

**MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL**

TUESDAY, June 3, 2014

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 7:00 p.m. by Mayor Stratford in Hoyer Hall, Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Stratford, Vice Mayor Shuey, Councilmembers Diaz, Geller and Pierce. Councilmembers absent: None. Staff present: City Manager Gary Napper, City Attorney Maia Subramanian, City Clerk Janet Brown, Community Development Director Charlie Mullen, Finance Manager Kevin Mizuno.

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

3. **CONSENT CALENDAR-** It was moved by Councilmember Pierce, seconded by Councilmember Diaz, to approve the Consent Calendar as submitted (Passed; 5-0 vote).
 - (a) Approved the minutes of the regular meeting of May 20, 2014.
 - (b) Approved Financial Demands and Obligations of the City.
 - (c) Adopted Resolution No. 15-2014 approving a 1-year Memorandum of Understanding (MOU) with the Clayton Police Officers' Association (POA) effective May 5, 2014 concerning terms and conditions of employment, compensation and benefits.
 - (d) Accepted with regret the immediate resignation of Don Fitzgerald from the City's Trails and Landscaping Committee.

4. **RECOGNITIONS AND PRESENTATIONS**
 - (a) Certificates of Recognition to "Do The Right Thing" public school students selected for exemplifying the character trait of "Courage".

Mayor Stratford and Diablo View Middle School Principal Patti Bannister recognized students Erin Crahan and Brandon Cuneo.

Mayor Stratford and Mt. Diablo School teachers Mrs. Mean and Mrs. Wallis and Principal Irene Keenan recognized students Tiffany Hoang and Dylan Sarna.

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

Councilmember Diaz attended the Library Foundation Board and the Clayton Business and Community Association meetings. He was also in attendance at the Concerts in The Grove and VFW Memorial Day Remembrance events. He announced completion of his CERT training and at Thursday's Concerts in The Grove on June 12th, Tone Pony will be performing.

Councilmember Pierce attended the East Bay League of Cities, California State Board of Water Resources and 4th of July Committee meetings. She was also in attendance at the Concerts in The Grove and VFW Memorial Day Remembrance events. Councilmember Pierce announced the need for more volunteers at the upcoming 4th of July Parade.

Councilmember Geller attended the East Bay League of Cities and Clayton Business and Community Association meetings. He also attended the Farmers' Market and Saturday's Concerts in The Grove. Councilmember Geller announced the Houserockers will be performing at the next Saturday's Concerts in The Grove on June 7th.

Vice Mayor Shuey had no report.

Mayor Stratford attended the Council Budget Sub-Committee meeting and the VFW Memorial Day Remembrance event.

(e) Other- None.

6. **PUBLIC COMMENT ON NON-AGENDA ITEMS**

Resident Patricia Menasco, Pine Hollow Court, referred City Council members to a recent letter her neighborhood sent regarding the Clayton Community Church event that recently took place on its Pine Hollow Court property. She hoped for a City reply to their concerns. She further expressed issue with the church and the City representing only one access road to the church site will be necessary if the church develops its property, and also asserted the City Manager lied in his July 2012 letter to her about advance public notices because the City changed the zoning of the church's property to PF and they did not get City notice. She distributed a copy of that letter to the City Council and staff.

Both the City Manager and members of the City Council responded to Ms. Menasco that no changes in land use zoning had occurred to the church's property on Pine Hollow Court as alleged (she had misread the Zoning Map), and the City Manager indicated he stood by the content of his 2012 letter.

7. **PUBLIC HEARINGS**

(a) Public Hearing to consider the Public Review Draft of the proposed 2015-2023 Housing Element Update to the City's General Plan concerning local housing policies and regulations, as required by state law (GPA-02-13). (Community Development Director; and Ms. Jennifer Gastelum, Project Manager, Pacific Municipal Consultants).

Community Development Director Charlie Mullen presented the staff report and introduced Ms. Jennifer Gastelum, Project Manager with Pacific Municipal Consultants, who was selected in a competitive proposal process to assist the City of Clayton with the Housing Element update. Charlie noted Ms. Gastelum assisted the City with its previous HCD-certified Housing Element. He also advised the City Council of a letter received this day from West Coast Builders objecting to and requesting removal of any reference

to an affordable housing requirement in its Oak Creek Canyon residential subdivision off Marsh Creek Road to the east of the Diablo Parkway intersection. After consulting with the city attorney on this matter, staff recommends no change to the subdivision's affordable housing requirement and Housing Element reference.

Vice Mayor Shuey asked if the builder agreed to the requirement? Mr. Mullen advised the City's position has not yet been communicated to West Coast Builders as the letter was received prior to tonight's meeting.

Councilmember Geller asked if West Coast Builders has a new project coming to Clayton? Mr. Mullen advised that previously-approved project had lost its Site Plan Review and Use Permit land use entitlements due to time lapse. The applicant had reapplied several months back but the land use permit applications were deemed incomplete and staff has not yet received the additional funding deposit from West Coast Builders necessary for staff to continue working on the project. Regarding their comment letter on the Draft Housing Element, the affordable housing requirement issue may be mute, pending the processing timing of the applications, as the City's Draft Housing Element proposes modifying the initial threshold on the provision of affordable housing to 10 dwelling units rather than the current 2 units. Staff does not recommend any changes to the Draft Housing Element based on their letter.

Ms. Jennifer Gastelum presented a PowerPoint highlighting proposed changes from the City's current year Housing Element Update. She advised the HCD review process is 60 days; however, that review process can be as little as 45 days with its Housing Element comments. The proposed Housing Element would then return to City Council in September or October for final adoption and the expectation of a HCD-issued Conditional Compliance letter. Potentially, the City's Housing Element will be certified and cleared well before the January 31, 2015 deadline.

Mayor Stratford recalls the review process was longer the last time. Ms. Gastelum confirmed the last review process took longer as 6 new state housing laws had to be implemented in the previous cycle. There is no similar task this cycle.

Councilmember Pierce asked if all churches were included in the outreach to stakeholders? Mr. Mullen advised there is a potential opportunity site on the St. John's Episcopal Church property based on the current zoning. Councilmember Pierce added a prior City meeting with Saint John's Parish where housing ideas were discussed for their property, and that contact and outreach should be included as a housing interest. Mr. Mullen noted no formal interest or application has been received to date from Saint John's Parish but such preliminary communication could be incorporated into the Housing Element.

Councilmember Pierce indicated she is very supportive of the City investigating residential energy efficient installation and financing programs such as provided by PACE. City Manager Napper advised recent correspondence on the same subject and opportunity was received on the HERO Program and that staff has incorporated a Policy into the Draft Housing Element as an Implementation Item to examine the possibilities.

Councilmember Pierce suspects a proactive approval from Housing and Community Development (HCD) on the City's Draft Housing Element.

Mayor Stratford opened the Public Hearing to receive public comments; no public comments were offered. Mayor Stratford closed the Public Hearing.

It was moved by Councilmember Geller, seconded by Councilmember Pierce, to instruct staff to submit the Proposed 2015-2023 City Housing Element to the California State Department of Housing and Community Development (HCD) for its statutory review and comment. (Passed; 5-0 vote).

8. ACTION ITEMS

- (a) Consider the Introduction/Presentation of the proposed City of Clayton Budgets for Fiscal Year 2014-15 and set the date of Tuesday, June 17, 2014 as a Public Hearing for review and adoption of the proposed City Budget.
(Finance Manager)

City Manager Napper advised the City Council that tonight is the first time in his 30 years of being a California city manager that he has not presented the City Budget and is confident that new Finance Manager Kevin Mizuno will have an excellent presentation.

Finance Manager Mizuno advised the City Fund 210 (Landscape District) was printed twice in the Budget and the Gas Tax Fund 201 was distributed to them at the dais and is available to the public. Mr. Mizuno presented the staff report and explained the differences between FY 2013-2014 and FY 2014-2015 projected Budget. The General Fund proposed budget has a projected surplus of approximately \$30,000 due to increases in local real property taxes.

Councilmember Geller asked why Endeavor Hall is including depreciation expenses as part of the proposed budget? Finance Manager Mizuno advised that including depreciation expense makes the fund balance more easily reconcilable to the audited financial statements, and as Endeavor Hall is considered a business type of activity, full accrual expenses such as depreciation should be included. Councilmember Geller asked how do we treat depreciated value on a tax basis? Finance Manager Mizuno advised there are no tax implications in future capital improvements to an enterprise fund.

Councilmember Diaz asked what is the "Presley Settlement" Fund? Finance Manager Mizuno advised the Presley Settlement is connected to an earlier lawsuit initiated by the City in the Geological Hazard Abatement District. Currently, there is a positive balance for future use of settlement monies for improvements or repairs in the District.

Councilmember Pierce asked what is the Contra Costa County Assessor's Office projected real property tax percentage of growth for Clayton? Finance Manager Mizuno explained there was not a standard percentage used; instead he analyzed line by line each property tax revenue. He advised the Clayton's budgeted secured property tax revenue was calculated at 4% over actuals received in FY 2013-14, although the County Assessor's Office confirmed 5% would be a safe projection. Sales Tax was calculated at a 2% increase.

Councilmember Pierce advised at a recently attended East Bay Division League meeting there was discussion regarding dissolution of the state's "Triple Flip"; had staff heard anything in that regard? City Manager Napper provided history of the "Triple Flip" in regards to the uniform Vehicle License Fees and Sales Tax increases when property values went stagnant. The state has a legacy of swapping/diverting local revenues whenever one revenue source outperforms another. In the early 2000s, local Vehicle License Fee (VLF) revenue was greater than real property tax revenues in Clayton before the state diverted VLF for its own purposes. He referred Councilmember Pierce to Michael Coleman from the League of California Cities Municipal Financing Office for

more specifics. Councilmember Pierce indicated he was the speaker on the subject at the recent East Bay Division League meeting.

Councilmember Geller asked why the General Reserve Fund has decreased from \$5.4 million in recent years down to approximately \$5.0 million? Finance Manager Mizuno explained due to the bankruptcy of the Mt. Diablo Region YMCA there was a Re-statement of the General Fund equity of approximately \$90,690.00. Further, in FY 2013-14 there were one-time (non-recurring) expenses authorized or acknowledged by the City Council to use General Fund Reserves concerning a variety of operations.¹ This amounted to a draw on General Fund reserves of approximately \$254,000.

City Manager Napper advised the totality of these one-time expenses are not expected to reoccur in FY 2014-15 and was discussed with the Council Budget Sub-committee members who concurred. The submittal of a surplus General Fund Budget in FY 2014-14 is evidence it is not a structural deficit and the City is fortunate to have a General Fund Reserve that could shoulder these operational developments.

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

It was moved by Councilmember Diaz, seconded by Councilmember Pierce, to set Tuesday, June 17, 2014 at 7:00 pm in Hoyer Hall as the date, time and location of a Public Hearing on the proposed FY 2014-15 City Budget. (Passed; 5-0 vote).

- (b) City Council discussion of canceling regularly scheduled Council meetings in July, August and/or September 2014 relative to quorum availability and summer vacation plans.
(City Manager)

Councilmember Pierce advised she is unavailable on August 5th and 19th and suggested adding a meeting on July 29th for obligations. Councilmember Shuey is unavailable on July 15th.

City Manager Gary Napper advised due to pending City business items there is a need for City Council regular meetings to take place in July.

Mayor Stratford suggested cancellation of the September 2nd, 2014 meeting. Councilmember Geller agreed with Mayor Stratford to cancel the meeting of September 2nd, 2014 and advised he is unavailable June 17th, 2014.

Councilmember Diaz is available for all meetings in July, August and September if needed.

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

It was moved by Councilmember Geller, seconded by Councilmember Pierce, to cancel the regularly scheduled City Council meetings of August 5, 2014 and September 2, 2014. (Passed; 5-0 vote).

¹ Finance Department delays in two years of audits (\$42,000), temporary Assistant Finance Manager to address accounting and audit backlogs (\$55,414), retroactive furlough pay for Miscellaneous Employees Group (\$14,500), temporary services for Interim City Clerk (\$9,000); Deferred Maintenance Fund projects (e.g. Endeavor Hall chair replacements; fence replacements and repairs at North Valley Park and Endeavor Hall parking lot (\$18,000), Community Park new scoreboards (\$7,044), Police Department overtime overages due to staffing shortages (\$30,000), excess water expenses at Community Park due to waterline breakages (\$34,000), police dispatch contract services increases not billed timely by the City of Concord (\$10,324), and increased Maintenance personnel time at Community Library and Community Park (\$24,200).

9. COUNCIL ITEMS - None.

10. CLOSED SESSION – None.

11. ADJOURNMENT– on call by Mayor Stratford the City Council meeting adjourned at 8:53 p.m. Its next regular meeting will be on Tuesday, June 17th at 7:00 p.m.

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Respectfully submitted,



Janet Brown, City Clerk

APPROVED BY CLAYTON CITY COUNCIL



Hank Stratford, Mayor

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