PUBLIC HEARINGS – None.

8. ACTION ITEMS

- (a) Presentation and approval of the City's audited Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2017 by Cropper Accountancy Corporation, an independent Certified Public Accountant firm.
(Finance Manager; and Mr. John Cropper, CPA)

Finance Manager Kevin Mizuno introduced the City's contract independent auditors, Mr. John Cropper and Mr. Bryce Rojas, who will provide a presentation summarizing the results of their audit and some financial year highlights. The City has received an "unmodified opinion" on its audited financial statements for the year ended June 30, 2017, which is the highest regarded financial audit opinion available. For the second year in a row the City will submit its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) for its opinion as to the City's financial disclosures and reporting. In the prior year the Finance Department issued a CAFR for the first year ever and took the drafting of the financial statements completely in house. After the independent "clean audit" opinion was rendered on the FY 2015-16

CAFR, that report was submitted to the GFOA which professional entity then issued the City its first-ever “Certificate of Achievement for Excellence in Financial Reporting” award. Staff’s goal is to continue to prepare a CAFR annually for the auditors and submit it to the GFOA for recognition. Mr. Mizuno then introduced John Cropper partner of Cropper Accountancy to present the analysis of its review.

Mr. Cropper thanked the City Council for the opportunity to audit the City’s financial records and performance and also noted Mr. Bryce Rojas next to him who assisted as senior lead on the analysis of Clayton’s financial statements. Mr. Cropper presented a brief slideshow highlighting the audit results are an “unmodified audit opinion” with internal controls over financial reporting functioning well, with no material weaknesses, and no significant deficiencies identified. The Government Wide Net Position indicates City total assets are \$50.022 million with total liabilities of \$5.230 million, resulting in a net position of \$46.037 million. Mr. Cropper advised there was a net pension liability increase of \$820,000 last fiscal year raising the City’s total pension liability to \$4.413 million; Capital Assets decreased by \$383,000 to \$30.534 million. Mr. Cropper briefly explained the Statement on Auditing Standards (SAS) 114 auditors communication is a required letter, and the Statement on Auditing Standards (SAS) 115 letter communicates observations on internal control related matters and is often referred to as the “management letter”; after review of the City’s financial practices, his firm has issued no management letter for FY 2017 as there is no deficiency or weakness to note. With any audit there are always suggestions for improvement but his firm found nothing serious for the governing body to be informed of. Overall, Mr. Cropper noted the City Council should be very pleased with its financial status and accounting practices and the strength of the City’s financial practices are displayed through its annual and total General Fund Reserve positions.

Councilmember Catalano requested further clarification as to why a management letter will not be produced by the auditors; in Clayton’s case, it is really a positive statement by the auditors? Mr. Cropper confirmed it is a positive observation; typically, under the *Government Auditing Standards*, there is a requirement to issue a management letter if there is, for example, a journal entry made by the auditors that is material to the financial statements of the entity. If they recognize a risk, they then examine some of the internal controls that could reveal a material weakness that should be declared. Several significant deficiencies can add up a material misstatement. In Clayton, as a small city, there is typically present a struggle of segregation of financial duties; however, since Clayton cannot cure that segregation by employing more financial clerks due to limited resources and facility space, the auditors chose not to elaborate further on it this year since it has been noted in years past.

Mayor Diaz opened matter for public comments; no comments were offered.

It was moved by Councilmember Catalano, seconded by Councilmember Shuey, to approve the CAFR of the City of Clayton for the Fiscal Year ending June 30, 2017. (Passed; 4-0 vote).

- (b) Consider the Second Reading and Adoption of Ordinance No. 478 amending Chapter 15.09 of the *Clayton Municipal Code* to adopt the 2016 California Fire Code with changes, additions and deletions as allowed by State law.
(Community Development Director)

Community Development Director Mindy Gentry presented the staff report noting this Ordinance was introduced at the City Council’s meeting of October 3rd; there were no changes at that time and no changes have risen since that initial consideration.

Mayor Diaz opened matter for public comments; no comments were offered.

It was moved by Councilmember Pierce, seconded by Councilmember Catalano, to have the City Clerk read Ordinance No. 478, by title and number only and waive further reading. (Passed; 4-0 vote).

The City Clerk read Ordinance No. 478 by title and number only.

It was moved by Councilmember Pierce, seconded by Councilmember Shuey, to adopt Ordinance No. 478 with the finding its adoption will not have a significant adverse effect on the environment and is therefore exempt under CEQA. (Passed; 4-0 vote).

- (c) Consider the annual request of Mayor Diaz for the City to host seven (7) Wednesday Night Classic Car Shows with a DJ in the off-street City parking lot at 6099 Main Street plus adding the City's vacant dirt lot located at 6005 Main Street during selected dates in 2018, with all costs funded by private donations.
(Mayor Diaz)

Mayor Diaz opened matter for public comments; no comments were offered.

It was moved by Councilmember Pierce, seconded by Councilmember Shuey, to approve the hosting of the seven (7) events on City properties as requested, conditioned on individual classic car owners signing waivers of liability on property damage for any claims against the City. (Passed; 4-0 vote).

9. **COUNCIL ITEMS** – None.

10. **CLOSED SESSION** – None.

11. **ADJOURNMENT**– on call by Mayor Diaz, the City Council adjourned its meeting at 7:45 p.m.

The next regularly scheduled meeting of the City Council will be November 7, 2017.

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Respectfully submitted,



Janet Brown, City Clerk

APPROVED BY THE CLAYTON CITY COUNCIL


Jim Diaz, Mayor

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