



AGENDA

REGULAR MEETING

* * *

CLAYTON CITY COUNCIL

* * *

TUESDAY, January 21, 2020

7:00 P.M.

*Hoyer Hall, Clayton Community Library
6125 Clayton Road, Clayton, CA 94517*

Mayor: Julie K. Pierce

Vice Mayor: Jeff Wan

Council Members

Tuija Catalano

Jim Diaz

Carl Wolfe

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review in City Hall located at 6000 Heritage Trail and on the City's Website at least 72 hours prior to the Council meeting.
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at www.ci.clayton.ca.us
- Any writings or documents provided to a majority of the City Council after distribution of the Agenda Packet and regarding any public item on this Agenda will be made available for public inspection in the City Clerk's office located at 6000 Heritage Trail during normal business hours.
- If you have a physical impairment that requires special accommodations to participate, please call the City Clerk's office at least 72 hours in advance of the meeting at (925) 673-7304.

* CITY COUNCIL *

January 21, 2020

1. **CALL TO ORDER AND ROLL CALL** – Mayor Pierce.

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

3. **CONSENT CALENDAR**

Consent Calendar items are typically routine in nature and are considered for approval by one single motion of the City Council. Members of the Council, Audience, or Staff wishing an item removed from the Consent Calendar for purpose of public comment, question, discussion or alternative action may request so through the Mayor.

(a) Approve the minutes of the City Council's regular meeting of January 7, 2020. (City Clerk) ([View Here](#))

(b) Approve the Financial Demands and Obligations of the City. (Finance Manager) ([View Here](#))

(c) Accept the Resignations of Four *Trails and Landscape Committee* Members. (City Clerk) ([View Here](#))

(d) City Council to Set Appeal Hearing, Date, Time and Location for Appeals of the Planning Commission's Decisions Regarding the Olivia at Marsh Creek Project pursuant to Clayton Municipal Code section 17.68.030 (No discussion on the appeals and/or the project will occur as part of this agenda item). (City Manager) ([View Here](#))

4. **RECOGNITIONS AND PRESENTATIONS**

(a) Certificates of Recognition to public school students for exemplifying the "Do the Right Thing" character trait of "Kindness" during the months of November and December 2019. (Mayor) ([View Here](#))

(b) Proclamation "Recognizing the Importance of and is Committed to Renewable Energy". (Mayor) ([View Here](#))

5. **REPORTS**

(a) Planning Commission – Chair Cloven.

(b) Trails and Landscaping Committee – No meeting held.

(c) City Manager/Staff

(d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

(e) Other

6. PUBLIC COMMENT ON NON - AGENDA ITEMS

Members of the public may address the City Council on items within the Council's jurisdiction, (which are not on the agenda) at this time. To facilitate the recordation of comments, it is requested each speaker complete a speaker card available on the Lobby table and submit it in advance to the City Clerk. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Mayor's discretion. When one's name is called or you are recognized by the Mayor as wishing to speak, the speaker should approach the public podium and adhere to the time limit. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Council may respond to statements made or questions asked, or may at its discretion request Staff to report back at a future meeting concerning the matter.

Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed when each item is considered by the City Council.

7. PUBLIC HEARINGS – None.

8. ACTION ITEMS

- (a) Audited Annual Financial Report of the City of Clayton for the Fiscal Year Ended June 30, 2019. (Mr. John Cropper, CPA) ([View Here](#))
- (b) Discuss and Consider Opposing Senate Bill 50 Regarding Planning, Zoning, and Housing Development Incentives. (Vice Mayor Wan) ([View Here](#))

9. COUNCIL ITEMS – limited to Council requests and directives for future meetings.

10. CLOSED SESSION – None.

11. ADJOURNMENT

The next regularly scheduled meeting of the City Council will be February 4, 2020.

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MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL
TUESDAY, January 7, 2020

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 6:00 p.m. by Mayor Pierce in Hoyer Hall, Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Pierce, Vice Mayor Wan and Councilmembers Catalano, Diaz and Wolfe. Councilmembers absent: None. Staff present: City Manager Ikani Taumoepeau, and City Clerk/HR Manager Janet Calderon.

2. **COUNCIL INTERVIEW OF PLANNING COMMISSION APPLICANTS**

The City Council separately interviewed three (3) candidates who had applied for appointment to the City Planning Commission:

James Porter
Alan Zee
Terri Denslow

RECESS: The City Council took a short recess from 6:58 – 7:04 p.m.

7:00 P.M. REGULAR PUBLIC MEETING

3. **RECALL TO ORDER THE CITY COUNCIL** – The meeting was recalled to order at 7:04 p.m. by Mayor Pierce in Hoyer Hall, Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Pierce, Vice Mayor Wan and Councilmembers Catalano, Diaz and Wolfe. Councilmembers absent: None. Staff present: City Manager Ikani Taumoepeau, City Attorney Mala Subramanian, and City Clerk/HR Manager Janet Calderon.

4. **PLEDGE OF ALLEGIANCE** – led by Mayor Pierce.

Mayor Pierce welcomed and introduced our new City Manager Ikani Taumoepeau.

City Manager Taumoepeau expressed his gratitude for this opportunity and introduced his family to the community.

Mayor Pierce also introduced Robert Casey as Clayton’s representative to the County Connection Citizen Advisory Committee.

Mr. Casey is honored to be appointed as he is a frequent user of public transportation.

5. **CONSENT CALENDAR**

It was moved by Councilmember Catalano, seconded by Vice Mayor Wan, to approve the Consent Calendar as submitted. (Passed; 5-0 vote).

- (a) Approved the minutes of the regular meeting of December 17, 2019.
- (b) Approved Financial Demands and Obligations of the City.
- (c) Appointed Robert Casey as Clayton's representative to the County Connection Citizen Advisory Committee for a 2-year term expiring January 31, 2022.

6. **RECOGNITIONS AND PRESENTATIONS** – None.

7. **REPORTS**

- (a) Planning Commission – No meeting held.
- (b) Trails and Landscaping Committee – No meeting held.
- (c) City Manager/Staff –

City Manager Taumoepeau welcomed Kelsey Wiggins, Clayton's newest Police Officer. He also announced three (3) vacancies on the Trails and Landscaping Committee; noting application deadline is January 10, 2020.

- (d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

Councilmember Catalano indicated "No Report".

Vice Mayor Wan indicated "No Report".

Councilmember Wolfe attended the Clayton Business and Community Association Annual Tree Lighting and was a MC at the Volunteer Appreciation event, met with a constituent, and attended the East Contra Costa Habitat Conservancy meeting in Pittsburg.

Councilmember Diaz attended the farewell luncheon for David Woltering Interim Community Development Director, assisted the Clayton Business and Community Association Christmas decoration take down, and announced the recent passing of former Clayton Police Officer Randy Simon who resided in Oklahoma.

Mayor Pierce attended the Contra Costa Transportation Authority meeting, the Association of Bay Area Governments Housing Methodology Committee meeting, the Marsh Creek Trail Committee meeting, the reception for the Board of Realtors, the reorganization luncheon for the Board of Supervisors, and announced sponsor letters will be mailed out soon for the upcoming Concerts in The Grove.

- (e) Other – None.

8. **PUBLIC COMMENT ON NON - AGENDA ITEMS** – None.

9. **PUBLIC HEARINGS** – None.

10. **ACTION ITEMS**

- (a) City Council discussion and determination of citizen appointments to one vacated term of office on the City Planning Commission (term expires June 30, 2020).

Mayor Pierce indicated earlier this evening the City Council interviewed three candidates James Porter, Alan Zee and Terri Denslow, who had applied for the one vacant position on the City Planning Commission. Mayor Pierce explained the voting process, indicating whichever candidate receives three votes will be appointed.

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

Councilmember Catalano nominated James Porter and Terri Denslow for appointment to the Planning Commission.

Councilmember Wolfe also nominated Terri Denslow for appointment to the Planning Commission.

Councilmember Diaz also nominated Terri Denslow for appointment to the Planning Commission.

Vice Mayor Wan nominated James Porter and Alan Zee for appointment to the Planning Commission.

Mayor Pierce expressed support for all candidates, and nominated Terri Denslow for appointment to the Planning Commission.

It was moved by Councilmember Diaz, seconded by Councilmember Wolfe, to approve Resolution No. 01-2020 appointing Ms. Terri Denslow to the office on the Clayton Planning Commission, with a term of office to expire June 30, 2020. (Passed 4-1 vote; Wan, no).

11. **COUNCIL ITEMS**

Councilmember Catalano inquired on the scheduling of the setting of the annual Council Goal Setting Session.

Vice Mayor Wan requested the City Council discuss and take a position of opposition on the re-introduction of SB 50 be placed on the next City Council agenda.

12. **CLOSED SESSION** – None.

13. **ADJOURNMENT**– on call by Mayor Pierce, the City Council adjourned its meeting at 7:41 p.m.

The next regularly scheduled meeting of the City Council will be January 21, 2020.

#

Respectfully submitted,

Janet Calderon, City Clerk

APPROVED BY THE CLAYTON CITY COUNCIL

Julie Pierce, Mayor

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STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JENNIFER GIANTVALLEY, ACCOUNTING TECHNICIAN

DATE: January 21, 2020

SUBJECT: FINANCIAL DEMANDS AND OBLIGATIONS OF THE CITY

RECOMMENDATION:

It is recommended the City Council, by minute motion, approve the financial demands and obligations of the City for the purchase of services and goods in the ordinary course of operations.

Attached Report	Purpose	Date	Amount
Open Invoice Report	Accounts Payable	1/14/2020	\$ 176,702.85
Cash Requirements Report	Payroll, Taxes	1/15/2020	86,001.05
		Total Required	\$ 262,703.90

Attachments:

1. Open Invoice Report, dated 1/14/20 (4 pages)
2. Cash Requirements report PPE 1/12/20 (1 page)

City of Clayton

Open Invoice Report

Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Ace Sierra Tow								
Ace Sierra Tow	1/3/2020	1/3/2020	59140	Evidence tow to CH	\$85.00	\$0.00		\$85.00
				<i>Totals for Ace Sierra Tow</i>	<u>\$85.00</u>	<u>\$0.00</u>		<u>\$85.00</u>
Jose Aceves								
Jose Aceves	1/9/2020	1/9/2020	BP97-19	Deposit refund	\$2,000.00	\$0.00		\$2,000.00
				<i>Totals for Jose Aceves</i>	<u>\$2,000.00</u>	<u>\$0.00</u>		<u>\$2,000.00</u>
Advanced Elevator Solutions, Inc								
Advanced Elevator Solutions, Inc	1/1/2020	1/1/2020	38134	Elevator service	\$124.00	\$0.00		\$124.00
				<i>Totals for Advanced Elevator Solutions, Inc</i>	<u>\$124.00</u>	<u>\$0.00</u>		<u>\$124.00</u>
All City Management Services, Inc.								
All City Management Services, Inc.	12/31/2019	12/31/2019	65741	School crossing guard svcs 12/15/19-12/28/19	\$658.80	\$0.00		\$658.80
All City Management Services, Inc.	12/18/2019	12/18/2019	65575	School crossing guard svcs 12/1/19-12/14/19	\$1,317.60	\$0.00		\$1,317.60
				<i>Totals for All City Management Services, Inc.</i>	<u>\$1,976.40</u>	<u>\$0.00</u>		<u>\$1,976.40</u>
American Fidelity Assurance Company								
American Fidelity Assurance Company	1/14/2020	1/10/2020	2059793	FSA PPE 1/12/20	\$83.07	\$0.00		\$83.07
				<i>Totals for American Fidelity Assurance Company</i>	<u>\$83.07</u>	<u>\$0.00</u>		<u>\$83.07</u>
Big O Tires								
Big O Tires	1/14/2020	1/14/2020	005011-162617	Tires '11 F250	\$1,045.79	\$0.00		\$1,045.79
				<i>Totals for Big O Tires</i>	<u>\$1,045.79</u>	<u>\$0.00</u>		<u>\$1,045.79</u>
Caltronics Business Systems, Inc								
Caltronics Business Systems, Inc	12/30/2019	12/30/2019	2940140	Copier usage 11/30/19-12/29/19	\$850.43	\$0.00		\$850.43
				<i>Totals for Caltronics Business Systems, Inc</i>	<u>\$850.43</u>	<u>\$0.00</u>		<u>\$850.43</u>
Cintas Corporation								
Cintas Corporation	1/3/2020	1/3/2020	4039166001	PW uniforms through 1/3/20	\$38.44	\$0.00		\$38.44
Cintas Corporation	1/9/2020	1/9/2020	4039635522	PW uniforms through 1/9/20	\$39.90	\$0.00		\$39.90
				<i>Totals for Cintas Corporation</i>	<u>\$78.34</u>	<u>\$0.00</u>		<u>\$78.34</u>
Cintas Fire Protection								
Cintas Fire Protection	12/20/2019	12/20/2019	OF44719068	CH Fire extinguisher service	\$942.04	\$0.00		\$942.04
Cintas Fire Protection	12/20/2019	12/20/2019	OF44719070	CH Fire extinguisher service	\$768.10	\$0.00		\$768.10
Cintas Fire Protection	12/20/2019	12/20/2019	OF44719069	EH Fire extinguisher service	\$483.75	\$0.00		\$483.75
Cintas Fire Protection	12/20/2019	12/20/2019	OF44719067	Library Fire extinguisher service	\$386.83	\$0.00		\$386.83
				<i>Totals for Cintas Fire Protection</i>	<u>\$2,580.72</u>	<u>\$0.00</u>		<u>\$2,580.72</u>
City of Concord								
City of Concord	12/19/2019	12/19/2019	81910	Printing-envelopes, letterhead	\$358.59	\$0.00		\$358.59
City of Concord	1/1/2020	1/1/2020	81937	Dispatch services January 2020	\$23,256.11	\$0.00		\$23,256.11

City of Clayton

Open Invoice Report

Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
<i>Totals for City of Concord</i>					\$23,614.70	\$0.00		\$23,614.70
City of Pleasant Hill								
City of Pleasant Hill	1/8/2020	1/8/2020	900007076	Transpac FY 20	\$24,969.00	\$0.00		\$24,969.00
<i>Totals for City of Pleasant Hill</i>					\$24,969.00	\$0.00		\$24,969.00
Clean Street								
Clean Street	12/31/2019	12/31/2019	96204	Sweep fee December 2019	\$4,500.00	\$0.00		\$4,500.00
<i>Totals for Clean Street</i>					\$4,500.00	\$0.00		\$4,500.00
Comcast Business								
Comcast Business	2/9/2020	1/5/2020	010520	IT services 1/10/20-2/9/20	\$386.09	\$0.00		\$386.09
<i>Totals for Comcast Business</i>					\$386.09	\$0.00		\$386.09
Contra Costa County Animal Svcs Dept								
Contra Costa County Animal Svcs Dept	1/1/2020	1/1/2020	ASD M6152	Animal control services 1/1/20-3/31/20	\$18,246.59	\$0.00		\$18,246.59
<i>Totals for Contra Costa County Animal Svcs Dept</i>					\$18,246.59	\$0.00		\$18,246.59
Contra Costa County Department of Conservation & Development								
Contra Costa County Department of Co	12/31/2019	12/31/2019	2020Q2	Q2FY20 CASP fees	\$319.60	\$0.00		\$319.60
<i>Totals for Contra Costa County Department of Conservation & Development</i>					\$319.60	\$0.00		\$319.60
Cropper Accountancy Corp								
Cropper Accountancy Corp	12/31/2019	12/31/2019	1785	Audit work FY19	\$4,000.00	\$0.00		\$4,000.00
<i>Totals for Cropper Accountancy Corp</i>					\$4,000.00	\$0.00		\$4,000.00
De Lage Landen Financial Services, Inc.								
De Lage Landen Financial Services, Inc.	1/15/2020	12/2/2019	65997902	Copier lease 12/15/19-1/14/20	\$304.59	\$0.00		\$304.59
De Lage Landen Financial Services, Inc.	2/15/2020	1/2/2020	66371091	Copier lease 1/15/20-2/14/20	\$304.59	\$0.00		\$304.59
<i>Totals for De Lage Landen Financial Services, Inc.</i>					\$609.18	\$0.00		\$609.18
Digital Services								
Digital Services	1/8/2020	1/8/2020	11517	Router and service by AT&T 2020	\$600.00	\$0.00		\$600.00
Digital Services	12/31/2019	12/31/2019	11518	IT services 12/10/19-1/8/20	\$4,745.00	\$0.00		\$4,745.00
Digital Services	12/9/2019	12/9/2019	11500	IT services 10/26/19-12/9/19	\$9,920.00	\$0.00		\$9,920.00
<i>Totals for Digital Services</i>					\$15,265.00	\$0.00		\$15,265.00
Division of the State Architect								
Division of the State Architect	12/31/2019	12/31/2019	Q2 2020	Q2 2020 CASp fees	\$37.60	\$0.00		\$37.60
<i>Totals for Division of the State Architect</i>					\$37.60	\$0.00		\$37.60
Economic & Planning Systems, Inc								
Economic & Planning Systems, Inc	11/30/2019	11/30/2019	181082-12	Open Space fee study November 2019	\$1,662.50	\$0.00		\$1,662.50
<i>Totals for Economic & Planning Systems, Inc</i>					\$1,662.50	\$0.00		\$1,662.50
Globalstar LLC								

City of Clayton

Open Invoice Report

Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Globalstar LLC	12/16/2019	12/16/2019	10874554	Sat phone 11/16/19-12/15/19	\$108.61	\$0.00		\$108.61
				<i>Totals for Globalstar LLC</i>	<i>\$108.61</i>	<i>\$0.00</i>		<i>\$108.61</i>
Hammons Supply Company								
Hammons Supply Company	1/10/2020	1/10/2020	109909	Library janitorial supplies	\$494.38	\$0.00		\$494.38
Hammons Supply Company	1/10/2020	1/10/2020	109910	The Grove janitorial supplies	\$113.66	\$0.00		\$113.66
				<i>Totals for Hammons Supply Company</i>	<i>\$608.04</i>	<i>\$0.00</i>		<i>\$608.04</i>
ICMA Retirement Corporation								
ICMA Retirement Corporation	1/13/2020	1/13/2020	011220	457 contributions PPE 1/12/20	\$1,300.00	\$0.00		\$1,300.00
ICMA Retirement Corporation	1/7/2020	1/7/2020	43654	Annual plan fee 1/1/20-3/31/20	\$125.00	\$0.00		\$125.00
				<i>Totals for ICMA Retirement Corporation</i>	<i>\$1,425.00</i>	<i>\$0.00</i>		<i>\$1,425.00</i>
LarryLogic Productions								
LarryLogic Productions	1/8/2020	1/8/2020	1864	City council meeting production 1/7/20	\$330.00	\$0.00		\$330.00
				<i>Totals for LarryLogic Productions</i>	<i>\$330.00</i>	<i>\$0.00</i>		<i>\$330.00</i>
Charles Levy								
Charles Levy	1/9/2020	1/9/2020	CAP0307	Deposit refund	\$2,000.00	\$0.00		\$2,000.00
				<i>Totals for Charles Levy</i>	<i>\$2,000.00</i>	<i>\$0.00</i>		<i>\$2,000.00</i>
Mortensen Roofing And Gutters, Inc								
Mortensen Roofing And Gutters, Inc	1/7/2020	1/7/2020	BP170-19	Deposit refund	\$1,000.00	\$0.00		\$1,000.00
				<i>Totals for Mortensen Roofing And Gutters, Inc</i>	<i>\$1,000.00</i>	<i>\$0.00</i>		<i>\$1,000.00</i>
Nationwide								
Nationwide	1/15/2020	1/13/2020	011220	457 contribution PPE 1/12/20	\$500.00	\$0.00		\$500.00
				<i>Totals for Nationwide</i>	<i>\$500.00</i>	<i>\$0.00</i>		<i>\$500.00</i>
NBS Govt. Finance Group								
NBS Govt. Finance Group	12/31/2019	12/31/2019	1219000429	Disclosures for 2007 Bonds	\$2,005.83	\$0.00		\$2,005.83
				<i>Totals for NBS Govt. Finance Group</i>	<i>\$2,005.83</i>	<i>\$0.00</i>		<i>\$2,005.83</i>
Occupational Health Centers of California								
Occupational Health Centers of Califor	1/8/2020	1/8/2020	66672900	PW pre-employment exam	\$288.50	\$0.00		\$288.50
				<i>Totals for Occupational Health Centers of California</i>	<i>\$288.50</i>	<i>\$0.00</i>		<i>\$288.50</i>
Paychex								
Paychex	1/15/2020	1/12/2020	2020011301	Payroll fees PPE 1/12/20	\$197.29	\$0.00		\$197.29
Paychex	1/15/2020	12/31/2019	2020011301	W-2 processing 2019	\$408.75	\$0.00		\$408.75
				<i>Totals for Paychex.</i>	<i>\$606.04</i>	<i>\$0.00</i>		<i>\$606.04</i>
Riso Products of Sacramento								
Riso Products of Sacramento	12/20/2019	12/20/2019	203371	Copier usage 11/20/19-12/19/19	\$23.17	\$0.00		\$23.17
				<i>Totals for Riso Products of Sacramento</i>	<i>\$23.17</i>	<i>\$0.00</i>		<i>\$23.17</i>

City of Clayton
Open Invoice Report
 Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Site One Landscape Supply, LLC								
Site One Landscape Supply, LLC	12/27/2019	12/27/2019	96597686-001	Irrigation control repair	\$1,801.24	\$0.00		\$1,801.24
Site One Landscape Supply, LLC	12/27/2019	12/27/2019	96597699-001	Irrigation control repair	\$660.00	\$0.00		\$660.00
				<i>Totals for Site One Landscape Supply, LLC</i>	<u>\$2,461.24</u>	<u>\$0.00</u>		<u>\$2,461.24</u>
Sprint Comm (PD)								
Sprint Comm (PD)	12/29/2019	12/29/2019	703335311-217	Cell phone 11/26/19-12/25/19	\$728.72	\$0.00		\$728.72
				<i>Totals for Sprint Comm (PD)</i>	<u>\$728.72</u>	<u>\$0.00</u>		<u>\$728.72</u>
Staples Business Credit								
Staples Business Credit	12/25/2019	12/25/2019	1627169073	Office supplies December 2019	\$307.01	\$0.00		\$307.01
				<i>Totals for Staples Business Credit</i>	<u>\$307.01</u>	<u>\$0.00</u>		<u>\$307.01</u>
Stericycle Inc								
Stericycle Inc	1/1/2020	1/1/2020	3004936105	Medical waste disposal January 20	\$55.58	\$0.00		\$55.58
				<i>Totals for Stericycle Inc</i>	<u>\$55.58</u>	<u>\$0.00</u>		<u>\$55.58</u>
US Bank - Corp Pmt System CalCard								
US Bank - Corp Pmt System CalCard	12/23/2019	12/23/2019	Stmt end 12/23/19	CalCard Stmt end 12/23/19	\$14,136.62	\$0.00		\$14,136.62
				<i>Totals for US Bank - Corp Pmt System CalCard</i>	<u>\$14,136.62</u>	<u>\$0.00</u>		<u>\$14,136.62</u>
US Bank Ops Center								
US Bank Ops Center	1/13/2020	1/13/2020	1536768	1990-1 Bond debt service 3/2/20	\$42,692.20	\$0.00		\$42,692.20
				<i>Totals for US Bank Ops Center</i>	<u>\$42,692.20</u>	<u>\$0.00</u>		<u>\$42,692.20</u>
Verizon Wireless								
Verizon Wireless	12/31/2019	12/31/2019	9845361318	Cell phones 12/2/19-1/1/20	\$255.39	\$0.00		\$255.39
				<i>Totals for Verizon Wireless</i>	<u>\$255.39</u>	<u>\$0.00</u>		<u>\$255.39</u>
Wells Fargo Bank (Bond Debt Service)								
Wells Fargo Bank (Bond Debt Service)	1/10/2020	1/10/2020	CLAY02032020	Lydia Lane sewer interest 3/2/20	\$4,309.89	\$0.00		\$4,309.89
				<i>Totals for Wells Fargo Bank (Bond Debt Service)</i>	<u>\$4,309.89</u>	<u>\$0.00</u>		<u>\$4,309.89</u>
Western Exterminator								
Western Exterminator	12/31/2019	12/31/2019	7668932	Pest control December 2019	\$427.00	\$0.00		\$427.00
				<i>Totals for Western Exterminator</i>	<u>\$427.00</u>	<u>\$0.00</u>		<u>\$427.00</u>
				GRAND TOTALS:	\$176,702.85	\$0.00		\$176,702.85

CASH REQUIREMENTS

CASH REQUIRED FOR NEGOTIABLE CHECKS &/OR ELECTRONIC FUNDS TRANSFERS (EFT) FOR CHECK DATE 01/15/20: \$86,001.05

TRANSACTION SUMMARY

SUMMARY BY TRANSACTION TYPE -	TOTAL ELECTRONIC FUNDS TRANSFER (EFT)	86,001.05
	CASH REQUIRED FOR NEGOTIABLE CHECKS &/OR EFT	86,001.05
	TOTAL REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES	11,591.54
	CASH REQUIRED FOR CHECK DATE 01/15/20	97,592.59

TRANSACTION DETAIL

ELECTRONIC FUNDS TRANSFER - *Your financial institution will initiate transfer to Paychex at or after 12:01 A.M. on transaction date.*

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		BANK DRAFT AMOUNTS & OTHER TOTALS
01/14/20	BANK OF AMERICA, NA	xxxxxx4799	Direct Deposit	Net Pay Allocations	64,907.48	
01/14/20	BANK OF AMERICA, NA	xxxxxx4799	Direct Deposit	Deductions with Direct Deposit	603.50	65,510.98
01/14/20	BANK OF AMERICA, NA	xxxxxx4799	Readychex®	Check Amounts	528.60	528.60
01/14/20	BANK OF AMERICA, NA	xxxxxx4799	Garnishment	Employee Deductions	75.00	75.00
				EFT FOR 01/14/20		66,114.58
01/15/20	BANK OF AMERICA, NA	xxxxxx4799	Taxpay®	Employee Withholdings		
				Social Security	405.91	
				Medicare	1,287.54	
				Fed Income Tax	9,096.52	
				CA Income Tax	3,628.01	
				Total Withholdings	14,417.98	
				Employer Liabilities		
				Social Security	405.91	
				Medicare	1,287.54	
				Fed Unemploy	526.73	
				CA Unemploy	3,160.49	
				CA Emp Train	87.82	
				Total Liabilities	5,468.49	19,886.47
				EFT FOR 01/15/20		19,886.47
				TOTAL EFT		86,001.05



AGENDA REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: Janet Calderon, City Clerk

DATE: January 21, 2020

SUBJECT: Accept the Resignations of Four *Trails and Landscape Committee* Members

RECOMMENDATION

Accept the resignations of Trails and Landscape Committee Members Carin Kaplan, Ted Sudderth, Maryann Carroll Moser, and Howard Kaplan.

DISCUSSION

Staff notified the incumbents of their terms concluding on December 31, 2019 and advertised the vacancies on the City's website and the three posting boards in town.

Carin Kaplan submitted her written resignation on December 3, 2019.

Maryann Carroll Moser submitted her written resignation on December 30, 2019.

Howard Kaplan submitted his written resignation on January 3, 2020.

The City received written resignation from Ted Sudderth on December 26, 2019, whose term was set to expire on December 31, 2020.

The City accepted applications until January 10, 2020 with no applications received.

The Trails and Landscape Committee currently has two active members, which unfortunately does not make a quorum. This committee can have up to eleven members. Staff has updated the advertisement to accept applications until filled.

Attachments: Resignation emails from Ms. Kaplan, Mr. Sudderth, Ms. Carroll Moser, and Mr. Kaplan (7 pgs)

Janet Calderon

From: Carin Kaplan <bolero2879@comcast.net>
Sent: Tuesday, December 03, 2019 3:23 PM
To: Janet Calderon
Subject: Re: TLC Term Expiring

Thank you Janet, but I've decided not to trip. Good luck on your search for new TLC members.

Sent from my iPhone

On Dec 3, 2019, at 2:37 PM, Janet Calderon <jcalderon@ci.clayton.ca.us> wrote:

As you are probably aware your term on the Trails and Landscaping Committee expires in December 2019.

Please find an application attached in case you would like to apply to serve another term. If you know of anyone interested, please have him or her contact me. They can also obtain the application off the web site.

The City of Clayton thanks you for your participation on the Trails and Landscaping Committee. Thank you.

Sincerely,

Janet Calderon
City Clerk

<image001.jpg>

Janet Calderon
City Clerk/HR Manager

City of Clayton
6000 Heritage Trail
Clayton, CA 94517
(925) 673-7304

<TLC Application.pdf>

Janet Calderon

From: Laura Hoffmeister
Sent: Thursday, December 26, 2019 2:07 PM
To: unkted@aol.com; julie_pierce@comcast.net; hkaplan@farmvestinc.com; bwiggin8@gmail.com; doris.ward@att.net
Cc: Janet Calderon
Subject: RE: TLC committee

Ted
Thank You for your service on the TLC.

Laura Hoffmeister
Assistant to the City Manager
City of Clayton
6000 Heritage Trail
Clayton, CA 94517

Email: LHoffmeister@ci.clayton.ca.us
Ph. desk/vm: (925) 673-7308
Ph. cell/vm/txt: (925) 250-8532
Fax: (925) 672-4917

From: unkted@aol.com [<mailto:unkted@aol.com>]
Sent: Thursday, December 26, 2019 9:09 AM
To: Laura Hoffmeister; julie_pierce@comcast.net; hkaplan@farmvestinc.com; bwiggin8@gmail.com; doris.ward@att.net
Subject: TLC committee

Laura

I will be resigning effective December 31. Unfortunately I don't feel that any of my thoughts and ideas are taken seriously and I am not accomplishing anything. I love Clayton very much and will look into other ways to contribute.

Ted Sudderth

Janet Calderon

From: Laura Hoffmeister
Sent: Monday, December 30, 2019 11:26 AM
To: Janet Calderon
Subject: FW: FW: TLC Term Expiring

From: Maryann Carroll Moser [<mailto:maxiboyne@gmail.com>]
Sent: Thursday, December 26, 2019 7:31 PM
To: Laura Hoffmeister
Cc: hkaplan@farmvestinc.com
Subject: Re: FW: TLC Term Expiring

Thank you for allowing me to participate on the TLC for the past few years. I will not be renewing for an additional term.

Best wishes to all.

Maryann

On Thu, Dec 26, 2019 at 2:53 PM Laura Hoffmeister <lhoffmeister@ci.clayton.ca.us> wrote:

Howard and Maryann:

Hope you Holidays are going well. I am sending this out but expect that you folks may be busy or away.

On Dec 3rd the City Clerk had provided notification that your terms are ending Dec 31 2019. If you would like to have the City Council consider reappointing you for another term an application would need to be submitted to the City Clerk on or before January 10th 2020.

If you are not planning to re-apply please advise.

Thank you.

PS

Howard I still do not have the last FY (18-19) LMD financial budget close out as Finance staff is part time and they have been out ill with colds and flu, and reports are taking longer to complete than anticipated .

I am hoping that they will be healthy after the holidays and I will connect with them on Jan 6th

Laura Hoffmeister

Assistant to the City Manager

[City of Clayton](#)

[6000 Heritage Trail](#)

[Clayton, CA 94517](#)

Email: LHoffmeister@ci.clayton.ca.us

Ph. desk/vm: (925) 673-7308

Ph. cell/vm/txt: (925) 250-8532

Fax: (925) 672-4917

From: Janet Calderon
Sent: Thursday, December 26, 2019 2:32 PM
To: Laura Hoffmeister
Subject: FW: TLC Term Expiring



Janet Calderon

City Clerk/HR Manager

[City of Clayton](#)

[6000 Heritage Trail](#)

[Clayton, CA 94517](#)

(925) 673-7304

From: Janet Calderon

Sent: Tuesday, December 03, 2019 2:37 PM

To: maxiboyne@gmail.com; bolero2879@comcast.net; hkaplan@farmvestinc.com

Subject: TLC Term Expiring

As you are probably aware your term on the Trails and Landscaping Committee expires in December 2019.

Please find an application attached in case you would like to apply to serve another term. If you know of anyone interested, please have him or her contact me. They can also obtain the application off the web site.

The City of Clayton thanks you for your participation on the Trails and Landscaping Committee.

Thank you.

Sincerely,

Janet Calderon

City Clerk



Janet Calderon

City Clerk/HR Manager

[City of Clayton](#)

[6000 Heritage Trail](#)

[Clayton, CA 94517](#)

(925) 673-7304

Janet Calderon

From: Laura Hoffmeister
Sent: Friday, January 03, 2020 6:36 PM
To: Janet Calderon
Subject: FW: Trails and landscape committee

From: Howard Kaplan [<mailto:hkaplan@farmvestinc.com>]
Sent: Thursday, January 02, 2020 3:07 PM
To: Laura Hoffmeister
Cc: Ted Sudderth; Bill Wiggins (billwiggins@transtechconsultants.com); doris.ward@att.net; Carin Kaplan (bolero2879@comcast.net); maxiboyne@gmail.com
Subject: Trails and landscape committee

Dear Laura,

I have decided not to reapply for a position on the TLC. I have found that the Committee is not able to meet what I consider an effective way to provide oversight with the narrow definition of its role and a lack of collaboration with staff.

Howard

Howard Kaplan
Farmvest, Inc.
P. O. Box 201, Clayton, CA 94517
Tel: 925-672-8843
Cell/text: 925-550-9291
E: hkaplan@farmvestinc.com
Website: www.farmvestinc.com

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AGENDA REPORT

TO: Honorable Mayor and Councilmembers

FROM: Ikani Taumoepeau, City Manager

DATE: January 21, 2020

SUBJECT: City Council to Set Appeal Hearing, Date, Time and Location for Appeals of the Planning Commission's Decisions Regarding the Olivia at Marsh Creek Project pursuant to Clayton Municipal Code section 17.68.030 (No discussion on the appeals and/or the project will occur as part of this agenda item).

RECOMMENDATION

Set appeal hearing, date, time and location for appeals of the Planning Commission's decisions regarding the Olivia at Marsh Creek Project pursuant to Clayton Municipal Code section 17.68.030.

BACKGROUND

The City of Clayton has received four appeals regarding the Planning Commission's decisions regarding the Olivia at Marsh Creek Project. Clayton Municipal Code section 17.68.030 requires the City Council to set a public hearing date, time and location on the appeals to be heard before itself. We recommend the City Council schedule the appeals be heard at a public hearing to be held before the City Council on February 4th at 7 p.m. at Hoyer Hall. We have confirmed that all four appellants are available on this date. There is no other action for the City Council to take at this time, nor shall there be any discussion regarding the appeals and/or the project.

FISCAL IMPACT

None.

Attachments: Appeal 1 (9 pgs)
Appeal 2 (40 pgs)
Appeal 3 (5 pgs)
Appeal 4 (3 pgs)

Appeal 1

Appeal of a Planning Commission Decision

Below: Office Use Only



6000 Heritage Trail., Clayton, CA 94517
Phone No. 925.673.7300 Fax No. 925.672.4917
www.ci.clayton.ca.us

File No. _____ Fee(s) 324⁰⁰
Received By: J. Hoffmeister
Date 12/30/19 Receipt No. 029135

Please clarify any questions with the Planning Staff prior to completing this form. Please print or type legibly. Attach additional sheets if necessary. Incomplete applications will not be accepted.

1. Personal Information (Appellant):

a. Name: Kent Ipsen Signature: [Signature]
b. Address: 6061 Clayton View Ln. Clayton, CA 94517
c. Phone: (925) 595-8720
d. interest in project (e.g., applicant, neighbor, etc): Neighbor

2. Appeal Instructions:

- a. To file an appeal, take the form and appeal fee to the City Clerk at City Hall, Third Floor, 6000 Heritage Trail. City Hall is open Monday through Friday, 9:00 a.m. to 5:00 p.m.
- b. The appeal must be filed within 10 calendar days of the Planning Commission Notice of Decision.
- c. A public hearing will be held by the City Council. The appellant, applicant, and any other person(s) who requested notice of an appeal hearing in writing will be mailed a notice of the public hearing.
- d. Attach a copy of the written decision/ruling.

3. Specify Grounds of Appeal:

- a. Date of Planning Commission Decision on Project: December 20, 2019
- b. State your rationale for arguing that the Planning Commission ruling was an improper or erroneous interpretation of the Ordinance:

The specified findings of Resolution # 05-19 by the Planning Commission are not supported by the evidence

4. Certification: I recognize that the Clayton City Council may, in conformity with the Unified Development Ordinance, reverse or affirm, wholly or partly, or may modify the order; requirement, decision or determination appealed from, and may by a resolution make any necessary order, requirement, decision or determination. Furthermore, I have read Sections 17.68.020 and .030 of the Municipal Code found on the alternate side of this form.

Applicant Signature: [Signature] Date: 12/23/19

17.68.020 Appeal--Allowed when.

Appeal from any decision of the Planning Commission shall be governed by the provisions of this section and Section 17.68.030. For the purpose of appeal from any action of the Planning Commission, an aggrieved person must be either a subdivider, if he is dissatisfied with any action with respect to the tentative map, or to the kinds, nature and extent of the improvements required for a subdivision, or an applicant or any person alleging:

- A. That his property rights or the value of his property is adversely affected and the decision does not comply with the General Plan, if one is in effect at the time; or
- B. That the required standards, which must be specified, are or are not satisfied by the evidence presented at the hearing for rezoning, land use permit, or variance permit; or
- C. That specified findings of the Planning Commission are not supported by the evidence; or
- D. That specified limitations or conditions imposed in granting a permit are not reasonably required; or
- E. That specified limitations or conditions recommended but not imposed are reasonably required in granting a permit. (Ord. 52 Ch. III Sec. 5(a), 1968).

17.68.030 Appeal--Notice--Fee--Hearing and notice--Council conclusions.

An aggrieved party may appeal a decision of the Planning Commission to the City Council by filing a written notice of appeal with the City Clerk specifying the grounds for the appeal along with an appeal fee in such amount as may from time to time be fixed by resolution of the City Council, within ten days after the filing with the appropriate officials of the decision being appealed. When an appeal from the decision of the Planning Commission is properly filed, the City Clerk shall transmit to the City Council copies of the letter of appeal, the application and findings and decision of the Planning Commission. Upon receipt of said matter, the City Council shall order the matter heard before itself. The City Council shall proceed to schedule a public hearing in the matter before it and cause notice of the hearing time, place and nature of the appeal to be given by mailing copies of such notice by United States mail, first-class, postage prepaid to the appellant, the applicant or subdivider, and any other interested person or persons who shall have recorded his name and mailing address along with a request for a notice of hearing on appeal with the City Clerk and/or Secretary of the Planning Commission. The City Council shall then hear the matter as directed in the order fixing hearing and following this shall make its findings and conclusions in writing and file them with the City Clerk within thirty days after the close of the hearing, with copies being forwarded to the Planning Commission, the appellant and the applicant or subdivider. In its conclusions the City Council may approve with conditions, or deny the appeal. The conclusion of the City Council shall be final and the application shall be disposed of in accordance with the City Council's decision with no further administrative action being taken on the application. (Ord. 172 Sec. 5, 1977; Ord. 52 Ch. III Sec. 5(b), 1968).

**CITY OF CLAYTON
PLANNING COMMISSION
RESOLUTION NO. 05-19**

**A RESOLUTION OF THE CLAYTON PLANNING COMMISSION DETERMINING THAT THE OLIVIA
ON MARSH CREEK SENIOR HOUSING PROJECT QUALIFIES FOR A CATEGORICAL EXEMPTION
UNDER CLASS 32 – INFILL DEVELOPMENT PROJECTS
PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT
(ENV-01-17)**

WHEREAS, the City received an application from William Jordan requesting review and consideration of an Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), Tree Removal Permit (TRP-24-17), and related Environmental Review (ENV-01-17) for development of an 81-unit senior residential development located on three adjacent parcels with a total area of 3.02 acres (“Project”), located at the southwest intersection of High Street and Marsh Creek Road (APNs: 119-021-063, 119-021-055, and 119-021-013); and

WHEREAS, the Project meets the definition of an infill development project as specified in Section 15332 of Title 14 of the California Code of Regulations, the California Environmental Quality Act (“CEQA”) Guidelines; and

WHEREAS, the City commissioned an independent analysis of the Project’s eligibility for a Class 32 Infill Exemption by Raney Planning & Management, Inc., titled “Infill Exemption Environmental Analysis for Clayton Senior Housing Project” and dated June 14, 2019, which analyzes whether the Project meets all criteria of the Class 32 Infill Exemption as stated in CEQA Guidelines Section 15332, and which is attached as Exhibit A to this Resolution; and

WHEREAS, the Clayton Planning Commission has reviewed the “Infill Exemption Environmental Analysis for Clayton Senior Housing Project”; and

WHEREAS, on November 12, 2019, and December 10, 2019, the Clayton Planning Commission held a duly-noticed public hearings on the Project, including staff’s recommended determination of a Class 32 Categorical Exemption (Infill Development Projects) pursuant to the CEQA Guidelines.

Planning Commission
Resolution No. 05-19

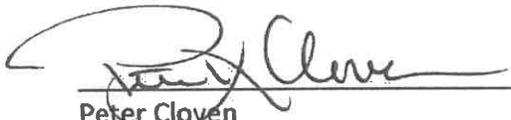
NOW, THEREFORE, BE IT RESOLVED, as follows:

1. The foregoing recitals are true and correct.
2. The Clayton Planning Commission hereby finds, on the basis of the whole record before it, that:
 - a. The City of Clayton exercised overall control and direction over the CEQA review for the Project, including the preparation of the “Infill Exemption Environmental Analysis for Clayton Senior Housing”, and independently reviewed the same; and
 - b. There is no substantial evidence that the Project will have a significant effect on the environment; and
 - c. The “Infill Exemption Environmental Analysis for Clayton Senior Housing” reflects the City’s independent judgment and analysis.
3. The Clayton Planning Commission hereby determines that the Project is Categorically Exempt, under Class 32 – Infill Development Projects, from further review pursuant to the California Environmental Quality Act.

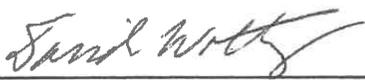
PASSED AND ADOPTED by the Planning Commission of the City of Clayton at a regular meeting on the 10th day of December, 2019.

APPROVED:

ATTEST:



Peter Cloven
Chair



David Woltering
Interim Community Development Director

ATTACHMENTS

Exhibit A – Infill Exemption Environmental Analysis for Clayton Senior Housing Project by Raney Planning & Management, Inc. (supporting technical studies are available for review in the Community Development Department at Clayton City Hall)



WWW.RANEYMANAGEMENT.COM

NORTHERN CALIFORNIA
1501 SPORTS DRIVE
SACRAMENTO, CA 95834

TEL: 916.372.6100 • FAX: 916.419.6100

June 14, 2019

David Woltering
Interim Community Development Director
City of Clayton
6000 Heritage Trail
Clayton, CA

Subject: Infill Exemption Environmental Analysis for Clayton Senior Housing Project

Dear Mr. Woltering:

The City of Clayton retained Raney Planning & Management, Inc. (Raney) to determine whether the Clayton Senior Housing Project satisfies criteria (c) and (d) of the Class 32 Infill Exemption included in the California Environmental Quality Act (CEQA) Guidelines. The specific conditions identified in the Class 32 Infill Exemption in the CEQA Guidelines are as follows (specific emphasis has been added for criteria (c) and (d)):

Class 32 consists of projects characterized as in-fill development meeting the conditions described in this section.

- (a) *The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.*
- (b) *The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.*
- (c) *The project site has no value as habitat for endangered, rare or threatened species.*
- (d) *Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.*
- (e) *The site can be adequately served by all required utilities and public services.*

The applicant team prepared several technical studies for the project, which provide information needed to determine whether the project satisfies criteria (c) and (d). To that end, the Raney team performed peer reviews of the applicant-prepared reports to determine their adequacy. The technical reports for the Clayton Senior Housing Project are as follows:

- *6170 High Street/6450 Marsh Creek Road, 6490 Marsh Creek Road – Revised Biological Constraints Assessment Survey Results (November 6, 2018), prepared by Olberding Environmental;*
- *Air Quality & Greenhouse Gas Impact Assessment for the Proposed Clayton Senior Housing Project, Clayton, CA, prepared by Ambient Air Quality & Noise Consulting (September 24, 2018);*
- *Noise & Groundborne Vibration Impact Assessment for the Proposed Clayton Senior Housing Project, Clayton, CA, prepared by Ambient Air Quality & Noise Consulting (September 21, 2018); and*
- *Clayton Senior Housing Trip Generation Study Final Letter (May 8, 2017), prepared by Kimley Horn.*

The following section provides a summary of Raney's review of the technical biological, air quality, noise, traffic, and water quality studies.

Biological

Raney has determined that the methods employed by Olberding Environmental are in general conformance with industry standard practice for biological assessments. For example, the report includes a search of the California Natural Diversity Database (CNDDDB) maintained by the California Department of Fish and Wildlife, and reports the special-status species recorded within an extended radius around the project site (presumably 5 miles). The initial peer review comments provided by Raney to the City on September 19, 2018 have been adequately addressed in the final November 6, 2018 report. The report concludes that the project site has no value as habitat for endangered, rare or threatened species, consistent with criteria (c) of Infill Exemption 15332.

Air Quality

Raney has concluded that the Air Quality/Greenhouse Gas analysis was completed in accordance with current industry standards, and in compliance with the recommended guidance of the Bay Area Air Quality Management District (BAAQMD). The general methodology of the Technical Memorandum included estimating potential air quality and greenhouse gas (GHG) emissions from construction and operation of the proposed project, using the most-up-to-date version of the California Emissions Estimator Model (CalEEMod) software. To assess the adequacy of the Air Quality/GHG analysis presented in the Technical Memorandum, Raney reviewed the methods, assumptions, and CalEEMod outputs provided by Ambient Consulting. The initial peer review comments provided by Raney to the City on July 20, 2018 and September 7, 2018 have been adequately addressed in the final September 24, 2018 report. The report concludes that the proposed project would result in construction and operational emissions below the BAAQMD's thresholds of significance. Thus, the proposed project would not result in any significant air quality effects, consistent with criteria (d) of Infill Exemption 15332.

Noise

Raney hired j.c. brennan & associates, Inc., a noise technical expert, to perform a technical peer review of the project-specific noise and vibration study. j.c. brennan & associates reviewed the report methodology and results and determined that the report was completed in accordance with current industry standards and adequately addresses whether the proposed project would exceed the City of Clayton's General Plan Noise Element and/or Noise Ordinance standards. The report concludes that the proposed project would result in operational noise levels below the relevant City noise thresholds. With respect to construction noise, the report correctly notes that construction activities occurring between the allowable hours specified in Clayton Municipal Code Section 15.01.101 are not subject to the City's noise level thresholds. Per City Ordinance, construction hours for the project would be limited. Thus, the proposed project would not result in any significant noise effects, consistent with criteria (d) of Infill Exemption 15332.

Traffic

Raney consulted with Abrams Associates Traffic Engineering, Inc. to advise on the accuracy of a Trip Generation Study prepared for the proposed project by Kimley Horn. On May 9, 2018, Abrams Associates confirmed that the method of analysis used in the Trip Generation Study was correct, and that the resulting trip estimates are accurate. The Trip Generation Study concludes that the proposed project would generate 16 AM peak hour trips and 19 PM peak hour trips using the ITE Trip Generation Manual. The expected AM and PM peak hour trips are well below the Contra Costa Transportation Authority's 100 peak hour trip threshold for warranting a traffic impact analysis. Additionally, the nearby intersection of Marsh Creek Road/Clayton Road was analyzed and it was determined that the intersection would not be impacted by the relatively small increase in trips in the vicinity. Thus, the proposed project would not result in any significant traffic effects, consistent with criteria (d) of Infill Exemption 15332.

Hydrology

The City Engineer has reviewed the proposed project's potential to significantly effect water quality in the vicinity and has determined that compliance with existing stormwater regulations would ensure no significant adverse water quality effects would occur, as the following will demonstrate. The proposed project would implement the City of Clayton development standards, as well as adhere to all regulations set forth by the Regional Water Quality Control Board, including Section C.3 of the Municipal Regional Storm Water Permit. Additionally, the proposed project would adhere to all requirements for sewerage collection and purveyance of drinking water enforced by the Contra Costa Water District. The City Engineer determined that the proposed project would not introduce any extraordinary issues that would negatively impact water quality on the project site or in the surrounding area. Thus, the proposed project would not result in any significant water quality effects, consistent with criteria (d) of Infill Exemption 15332.

Conclusion

As discussed above, the project site does not contain valuable habitat for endangered, rare or threatened species. Based on an air quality analysis conducted for the proposed project, emissions of criteria pollutants associated with the project would not exceed applicable thresholds established by BAAQMD. Additionally, as determined by the technical studies, the proposed project would be consistent with all applicable regulations set forth by the City and Contra Costa County with regard to noise and traffic. Finally, the City Engineer has evaluated the project site plans and determined that the proposed project would not create any significant adverse effects to water quality on the project site or in the surrounding area. Based on the above, the Clayton Senior Housing Project would satisfy the Infill Exemption conditions (c) related to biological resources and (d) related to air quality, noise, traffic, and water quality.

Exceptions to Categorical Exemptions

Even if a project is ordinarily exempt under any of the categorical exemptions, CEQA Guidelines Section 15300.2 provides specific instances where exceptions to otherwise applicable exemptions apply. The following is a discussion of any possible exceptions to the CEQA exemption.

Criterion 15300.2(a): Location

This exception only applies to CEQA exemptions under Classes 3,4,5,6, or 11. Since the proposed project qualifies as a Class 32 Infill Exemption, Criterion 15300.2(a) would not apply.

Criterion 15300.2(b): Cumulative Impact

The project site is currently designated Multifamily High Density Residential in the Clayton General Plan and zoned Planned Development. The proposed project is consistent with the site's General Plan and zoning designations. Therefore, impacts of the project have been anticipated by the City and analyzed in the General Plan EIR. Furthermore, the proposed project would not create a significant impact related to modification of habitat for endangered, rare, or threatened species, air quality, noise, traffic, or water quality. Thus, the overall effects of the proposed project would be less than significant and would not contribute to significant cumulative impacts.

Criterion 15300.2(c): Unusual Circumstances

The proposed project would develop a senior housing facility on a project site currently planned for residential development. As discussed above, the Biological Assessment determined that the site does not contain any suitable habitat for endangered, rare, or threatened species; and, such species are not anticipated to occur on-site. Additionally, the project site has not been identified as a source of potentially hazardous materials or waste contamination which could pose a risk to surrounding residents. Based on the above, the project site is not affected by any unusual circumstances. Thus, the exception regarding significant effects on the environment due to unusual circumstances would not apply.

Criterion 15300.2(d): Scenic Highway

The project site would not be located within view of any Officially Designated Scenic Highway. Interstate 680 (I-680), an Officially Designated Scenic Highway, is located approximately 7.5 miles southwest of the project site; however, I-680 would not provide views of the project site.¹ Thus, the exception regarding scenic highways would not apply.

Criterion 15300.2(e): Hazardous Waste Sites

The Cortese List, consisting of databases identified in California Government Code Section 65962.5, was consulted to identify sites with known hazardous materials or waste contamination within or adjacent to the project site; however, none were found. Thus, an exception to the Class 32 exemption based on the presence of a hazardous waste site would not apply.

Criterion 15300.2(f): Historical Resources

The City of Clayton's *Heritage Preservation Task Force Report* includes a list of any potentially historic resources located within the City, including historic resources listed on either the California Register of Historical Resources or the National Register. Based on the Report, the existing on-site structures are not listed as historical resources and the project site does not contain any other structures which are considered historic by the City. In addition, the project site is located within an urbanized area of the City of Clayton and is surrounded by development. Thus, archaeological and paleontological resources are not anticipated be present at or near the project site. Therefore, the exception based on presence of historical resources would not apply.

Conclusion

Based on the above discussions, the proposed project would be consistent with the General Plan and zoning designations. Consistency with such would ensure that the project would not result in any cumulative impacts which have not already been anticipated by the City. In addition, the project site does not contain any unusual circumstances. Finally, the project site is not within view of a Scenic Highway, identified as a source of hazardous materials, and does not contain any recorded historic resources. Based on the above, the proposed project would not meet any of the exception criteria for a Class 32 Infill Exemption.

Please contact me at (916) 372-6100 if you have any questions regarding this Infill Exemption analysis.

Sincerely,

Nick Pappani
Vice President
Raney Planning and Management, Inc.

¹ California Department of Transportation. *California Scenic Highway Mapping System Contra Costa County*. Accessed June 2019. Available at: http://www.dot.ca.gov/hq/LandArch/16_ivability/scenic_highways/.

Appeal 2



6000 Heritage Trail, Clayton, CA 94517
Phone No. 925.673.7300 Fax No. 925.672.4917
www.ci.clayton.ca.us

Appeal of a Planning Commission Decision

As Provided in the Clayton Municipal Code Title 17, Chapter 17.04

Below: Office Use Only

JAN 02 2020

File No:

Total Fee(s):

Residential Fee:

Non-Residential Fee:

City of Clayton

Received By:

Date:

Receipt No:

Please clarify any questions with the Planning Staff prior to completing this form. Please print or type legibly. Attach additional sheets if necessary. Incomplete applications will not be accepted.

1. Appellant Contact Information:

Appellant Name: William Jordan Appellant Address: P.O. Box 547
Appellant Phone#: 925.872.7249 Clayton, CA 94517

2. Appeal Instructions:

To file an appeal, take the form and appeal fee to the City Clerk at City Hall, Third Floor, 6000 Heritage Trail. City Hall is open Monday through Friday, 9:00 a.m. to 5:00 p.m., excluding holidays.

The appeal must be filed within 10 calendar days of the Planning Commission Notice of Decision.

A public hearing will be held by the City Council. The appellant, agent, applicant, and any other person(s) who requested notice of an appeal hearing in writing will be mailed a notice of the appeal hearing.

3. Submittal Requirements:

Community Development General Application

Appeal of a Planning Commission Decision Application

Processing Fee: Residential \$ 324 Non-Residential \$ _____ (Make check payable to the City of Clayton)

Copy of the written decision/ruling to be appealed - See Exhibit B

Date of the Planning Commission decision on the project/matter: PC Vote 12/10/19; PC Notice of Decision 12/20/19

Letter of Explanation: Mark if response is attached

State your rationale for arguing that the Planning Commission ruling was an improper or erroneous interpretation of the Ordinance:

See Exhibit A

Please send Notice of Appeal hearing and ALL Appeal-related correspondence electronically to Both:

Appellant

William Jordan - billjordan@sbcglobal.net

Counsel for Appellant

Stephen Velyvis - svelyvis@bwslaw.com

Burke Williams & Sorenson LLP

1901 Hamison St, Suite 900

Oakland, CA 94612

4. Important Implementing Information from the City of Clayton Municipal Code:

17.68.020 Appeal--Allowed when.

Appeal from any decision of the Planning Commission shall be governed by the provisions of this section and Section 17.68.030. For the purpose of appeal from any action of the Planning Commission, an aggrieved person must be either a subdivider, if he is dissatisfied with any action with respect to the tentative map, or to the kinds, nature and extent of the improvements required for a subdivision, or an applicant or any person alleging:

- A. That his/her property rights or the value of his property is adversely affected and the decision does not comply with the General Plan, if one is in effect at the time; or
- B. That the required standards, which must be specified, are or are not satisfied by the evidence presented at the hearing for rezoning, land use permit, or variance permit; or
- C. That specified findings of the Planning Commission are not supported by the evidence; or
- D. That specified limitations or conditions imposed in granting a permit are not reasonably required; or
- E. That specified limitations or conditions recommended but not imposed are reasonably required in granting a permit. (Ord. 52 Ch. III Sec. 5(a), 1968).

17.68.030 Appeal--Notice--Fee--Hearing and notice--Council conclusions.

An aggrieved party may appeal a decision of the Planning Commission to the City Council by filing a written notice of appeal with the City Clerk specifying the grounds for the appeal along with an appeal fee in such amount as may from time to time be fixed by resolution of the City Council, within ten days after the filing with the appropriate officials of the decision being appealed. When an appeal from the decision of the Planning Commission is properly filed, the City Clerk shall transmit to the City Council copies of the letter of appeal, the application and findings and decision of the Planning Commission. Upon receipt of said matter, the City Council shall order the matter heard before itself. The City Council shall proceed to schedule a public hearing in the matter before it and cause notice of the hearing time, place and nature of the appeal to be given by mailing copies of such notice by United States mail, first-class, postage prepaid to the appellant, the applicant or subdivider, and any other interested person or persons who shall have recorded his name and mailing address along with a request for a notice of hearing on appeal with the City Clerk and/or Secretary of the Planning Commission. The City Council shall then hear the matter as directed in the order fixing hearing and following this shall make its findings and conclusions in writing and file them with the City Clerk within thirty days after the close of the hearing, with copies being forwarded to the Planning Commission, the appellant and the applicant or subdivider. In its conclusions the City Council may approve with conditions, or deny the appeal. The conclusion of the City Council shall be final and the application shall be disposed of in accordance with the City Council's decision with no further administrative action being taken on the application. (Ord. 172 Sec. 5, 1977; Ord. 52 Ch. III Sec. 5(b), 1968).

5. Certification:

General Certification:

I (We):

- consent to the submission of this application.
- understand that an incomplete application may be denied.
- hereby declare under penalty of perjury under the laws of the State of California that the information in this application and its attachments is true, complete and correct.
- certify that I (We) have read and understand Title 17, Chapter 17.68 found in Part 4 of this application and in the City of Clayton's Municipal Code.

Form Specific Certification:

I (We):

- recognize that the Clayton City Council may, in conformity with the Unified Development Ordinance, reverse or affirm, wholly or partly, or may modify the order, requirement, decision or determination appealed from, and may by a resolution make any necessary order, requirement, decision or determination.

Appellant's Signature: _____

Date: _____

Counsel for
Appellant's Signature: _____

Date: _____



6000 Heritage Trail, Clayton, CA 94517
Phone No. 925.673.7300 Fax No. 925.672.4917
www.ci.clayton.ca.us

Community Development General Application Form

Below: Office Use Only

JAN 02 2020

File No:

Fee(s) Deposit(s):

City of Clayton

Received By: J. Calderon

Date: January 2, 2020 Receipt No: 029402

Please clarify any questions with the Planning Staff prior to completing this form. Please print or type legibly. Attach additional sheets if necessary. Incomplete applications will not be accepted.

1. Type of Application(s) Requested:

- | | | |
|--|--|---|
| <input type="checkbox"/> Annexation | <input type="checkbox"/> Lot-Line Adjustment/Merger | <input type="checkbox"/> Tentative Map |
| <input type="checkbox"/> Appeal - Administrative | <input type="checkbox"/> Prezoning/Rezoning | <input type="checkbox"/> Tentative Parcel Map |
| <input checked="" type="checkbox"/> Appeal - Planning Commission | <input type="checkbox"/> Second Dwelling Unit Permit | <input type="checkbox"/> Use Permit |
| <input type="checkbox"/> Development Plan | <input type="checkbox"/> Site Plan Review Permit | <input type="checkbox"/> Use Permit- Fences |
| <input type="checkbox"/> General Plan Amendment | <input type="checkbox"/> Specific Plan Amendment | <input type="checkbox"/> Variance |
| <input type="checkbox"/> Large Family Day Care Permit | <input type="checkbox"/> Temporary Use Permit | <input type="checkbox"/> Other: _____ |

2. Property/Site Information:

Assessors Parcel Number(s): 119 021 063, 119 021 055, 119 021 013
 Address: 6170 High St., 6450 Marsh Creek Rd, 6490 Marsh Creek Rd
 Zoning Classification: PD General Plan Designation: MHD
 Total Square Feet: 134131 Total Acres: 3.02

3. Requested Action:

Mark if response is attached Exhibit A

- To overturn Planning Commission decision on Dec 10 2019 for Site Plan Review Permit, Density Bonus Application & Tree Removal Permit.
- To remove five conditions of approval (119-123)

4. Property Owner:

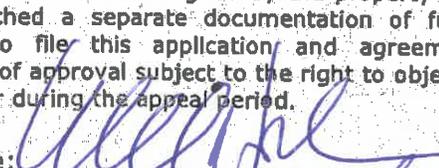
In signing this application, I, as property owner, have full legal capacity to, and hereby do authorize the filing of this application. I understand that any conditions of approval for this application are binding. I agree to be bound by those conditions, subject only to the right to object at the hearings or during the appeal period.

Signature: 
 Name: William Jordan
 Company:
 Address: PO Box 547 Clayton, CA 94517

Home Phone No:
 Cell Phone No: 925 872 7249
 Work Phone No:
 Fax No: n/a
 Email: billjordan@sbcglobal.net

5. Applicant/Agent:

In signing this application, I, as applicant/agent have obtained authorization of the property owner to file this application. I understand that any conditions of approval for this application are binding. I agree to be bound to conditions of approval, subject only to the right to object at the hearings or during the appeal period. If this application has not been signed by the property owner, I have attached a separate documentation of full legal capacity to file this application and agreement to conditions of approval subject to the right to object at the hearings or during the appeal period.

Signature: 
 Name: William Jordan
 Company:
 Address: P.O. Box 547 Clayton CA 94517

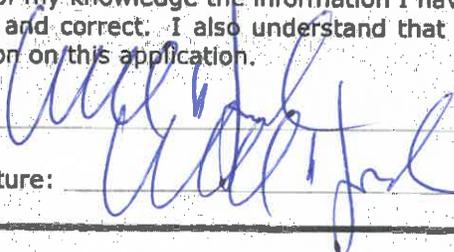
Home Phone No:
 Cell Phone No: 925 872 7249
 Work Phone No:
 Fax No: n/a
 Email: billjordan@sbcglobal.net

6. Certification:

As the Property Owner and/or Applicant/Agent in the request made by this filing, I hereby certify that I acknowledge, understand and concur with the following statements:

- This application might be subject to the California Environmental Quality Act (CEQA) of 1970. The City of Clayton (City) in granting this application may attach any condition(s) necessary to ensure that the proposal will not be injurious or detrimental to the welfare of persons residing or working in the neighborhood or city.
- Property Owner and/or Applicant/Agent agree to hold the City of Clayton (City) harmless for all costs and expenses, including attorney's fees, incurred by the City or held to be the liability of the City in connection with the City's defense of its actions in any proceeding brought in any state or federal court challenging the City's actions with respect to the applicant's project.
- There are no assurances at any time, implicitly or otherwise, regarding final staff recommendations to the decision making regarding this application.
- Changes to the proposed project may require a new application and payment of new fees.
- That to the best of my knowledge the information I have presented in this form and the accompanying materials is true and correct. I also understand that additional data and information may be required prior to final action on this application.

Applicant's Signature: _____



Date: _____

1/2/2020

Property Owner's Signature: _____



Date: _____

1/2/2020

**City of Clayton
Appeal of Planning Commission Decision Denying Housing Application
for the Olivia on Marsh Creek Project
Exhibit A**

On December 10, 2019, the Planning Commission acted against the recommendations of City Planning staff and the advice of the City Attorney by failing to approve an application to develop needed units of infill rental housing for seniors, including seven apartments for seniors with very low incomes, on three adjacent parcels located at 6170 High Street, 6450, and 6490 Marsh Creek Road.

The Planning Commission published its Notice of Decision on December 20, 2019 confirming that the Planning Commission “rendered a 2-2 no-decision” for Resolution No. 06-19 regarding a request for a density bonus (DBA-01-19), site plan review permit (SPR-04-17), and tree removal permit (TRP-25-17) to develop 81 rental apartments for seniors, including seven units reserved to be rented at an affordable level to very low income households subject to recorded affordability restrictions (the “Housing Application”). This Planning Commission Decision is appealed by the Applicant under Clayton Municipal Code Section 17.68.020, paragraphs (B), (C), and (D).¹

Under the Clayton Municipal Code and California law, the Planning Commission is required to make specific findings based on actual, substantial evidence in the record in order to deny the housing development application.² As explained below:

- The Planning Commission failed to make the legally-required findings for denial;
- No evidence in the record would support findings for denial; and
- Certain proposed conditions of approval were not reasonably required.

Therefore, this Appeal respectfully asks the City Council to:

- Overturn the Planning Commission Decision and approve the Housing Application; and
- Remove certain conditions of approval considered by the Planning Commission in connection with the City Council’s approval of the Housing Application.

¹ Before considering Resolution No. 06-19, the Planning Commission approved Resolution No. 05-19 determining that the Housing Application qualifies for a Categorical Exemption from the California Environmental Quality Act (CEQA). The approval of Resolution No. 05-19 is not included within this Appeal.

² At the conclusion of a public hearing, Clayton Municipal Code Section 17.64.110 requires the Planning Commission to make determinations regarding permit requests with findings and conditions by an affirmative vote of a majority of Planning Commission members present. Because a majority vote was not obtained, the Housing Application was effectively denied, but no findings were made.

I. The Housing Application is Consistent with Applicable City Standards and Policies.

The Planning Commission considered the Housing Application at a public hearing on November 12, 2019, which was continued to December 10, 2019. Page 3 of the November 12, 2019 Staff Report explains that the Housing Application’s three adjacent parcels have a General Plan land use designation of Multifamily High Density with a zoning designation of Planned Development (PD), which requires conformity to the development standards in the Multiple Family Residential (M-R-H) zoning designation. In addition, one of the project’s parcels is located within the Town Center Specific Plan area.

On page 4, the November 12, 2019 Staff Report says that the “proximity of these parcels to the Town Center, services and nearby bus transit” made the property appropriate for higher density housing, which caused the City to designate the properties for 20 dwelling units per acre in the General Plan. It continues to explain that the Housing Application would both support the City’s Housing Element objectives and offer economic development advantages for the Town Center in support of the Staff recommendation to approve the Housing Application. The remainder of the November 12, 2019 Staff Report provides in-depth and well-reasoned analysis explaining how and why the Housing Application is consistent with the applicable General Plan, Town Center Specific Plan, and zoning regulations, with the exception of modifications authorized by and requested pursuant to the Density Bonus Law discussed below.

In addition to the analysis included in the November 12, 2019 Staff Report, the City’s 2015-2023 Housing Element policies support approval of the Housing Application. One of the three parcels, 6170 High Street, is identified as Site V-2 in the Housing Element’s inventory of vacant land available for high density residential development. (See Housing Element Table 47, page 69.) The other two parcels are Sites U-1 and U-3 in the Housing Element’s inventory of underdeveloped land available for high density residential development. (See Housing Element Table 48, page 72.) The Housing Element identifies a maximum density of 81 units for the three parcels (60 units at 20 dwelling units per acre plus a 35 percent density bonus), exactly the number of units included in the Housing Application.³

As analyzed and demonstrated by the City’s staff, the Housing Application conforms to all of the City’s applicable policies and development standards. In addition, the Housing Application proposes precisely the amount of housing the City identified as being appropriate for the properties in its Housing Element. Therefore, the Housing Application should be approved.

³ Refusal to approve projects that are consistent with the Housing Element may cause the California Department of Housing and Community Development (HCD) to evaluate the City’s compliance with the programs it committed to implement in its Housing Element. HCD is empowered to revoke certifications of Housing Element legal compliance and refer violations of state housing law to the California Attorney General. (Gov. Code § 65585(i)-(j).)

II. The Planning Commission’s Denial of the Housing Application violates the Housing Accountability Act.

The Housing Accountability Act applies to the review of any “housing development project,” which includes residential units, mixed-use developments with at least two-thirds of the square footage designated for residential use, and transitional or supportive housing. (Gov. Code § 65589.5(h)(2).)⁴ Here, the Housing Application includes residential units without any commercial component, so it qualifies as a protected “housing development project.”

The Housing Application was submitted to the City on September 6, 2017. Under the Housing Accountability Act, the City was obligated to identify any potential inconsistencies between the Housing Application and its objective standards in writing within 30 days of the Housing Application being deemed complete; the Housing Application is “deemed consistent” with any all City standards not identified. (*Id.* at § 65589.5(j)(2)(A)(i).) No such inconsistencies were identified within the required timeframe or at any point during the City’s review process. Rather, as discussed in Section I of this Appeal above, the November 12, 2019 Staff Report provides substantial evidence that the Housing Application is consistent with the City’s applicable standards.⁵ Therefore, the Housing Application has both been automatically deemed consistent by operation of law and actively determined to be consistent with the City’s applicable objective standards.

Because there is substantial evidence in the record that the Housing Application complies with all applicable objective standards, the City may only deny or reduce the density of the project if it makes written findings based on a preponderance of the evidence that the Housing Application would have a “specific, adverse impact” on public health and safety. (*Id.* at § 65589.5(j)(1).)⁶ In other words, the City must approve the Housing Application without reducing its density unless it first makes findings regarding a specific, adverse impact to be caused by the project. The Planning Commission made no such findings, and no evidence in the record – let alone a preponderance of the evidence – demonstrates a specific, adverse impact exists. Therefore, the Planning Commission improperly failed to approve the Housing Application, and its decision should be overturned.

Not only did the Planning Commission fail to make the required findings to deny the Housing Application, the only basis for denial that the Commission did discuss cannot legally be used to support denial under the Housing Accountability Act. During the December 10, 2019 Planning

⁴ The Housing Accountability Act applies to all housing development projects, regardless of whether the project is market-rate or affordable housing. (*See Honchariw v. County of Stanislaus* (2011) 200 Cal.App.4th 1066, 1077.)

⁵ Any modifications made to the City’s standards under density bonus concessions/waivers/reductions are considered “consistent” with the City’s development standards for purposes of both the Housing Accountability Act (Gov. Code § 65589.5(j)(3)) and the CEQA In-fill Exemption (*Wollmer v. City of Berkeley* (2011) 193 Cal.App.4th 1329, 1347-1351.)

⁶ A “specific adverse, impact” is a “significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards” in effect when the preliminary application was submitted, and there is no feasible method to mitigate the impact. (Gov. Code § 65589.5(j)(1)(A).) Conditions that would have a specific, adverse impact upon the public health and safety are intended to “arise infrequently.” (*Id.* at § 65589.5(a)(3).)

Commission hearing, some Commissioners expressed concern that the Housing Application would cause spillover parking impacts on nearby residential streets. No evidence exists in the record to support this claim. The Housing Application proposes to provide 86 spaces on site, far in excess of the 53 parking spaces Kimley-Horn's parking study identified as the demand (*see* Kimley-Horn and Associates, Inc. Memorandum re: The Olivia on Marsh Creek Parking Study, June 10, 2019, page 7) and nearly equal to the approximately 90 parking spaces identified by the City's peer review of the parking study.

Given these expert studies, there is no evidence in the record to support the idea that the Housing Application would negatively impact parking. Even if the parking supply did result in some spillover parking in adjacent residential areas, this would not meet the definition of a specific, adverse impact, because the City does not have written public health or safety standards regarding parking supply. Accordingly, the City's Planning staff correctly proposed findings that the Housing Application's proposed parking plan would not have a specific, adverse impact on public health or safety. Therefore, the Housing Accountability Act forbids denial of the Housing Application for spillover parking concerns because the proposed number of parking spaces would not result in a specific, adverse impact.

When a project is denied in violation of the Housing Accountability Act, an applicant, a housing organization, or a person eligible for residency in the housing development all have standing to challenge the denial in court. (*Id.* at § 65589.5(k)(1)(A).) A reviewing court has the power to order the reconsideration of the project (or order the project's approval if it was denied in bad faith)⁷ and shall award attorneys' fees to successful plaintiffs. (*Id.*) In addition to substantial attorneys' fees, continued noncompliance can lead to a minimum penalty of \$10,000 per unit (*Id.* at § 65589.5(k)(1)(B)), and such penalty shall be increased to \$50,000 per unit when the continued noncompliance is done in bad faith. (*Id.* at § 65589.5(l).) For the 81-unit Housing Application, the maximum fine for continued, bad faith noncompliance with the Housing Accountability Act would be \$4,050,000 plus attorneys' fees.

In sum, it is the Applicant's sincere hope that the City Council heeds the advice of the City Attorney, consistent with the recommendation of its Planning staff supported by evidence in the record, and approves the Housing Application as required by the Housing Accountability Act.

⁷ It is noted that after considering all the evidence presented, the City Attorney advised the Planning Commission to either approve the Housing Application or make the legally required findings for denial. Further, the City Attorney advised that those findings are very challenging to make and defend and that the Planning Commission's concern about the potential for spillover parking to utilize adjacent legal street parking did not qualify as a specific, adverse impact upon which a finding for denial could legitimately be made. In response the Planning Commission evidenced bias against the project and ultimately did neither, failing to approve the Housing Application or make any actual denial findings. Such failure to comply with the law against the advice of counsel could be considered bad faith. The Applicant trusts that its Appeal hearing before the City Council will not be similarly tainted by any such bad faith or further bias, but the Applicant reserves all rights to pursue this claim if necessary.

III. Density Bonus Law Requires Approval of the Housing Application with Proposed Concessions and Reductions.

In addition to the Housing Accountability Act, Clayton Municipal Code Chapter 17.90 and Government Code Section 65915 (together, the “Density Bonus Law”) require approval of the Housing Application with its proposed concessions and reductions in development standards. Because the Housing Application proposes to provide 11 percent of its base density (7 units) as affordable housing for very low income households, it is entitled to: a 35% density bonus; parking standards consistent with Government Code Section 65915(p); two concessions; and unlimited waivers and reductions. (Gov. Code § 65915(b)(1).)

Density Bonus Law requires the City to approve the Housing Application’s two requested concessions unless it makes a written finding based on substantial evidence that the concessions do not result in identifiable and actual cost reductions to provide for affordable rents. (*Id.* at § 65915(d)(1)(A).) The only exceptions are that the City may deny concessions that are contrary to state or federal law; that have a specific, adverse impact to a property listed in the California Register of Historical Resources, or if the concession would have “a specific, adverse impact” as defined in the Housing Accountability Act. (*Id.* at § 65915(d)(1)(B).) In either case, the City bears the burden of proof for denial. (*Id.* at § 65915(d)(3).) As discussed below, the undisputed evidence in the record shows that the concessions will result in significant, identified and actual cost reductions, that the Housing Application is consistent with all applicable laws, and that it will not have a specific adverse impact to a historical property or to the public health and safety.

The Applicant provided a complete economic analysis of its requested concessions that identified specific cost reductions and demonstrated why those cost reductions were necessary to feasibly provide rental housing for 7 very low income households. The City’s Planning staff agreed, and the November 12, 2019 Staff Report concluded that the City should approve the concessions and recommended findings that explained precisely why no specific, adverse impact would result from approving the concessions. The Planning Commission provided no evidence – let alone substantial evidence – and adopted no written findings that would support denial of the concessions. Therefore, the concessions should have been approved.

Similarly, Density Bonus Law requires the City to waive or reduce any development standard that would physically preclude development of the Housing Application. (*Id.* at § 65915(e)(1).)⁸ As with concessions, the only exceptions are that the City may deny a waiver or reduction if it is contrary to state or federal law, would have a specific, adverse impact of a property listed in the California Register of Historical Resources, or would have “a specific, adverse impact” as defined in the Housing Accountability Act. (*Id.* at § 65915(e)(1).) The Housing Application has identified several development standards that would preclude development of the permitted 81 units and proposed reductions of such standards. Like the requested concessions, the November 12, 2019 Staff Report concluded that the City should approve the proposed reductions consistent with Density Bonus Law. The Planning Commission again provided no evidence – let alone

⁸ “Standards may be waived that physically preclude construction of a housing development meeting the requirements for a density bonus, period.” (*Wollmer v. City of Berkeley* (2011) 193 Cal.App.4th 1329.)

substantial evidence – and adopted no written findings that would support denial of the reductions. Therefore, the reductions should have been approved.

We do ask that the City Council make one correction to the record concerning the requested reductions. The November 12, 2019 Staff Report describes the Housing Application’s request for uncovered parking as a waiver. However under Government Code Section 65915(p)(4) and (5), the Housing Application has a right to provide the required parking via uncovered spaces. Accordingly, this request does not require a concession or waiver. (*Id.* at § 65915(p)(8).)

Because the Housing Application meets the standards necessary to qualify for a density bonus, parking modification, concessions, and waivers and reductions, the City is required to approve the requests unless it makes specific findings. The Planning Commission did not make the required findings as there is no evidence in the record to support any such findings.⁹ Therefore, this Appeal requests that the City Council approve the Housing Application with the requested density bonus, concessions, and reductions.

IV. Certain Proposed Conditions of Approval are Not Reasonably Required.

Throughout the November 12, 2019 Staff Report, the City’s Planning staff concluded that the Housing Application was properly conditioned to not result in adverse impacts. However, when the December 10, 2019 Staff Report as released, it included five new proposed conditions of approval (Conditions 119 through 123) without providing any basis for why they would be required. These five proposed conditions required significant and additional financial commitments from the Applicant to address generally desired neighborhood parking permits, electronic interactive speed limit signs, pedestrian-activated crosswalk flashers, bus passes, a car sharing program, and additional off-site tree replacement beyond the proposed on-site tree replacement proposed as part of the project,¹⁰ but no evidence in the record demonstrates that the Housing Application would create impacts necessitating such conditions.

A condition is an unconstitutional taking unless the City proves a nexus and rough proportionality between the condition and the impact of the development. (*Nollan v California Coastal Comm'n* (1987) 483 US 825; *Dolan v City of Tigard* (1994) 512 US 374.) The prohibition against unconstitutional takings applies equally to dedication requirements and any requirement to pay fees. (*Koontz v St. Johns River Water Mgmt. Dist.* (2013) 570 US 595.) Because the City did not present evidence of a nexus or rough proportionality, these conditions would constitute an unconstitutional taking if they were imposed on the Housing Application.

⁹ Under Government Code Section 65915(d) and (e), if a court finds that the City improperly denied concessions or waivers and reductions, it can award a successful plaintiff its attorneys’ fees and require the City to pay them.

¹⁰ The Housing Application does include a tree removal permit, but it would replace all the required trees on site. Some of the replacement trees proposed differ from the City’s preferred plant pallet, but the proposed trees are larger, better suited for the site, and more likely to thrive than the City’s default plantings. Therefore, there is no reason to require additional off-site plantings based on the Housing Application’s proposal to use superior plantings on site. In addition to removing the Condition of Approval, the City Council’s findings should reflect that the Applicant is not proposing off-site replacement trees.

In addition to the takings concerns, the proposed conditions would violate the Housing Accountability Act. As discussed in Section II of this Appeal, the City may not “impose a condition that the project be developed at a lower density” because the Housing Application is consistent with the City’s applicable standards. (Gov. Code § 65589.5(j)(1).)¹¹ Moreover, the Housing Accountability Act requires that any conditions of approval be applied “to facilitate and accommodate development at the density permitted on the site and proposed by the development.” (*Id.* at § 65589.5(f)(1)). Prior to the December 10, 2019 Planning Commission meeting, the Applicant provided additional economic analysis that demonstrated that Conditions 119 through 123 would cost so much as to render the entire Housing Application financially infeasible. By definition, conditions that make a project infeasible reduce that project’s density, and they negatively affect the project’s ability to provide housing permitted on the site.

Accordingly, the City Council should remove Conditions 119 through 123 from its action to approve the Housing Application after considering these issues on appeal.

V. Conclusion

Each of the issues discussed above provides a separate and sufficient basis to overturn the Planning Commission’s refusal to approve the Housing Application. The record strongly supports approval of the Housing Application as proposed, and we respectfully request that the City Council accept the recommendations from its Planning staff in favor of the project.

The Applicant looks forward to a public hearing before the City Council and hopes that this Appeal will result in approval of the Housing Application in compliance with the Clayton Municipal Code and California Law so that development of much-needed housing for seniors can commence in a timely manner. Indeed, several seniors testified in support of the project before the Planning Commission and indicated that they would be very interested in renting one of the planned apartments so that they could downsize and remain in their beloved town.

Thank you for your consideration.

¹¹ “Lower density” means any condition that could “have the same effect or impact on the ability of the project to provide housing.” (Gov. Code § 65589.5(j)(5).)



Exhibit B

RECEIVED

JAN 02 2020

City of Clayton

6000 Heritage Trail • Clayton, California 94517
925-673-7300 • Fax 925-672-4917

**PLANNING COMMISSION
NOTICE OF DECISION**

DATE: December 20, 2019

FILED WITH: Secretary of the Commission
City Clerk

RE: The Olivia on Marsh Creek Project Environmental Review (ENV-01-17), Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), and Tree Removal Permit (TRP-24-17)

At the conclusion of a duly noticed public hearing on December 10, 2019, which had been initiated at and continued from a public hearing on November 12, 2019, the Clayton Planning Commission made the following decision and no decision, A. and B., respectively, for the project described below.

PROJECT DESCRIPTION

The applicant, William Jordan, requested a public hearing before the Clayton Planning Commission for the purpose of reviewing the Infill Exemption (ENV-01-17), Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), and Tree Removal Permit (TRP-24-17) for The Olivia on Marsh Creek, a proposed 81-unit senior (55 and older) rental housing project. The project includes seven affordable units designated for Very Low Income households (as defined by the U.S. Department of Housing and Urban Development [HUD]). The proposed development is located on three adjacent parcels at the southwest corner of the intersection of High Street and Marsh Creek Road in the Town Center of Clayton.

At the December 10, 2020 public hearing, the Clayton Planning Commission considered two resolutions related to the project: A., Resolution No. 05-19, regarding the Environmental Infill Exemption (ENV-01-17) and B., Resolution No. 06-19, regarding the Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), and Tree Removal Permit (TRP-24-17). By a 3-1 vote the Planning Commission approved Resolution No. 05-19 regarding ENV-01-17. By a 2-2 vote a no decision was the resulting action on Resolution No. 06-19 regarding DBA-01-19, SPR-04-17, and TRP-24-17.

These actions of the Planning Commission shall be final unless appealed to the City Council with the appeal fee, within ten (10) days from the date of the Notice of Decision in accordance with Chapter 17.68 Decisions and Appeals of the Clayton Municipal Code. The date of this Notice of Decision is December 20, 2019. Given that there are City holidays on December 24 and 25, 2019, and January 1, 2020, the appeal period is extended to January 2, 2020. The fee to file an appeal of a Planning Commission action on this residential project is \$324.00 in accordance with the City's Master Fee Schedule for Fiscal Year 2019-20. There were two actions (A. and B.) of the Planning Commission

related to this application as described above. If appeals would be filed separately for the actions, each appeal would pay the \$324.00 fee; if a single appeal would be filed for both actions, one fee of \$324.00 would be charged. An appeal form is available at the Community Development Department:

https://ci.clayton.ca.us/fc/onlineforms/cddforms/Appeal_PC_Decision.pdf

A. ENVIRONMENTAL REVIEW INFILL EXEMPTION (ENV-01-17)

PLANNING COMMISSION DECISION FOR ENVIRONMENTAL REVIEW INFILL EXEMPTION (ENV-01-17)

By a 3-1 vote, the Planning Commission adopted the attached Planning Commission Resolution No. 05-19 making the determination that the project qualifies for a Categorical Exemption, under Class 32 Infill Development Projects, pursuant to the California Environmental Quality Act (CEQA), for The Olivia on Marsh Creek, an 81-unit senior residential development project.

B. AFFORDABLE HOUSING DENSITY BONUS APPLICATION (DBA-01-19), SITE PLAN REVIEW PERMIT (SPR-04-17), AND TREE REMOVAL PERMIT (TRP-24-17)

PLANNING COMMISSION NO-DECISION FOR AFFORDABLE HOUSING DENSITY BONUS APPLICATION (DBA-01-19), SITE PLAN REVIEW PERMIT (SPR-04-17), AND TREE REMOVAL PERMIT (TRP-24-17)

The Planning Commission rendered a 2-2 no-decision for the attached Planning Commission Resolution No. 06-19 regarding the approval of the Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), and Tree Removal Permit (TRP-24-17) for The Olivia on Marsh Creek, an 81-unit senior residential development project.

David Woltering |s|

December 20, 2019

David Woltering, AICP, MPA
Interim Community Development Director

Date

Attachments

Planning Commission Resolution No. 05-19
Planning Commission Resolution No. 06-19

**CITY OF CLAYTON
PLANNING COMMISSION
RESOLUTION NO. 05-19**

**A RESOLUTION OF THE CLAYTON PLANNING COMMISSION DETERMINING THAT THE OLIVIA
ON MARSH CREEK SENIOR HOUSING PROJECT QUALIFIES FOR A CATEGORICAL EXEMPTION
UNDER CLASS 32 – INFILL DEVELOPMENT PROJECTS
PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT
(ENV-01-17)**

WHEREAS, the City received an application from William Jordan requesting review and consideration of an Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), Tree Removal Permit (TRP-24-17), and related Environmental Review (ENV-01-17) for development of an 81-unit senior residential development located on three adjacent parcels with a total area of 3.02 acres (“Project”), located at the southwest intersection of High Street and Marsh Creek Road (APNs: 119-021-063, 119-021-055, and 119-021-013); and

WHEREAS, the Project meets the definition of an infill development project as specified in Section 15332 of Title 14 of the California Code of Regulations, the California Environmental Quality Act (“CEQA”) Guidelines; and

WHEREAS, the City commissioned an independent analysis of the Project’s eligibility for a Class 32 Infill Exemption by Raney Planning & Management, Inc., titled “Infill Exemption Environmental Analysis for Clayton Senior Housing Project” and dated June 14, 2019, which analyzes whether the Project meets all criteria of the Class 32 Infill Exemption as stated in CEQA Guidelines Section 15332, and which is attached as Exhibit A to this Resolution; and

WHEREAS, the Clayton Planning Commission has reviewed the “Infill Exemption Environmental Analysis for Clayton Senior Housing Project”; and

WHEREAS, on November 12, 2019, and December 10, 2019, the Clayton Planning Commission held a duly-noticed public hearings on the Project, including staff’s recommended determination of a Class 32 Categorical Exemption (Infill Development Projects) pursuant to the CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED, as follows:

1. The foregoing recitals are true and correct.
2. The Clayton Planning Commission hereby finds, on the basis of the whole record before it, that:
 - a. The City of Clayton exercised overall control and direction over the CEQA review for the Project, including the preparation of the “Infill Exemption Environmental Analysis for Clayton Senior Housing”, and independently reviewed the same; and
 - b. There is no substantial evidence that the Project will have a significant effect on the environment; and
 - c. The “Infill Exemption Environmental Analysis for Clayton Senior Housing” reflects the City’s independent judgment and analysis.
3. The Clayton Planning Commission hereby determines that the Project is Categorically Exempt, under Class 32 – Infill Development Projects, from further review pursuant to the California Environmental Quality Act.

PASSED AND ADOPTED by the Planning Commission of the City of Clayton at a regular meeting on the 10th day of December, 2019.

APPROVED:

ATTEST:



Peter Cloven
Chair



David Woltering
Interim Community Development Director

ATTACHMENTS

Exhibit A – Infill Exemption Environmental Analysis for Clayton Senior Housing Project by Raney Planning & Management, Inc. (supporting technical studies are available for review in the Community Development Department at Clayton City Hall)



WWW.RANEYMANAGEMENT.COM

NORTHERN CALIFORNIA

1500 RIVERSIDE DRIVE

SACRAMENTO, CA 95834

TEL: 916.441.8100 FAX: 916.441.8101

June 14, 2019

David Woltering
Interim Community Development Director
City of Clayton
6000 Heritage Trail
Clayton, CA

Subject: Infill Exemption Environmental Analysis for Clayton Senior Housing Project

Dear Mr. Woltering:

The City of Clayton retained Raney Planning & Management, Inc. (Raney) to determine whether the Clayton Senior Housing Project satisfies criteria (c) and (d) of the Class 32 Infill Exemption included in the California Environmental Quality Act (CEQA) Guidelines. The specific conditions identified in the Class 32 Infill Exemption in the CEQA Guidelines are as follows (specific emphasis has been added for criteria (c) and (d)):

Class 32 consists of projects characterized as in-fill development meeting the conditions described in this section.

- (a) *The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.*
- (b) *The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.*
- (c) ***The project site has no value as habitat for endangered, rare or threatened species.***
- (d) ***Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.***
- (e) *The site can be adequately served by all required utilities and public services.*

The applicant team prepared several technical studies for the project, which provide information needed to determine whether the project satisfies criteria (c) and (d). To that end, the Raney team performed peer reviews of the applicant-prepared reports to determine their adequacy. The technical reports for the Clayton Senior Housing Project are as follows:

- *6170 High Street/6450 Marsh Creek Road, 6490 Marsh Creek Road – Revised Biological Constraints Assessment Survey Results (November 6, 2018), prepared by Olberding Environmental;*
- *Air Quality & Greenhouse Gas Impact Assessment for the Proposed Clayton Senior Housing Project, Clayton, CA, prepared by Ambient Air Quality & Noise Consulting (September 24, 2018);*
- *Noise & Groundborne Vibration Impact Assessment for the Proposed Clayton Senior Housing Project, Clayton, CA, prepared by Ambient Air Quality & Noise Consulting (September 21, 2018); and*
- *Clayton Senior Housing Trip Generation Study Final Letter (May 8, 2017), prepared by Kimley Horn.*

The following section provides a summary of Raney's review of the technical biological, air quality, noise, traffic, and water quality studies.

Biological

Raney has determined that the methods employed by Olberding Environmental are in general conformance with industry standard practice for biological assessments. For example, the report includes a search of the California Natural Diversity Database (CNDDDB) maintained by the California Department of Fish and Wildlife, and reports the special-status species recorded within an extended radius around the project site (presumably 5 miles). The initial peer review comments provided by Raney to the City on September 19, 2018 have been adequately addressed in the final November 6, 2018 report. The report concludes that the project site has no value as habitat for endangered, rare or threatened species, consistent with criteria (c) of Infill Exemption 15332.

Air Quality

Raney has concluded that the Air Quality/Greenhouse Gas analysis was completed in accordance with current industry standards, and in compliance with the recommended guidance of the Bay Area Air Quality Management District (BAAQMD). The general methodology of the Technical Memorandum included estimating potential air quality and greenhouse gas (GHG) emissions from construction and operation of the proposed project, using the most-up-to-date version of the California Emissions Estimator Model (CalEEMod) software. To assess the adequacy of the Air Quality/GHG analysis presented in the Technical Memorandum, Raney reviewed the methods, assumptions, and CalEEMod outputs provided by Ambient Consulting. The initial peer review comments provided by Raney to the City on July 20, 2018 and September 7, 2018 have been adequately addressed in the final September 24, 2018 report. The report concludes that the proposed project would result in construction and operational emissions below the BAAQMD's thresholds of significance. Thus, the proposed project would not result in any significant air quality effects, consistent with criteria (d) of Infill Exemption 15332.

Noise

Raney hired j.c. brennan & associates, Inc., a noise technical expert, to perform a technical peer review of the project-specific noise and vibration study. j.c. brennan & associates reviewed the report methodology and results and determined that the report was completed in accordance with current industry standards and adequately addresses whether the proposed project would exceed the City of Clayton's General Plan Noise Element and/or Noise Ordinance standards. The report concludes that the proposed project would result in operational noise levels below the relevant City noise thresholds. With respect to construction noise, the report correctly notes that construction activities occurring between the allowable hours specified in Clayton Municipal Code Section 15.01.101 are not subject to the City's noise level thresholds. Per City Ordinance, construction hours for the project would be limited. Thus, the proposed project would not result in any significant noise effects, consistent with criteria (d) of Infill Exemption 15332.

Traffic

Raney consulted with Abrams Associates Traffic Engineering, Inc. to advise on the accuracy of a Trip Generation Study prepared for the proposed project by Kimley Horn. On May 9, 2018, Abrams Associates confirmed that the method of analysis used in the Trip Generation Study was correct, and that the resulting trip estimates are accurate. The Trip Generation Study concludes that the proposed project would generate 16 AM peak hour trips and 19 PM peak hour trips using the ITE Trip Generation Manual. The expected AM and PM peak hour trips are well below the Contra Costa Transportation Authority's 100 peak hour trip threshold for warranting a traffic impact analysis. Additionally, the nearby intersection of Marsh Creek Road/Clayton Road was analyzed and it was determined that the intersection would not be impacted by the relatively small increase in trips in the vicinity. Thus, the proposed project would not result in any significant traffic effects, consistent with criteria (d) of Infill Exemption 15332.

Hydrology

The City Engineer has reviewed the proposed project's potential to significantly effect water quality in the vicinity and has determined that compliance with existing stormwater regulations would ensure no significant adverse water quality effects would occur, as the following will demonstrate. The proposed project would implement the City of Clayton development standards, as well as adhere to all regulations set forth by the Regional Water Quality Control Board, including Section C.3 of the Municipal Regional Storm Water Permit. Additionally, the proposed project would adhere to all requirements for sewerage collection and purveyance of drinking water enforced by the Contra Costa Water District. The City Engineer determined that the proposed project would not introduce any extraordinary issues that would negatively impact water quality on the project site or in the surrounding area. Thus, the proposed project would not result in any significant water quality effects, consistent with criteria (d) of Infill Exemption 15332.

Conclusion

As discussed above, the project site does not contain valuable habitat for endangered, rare or threatened species. Based on an air quality analysis conducted for the proposed project, emissions of criteria pollutants associated with the project would not exceed applicable thresholds established by BAAQMD. Additionally, as determined by the technical studies, the proposed project would be consistent with all applicable regulations set forth by the City and Contra Costa County with regard to noise and traffic. Finally, the City Engineer has evaluated the project site plans and determined that the proposed project would not create any significant adverse effects to water quality on the project site or in the surrounding area. Based on the above, the Clayton Senior Housing Project would satisfy the Infill Exemption conditions (c) related to biological resources and (d) related to air quality, noise, traffic, and water quality.

Exceptions to Categorical Exemptions

Even if a project is ordinarily exempt under any of the categorical exemptions, CEQA Guidelines Section 15300.2 provides specific instances where exceptions to otherwise applicable exemptions apply. The following is a discussion of any possible exceptions to the CEQA exemption.

Criterion 15300.2(a): Location

This exception only applies to CEQA exemptions under Classes 3,4,5,6, or 11. Since the proposed project qualifies as a Class 32 Infill Exemption, Criterion 15300.2(a) would not apply.

Criterion 15300.2(b): Cumulative Impact

The project site is currently designated Multifamily High Density Residential in the Clayton General Plan and zoned Planned Development. The proposed project is consistent with the site's General Plan and zoning designations. Therefore, impacts of the project have been anticipated by the City and analyzed in the General Plan EIR. Furthermore, the proposed project would not create a significant impact related to modification of habitat for endangered, rare, or threatened species, air quality, noise, traffic, or water quality. Thus, the overall effects of the proposed project would be less than significant and would not contribute to significant cumulative impacts.

Criterion 15300.2(c): Unusual Circumstances

The proposed project would develop a senior housing facility on a project site currently planned for residential development. As discussed above, the Biological Assessment determined that the site does not contain any suitable habitat for endangered, rare, or threatened species; and, such species are not anticipated to occur on-site. Additionally, the project site has not been identified as a source of potentially hazardous materials or waste contamination which could pose a risk to surrounding residents. Based on the above, the project site is not affected by any unusual circumstances. Thus, the exception regarding significant effects on the environment due to unusual circumstances would not apply.

Criterion 15300.2(d): Scenic Highway

The project site would not be located within view of any Officially Designated Scenic Highway. Interstate 680 (I-680), an Officially Designated Scenic Highway, is located approximately 7.5 miles southwest of the project site; however, I-680 would not provide views of the project site.¹ Thus, the exception regarding scenic highways would not apply.

Criterion 15300.2(e): Hazardous Waste Sites

The Cortese List, consisting of databases identified in California Government Code Section 65962.5, was consulted to identify sites with known hazardous materials or waste contamination within or adjacent to the project site; however, none were found. Thus, an exception to the Class 32 exemption based on the presence of a hazardous waste site would not apply.

Criterion 15300.2(f): Historical Resources

The City of Clayton's *Heritage Preservation Task Force Report* includes a list of any potentially historic resources located within the City, including historic resources listed on either the California Register of Historical Resources or the National Register. Based on the Report, the existing on-site structures are not listed as historical resources and the project site does not contain any other structures which are considered historic by the City. In addition, the project site is located within an urbanized area of the City of Clayton and is surrounded by development. Thus, archaeological and paleontological resources are not anticipated be present at or near the project site. Therefore, the exception based on presence of historical resources would not apply.

Conclusion

Based on the above discussions, the proposed project would be consistent with the General Plan and zoning designations. Consistency with such would ensure that the project would not result in any cumulative impacts which have not already been anticipated by the City. In addition, the project site does not contain any unusual circumstances. Finally, the project site is not within view of a Scenic Highway, identified as a source of hazardous materials, and does not contain any recorded historic resources. Based on the above, the proposed project would not meet any of the exception criteria for a Class 32 Infill Exemption.

Please contact me at (916) 372-6100 if you have any questions regarding this Infill Exemption analysis.

Sincerely,

Nick Pappani
Vice President
Raney Planning and Management, Inc.

¹ California Department of Transportation. *California Scenic Highway Mapping System Contra Costa County*. Accessed June 2019. Available at: http://www.dot.ca.gov/hq/LandArch/16_livability/scenic_highways/

**CITY OF CLAYTON
PLANNING COMMISSION
RESOLUTION NO. 06-19**

A RESOLUTION APPROVING THE AFFORDABLE HOUSING DENSITY BONUS APPLICATION (DBA-01-19), SITE PLAN REVIEW (SPR-04-17), AND TREE REMOVAL PERMIT (TRP-S4-17) FOR THE OLIVIA ON MARSH CREEK SENIOR HOUSING PROJECT

WHEREAS, the City received an application from William Jordan requesting review and consideration of an Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), and Tree Removal Permit (TRP-24-17), and related Environmental Review (ENV-01-17) for development of an 81-unit senior residential project located on three adjacent parcels with a total area of 3.02 acres (“Project”), known as The Olivia on Marsh Creek Road, located at the southwest intersection of High Street and Marsh Creek Road (APNs: 119-021-063, 119-021-055, and 119-021-013); and

WHEREAS, the City commissioned an independent analysis of the Project’s eligibility for an Infill Exemption by Raney Planning & Management, Inc., titled “Infill Exemption Environmental Analysis for Clayton Senior Housing Project” and dated June 14, 2019, which analyzes whether the Project meets all criteria of the Class 32 Infill Exemption as stated in California Environmental Quality Act (CEQA) Guidelines Section 15332; and

WHEREAS, the Clayton Planning Commission adopted Resolution No. 05-19 determining that the Project is Categorically Exempt from environmental review pursuant to CEQA, under Class 32 (Infill Development Projects) of the CEQA Guidelines, at the Planning Commission meeting of December 10, 2019; and

WHEREAS, proper notice of this public hearing was given in all respects as required by law; and

WHEREAS, on November 12, 2019, and on December 10, 2019, the Clayton Planning Commission held a duly-noticed public hearing on the Project and received and considered testimony and evidence, both oral and documentary.

NOW, THEREFORE, BE IT RESOLVED, the Planning Commission does determine the foregoing recitals are true and correct and makes the following findings for approval of the Project:

Clayton Municipal Code (CMC) Section 17.90.090 and State Density Bonus law states that the City shall grant the concessions or incentives requested by a project applicant unless the City makes a written finding, based upon substantial evidence, of either of the following:

- A. The concession or incentive is not required in order to provide for Affordable Housing Costs;*
- B. The concession or incentive would have a specific adverse impact upon public health and safety or the physical environment or on any real property that is listed in the Federal Register of Historical Resources or any locally officially designated architecturally and historically significant buildings 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.*

The applicant has submitted documentation demonstrating that the two requested concessions are required in order to make the development project economically feasible with inclusion of the affordable units. According to the independent analysis prepared on the applicant's behalf, and subject to a peer review by the City's independent consultant, for the cost savings of the concessions: (1) a reduction in setback requirements for buildings and parking spaces; and (2) a reduction in the required number of parking spaces; the total cost savings makes it possible to offer seven units at reduced rents to Very Low Income households.

The City further finds that the requested concessions would not have an adverse impact on public health or safety, the physical environment, or historic resources as defined in Government Code section 65589.5(d)(2). There are no environmentally sensitive areas or historic resources on or adjacent to the project site. With one parking space provided per dwelling unit, the project will avoid any potential negative impacts related to parking.

NOW THEREFORE BE IT FURTHER RESOLVED, the Planning Commission hereby makes the following required findings for approval of a Site Plan Review Permit:

- 1. That the project is consistent with the General Plan and Town Center Specific Plan designations and policies.*

The General Plan designation of the project site is Multifamily High Density (MHD) (20 units per acre) and the Specific Plan designation is Multi-Family High Density Residential (15.1-20 units per acre). These designations are intended to facilitate development of apartments or condominiums, and include affordable housing, two stories or higher in areas of Clayton where higher densities are appropriate, such as near the commercial center. The proposed development is partially within and immediately adjacent to the commercial Town Center of Clayton. The proposed design is complementary to the western design theme of the Town Center Specific Plan. The land use designation allows for maximum structural coverage of 65% of the site area. The proposed project is well below this maximum, with lot coverages of 24.1% for 6170 High Street, 24.5% for 6450 Marsh Creek Road, and 26.1% for 6490 Marsh Creek Road.

The policies for the MHD land use designation encourage new development to use “Planned Development concepts and standards, with incorporation of significant design and amenity in the project.” The project site is subject to the Planned Development District zoning regulations and corresponding development standards. The project is well designed, with quality building materials, articulated facades, ample open space, diverse and attractive landscaping, and other amenities including outdoor furnishings, bicycle racks and an assigned parking space for each unit.

Due to the project incorporating a density bonus, pursuant to State law and the City’s Affordable Housing Density Bonus Requirements Ordinance, it exceeds the 20 unit per acre residential density for the MHD land use designation. Proposed residential density for the project with the bonus units is 26.8 units per acre. However, the state Density Bonus Law allows a development project to exceed the maximum density allowed under the General Plan when affordable housing units are included and the granting of the density bonus shall not require, or be interpreted, in and of itself, to require a general plan amendment. Furthermore, the Density Bonus Law requires the City to approve the project with the additional density, provided that it meets all requirements of the law and does not result in specific adverse impacts as defined in Government Code section 65589.5(d)(2). Thus, in this case the project is allowed and is consistent with state law and the City’s general plan and local regulations (CMC Chapter 17.90) at the proposed density of 26.8 units per acre.

2. *Meets the standards and requirements of the Zoning Ordinance.*

The project meets the requirements of CMC Chapter 17.90, the Affordable Housing Density Bonus Requirements. Eleven percent of the number of 60 residential units allowed under the General Plan are set aside for households meeting HUD’s definition of Very Low Income. Therefore, the project is entitled to a 35 percent density bonus, equivalent to 21 additional units. The type and size of affordable units reflects the range and sizes of units in the project as a whole (five one-bedroom units and two two-bedroom units are designated as below market rate [BMR]). The units are dispersed throughout the three buildings and are identical in design and construction quality to the market-rate units.

The applicant has submitted all required materials for the Affordable Housing Unit Plan that are listed in CMC Section 17.90.140. A requirement for an Affordable Housing Unit Agreement pursuant to CMC Section 17.90.150 has been included as a Condition of Approval for the project.

In addition, the project complies with the zoning standards of the Planned Development District in CMC Chapter 17.28. As prescribed in CMC Section 17.28.050.B, the applicable development standards are the Multiple Family Residential High Density (M-R-H) District standards in Chapter 17.20. With the

exception of minor variations in required setbacks and building height and the reduced parking requirements that are permitted through the granting of concessions and waivers/reductions pursuant to the Density Bonus Law, which shall not require, or be interpreted, in and of itself, to require a zoning change the project meets the development standards for the M-R-H District.

3. *Preserves the general safety of the community regarding seismic, landslide, flooding, fire, and traffic hazards.*

The project is located on a mostly level site that is not impacted by landslide hazard and is not located in an area at risk of flooding. The project will comply with local and State building codes for seismic safety and fire prevention.

4. *Maintains solar rights of adjacent properties.*

The project is located on a relatively flat site and maintains adequate building setbacks from property lines, thereby avoiding shadow impacts and protecting solar access for adjacent properties.

5. *Reasonably maintains the privacy of adjacent property owners and/or occupants.*

Mature existing trees along the western property line of the subject parcels and along the southern property line of 6490 Marsh Creek Road will be maintained, helping to ensure privacy for adjacent properties to the west and south. In addition, new Oak and Bay trees will be planted along the western property line of 6170 High Street to provide additional screening. Along the “flagpole” section of 6470 Marsh Creek Road that is located between the two subject parcels at 6450 and 6490 Marsh Creek Road, six-foot high solid wood fencing is proposed to ensure privacy for the former parcel.

6. *Reasonably maintains the existing views of adjacent property owners and/or occupants.*

The project is located on a relatively flat site and is downhill from the adjacent property to the west. Because of the significant difference in elevation between the subject site (approximate elevation of 400 feet above sea level) and the properties to the west, 6470 Marsh Creek Road and 6061 Clayton View Lane, (approximate elevation of 450 feet above sea level) the proposed buildings will not obstruct views from these neighboring properties to the west. No other properties adjacent to the project site have significant views.

7. *Is complementary, although not identical, with adjacent existing structures in terms of design, materials, colors, size, and bulk.*

The applicant has requested a waiver of this standard pursuant to the Density Bonus Law. The size and bulk of the proposed buildings (three stories in height) exceed that of many of the existing structures in the surrounding area. However, the topography in the vicinity of the project site, specifically the hill immediately to the west, has the effect of lessening the visual impact of the taller buildings. In addition, variations in exterior wall planes and design articulation of the facades helps to create a less bulky appearance.

Building materials such as smooth hardiplank siding, brick and composition shingle roofing, as well as stone retaining walls, are similar and complementary to the design and rustic character of nearby structures. Proposed exterior colors for the buildings are primarily neutral and natural earth-tones, such as beiges, browns, grays, and brownish shades of red, which are complementary with the character of the surrounding area.

8. *Is in accordance with the design standards for manufactured homes per Section 17.36.078. of the CMC*

Not applicable – the project does not include manufactured homes.

9. *Proposed tree removal with proposed tree replacement will not adversely impact the health, safety, and general welfare of the residents, while balancing the right of an individual to develop private property per Section 15.70.010 of the CMC.*

The applicant is proposing and the City is requiring replacement trees both on-site and off-site with this proposed project.

NOW THEREFORE BE IT FURTHER RESOLVED, The Clayton Planning Commission does hereby approve the Affordable Housing Density Bonus Application (DBA-01-19), Site Plan Review Permit (SPR-04-17), and Tree Removal Permit (TRP-24-17) for The Olivia on Marsh Creek Road, an 81-unit senior residential development located on three adjacent parcels with a total area of 3.02 acres, located at the southwest intersection of High Street and Marsh Creek Road (APNs: 119-021-063, 119-021-055, and 119-021-013), subject to the following conditions:

PLANNING CONDITIONS

1. An Affordable Housing Unit Agreement (AUA) shall be recorded as a restriction on each parcel on which the Affordable Housing units will be constructed in a form acceptable to the City Attorney. The approval and recordation of the AUA shall take place prior to issuance of building permits. The AUA shall be binding on all future owners and successors interest. The AUA shall include, at minimum, but shall not be limited to the following:
 - a. A description of the development, including the total number of units, the number of Affordable Housing Units, and the tenure of the Affordable Housing Units;

- b. The size, in square footage, and location of Affordable Housing Units;
 - c. A description of the household income group to be accommodated by the Affordable Housing Units, and the formula for determining the monthly rent amount for each Affordable Housing Unit;
 - d. The term of affordability for the Affordable Housing Units;
 - e. A schedule for completion and occupancy of the Affordable Housing Units;
 - f. Provisions and/or documents for rights of first refusal or rental restrictions;
 - g. The Marketing Plan for rental of the Affordable Housing Units;
 - h. Provisions for monitoring the ongoing affordability of the Affordable Housing Units, and the process for qualifying prospective resident households for income eligibility; and
 - i. A description of the concession(s) or incentive(s) provided by the City.
 - j. Specific property management procedures for qualifying and documenting tenant income eligibility, establishing affordable rent and maintaining Affordable Housing units for qualified tenants;
 - k. Provisions requiring property owners to verify household incomes and maintain books and record to demonstrate compliance with this chapter;
 - l. Provisions requiring the Property Owner to submit an annual report to the city, which includes the name(s), address, and income of each household occupying target units, and which identifies the bedroom size and monthly rent or cost of each Affordable Housing unit;
 - m. Provisions describing the amount of, and timing for payment of, Administrative Fees to be paid to the city for the mandated term of compliance monitoring in accordance with the provisions of this chapter; and
 - n. Any additional obligations relevant to the compliance with Chapter 17.90 of the Clayton Municipal Code, *Affordable Housing Density Bonus Requirements*.
2. The project is subject to development impact fees. The applicant shall be responsible for all fees and environmental review costs, including those charged by the California Department of Fish and Wildlife.
3. Any major changes to the project as determined by the Community Development Director shall require Planning Commission review and approval. Any minor changes to the project as determined by the Community Development Director shall be subject to City staff review and approval.
4. No permits or approvals, whether discretionary or mandatory, shall be considered if the applicant is not current on fees, reimbursement payments, and other fees that are due.
5. Parking spaces shall be assigned to specific residential units. Each unit shall have one (1) assigned parking space. The number and location of the assigned parking space shall be stated in the rental agreement for each unit.

Planning Commission
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6. The applicant shall execute a shared parking agreement between 6170 High Street and 6450 Marsh Creek Road allowing for three (3) resident parking spaces and one (1) guest parking space for 6170 High Street to be located on the 6450 Marsh Creek Road parcel. The shared parking agreement shall be recorded on the deed for each parcel and shall be in a form acceptable to the City Attorney.
7. Prior to issuance of a building permit, the applicant shall assure there is a recorded easement in a form acceptable to the City Attorney between Site 1 and Site 2 for pedestrian access between parking lot areas.
8. Prior to the commencement of grading, demolition, or construction activities, the applicant shall submit a recycling plan for construction materials to the City for review and approval. The plan shall include that all materials that would not be acceptable for disposal in the sanitary landfill be recycled/reused. Documentation of the material type, amount, where taken, and receipts for verification and certification statements shall be included in the plan. The applicant shall submit deposits to the City to ensure good faith efforts of construction and demolition recycling. A deposit of \$2,000 per residence shall be submitted prior to issuance of the building permit for each residence, or demolition permit. Appropriate documentation regarding recycling shall be provided to the City. All staff costs related to the review, monitoring, and enforcement of this condition shall be charged to the deposit account.
9. Prior to issuance of demolition permits for on-site structures, the applicant shall show compliance with the NPDES Municipal Regional Permit (MRP 2.0) issued by the San Francisco Regional Water Quality Control Board regarding Mercury control and disposal. Building and site assessment shall be conducted to determine if any Mercury-containing devices (i.e. thermostats, etc.) or sources exist. If the assessment identifies any Mercury-containing devices or equipment, the devices or equipment shall be properly removed and disposed of at an acceptable recycling facility or landfill, so that demolition activities do not result in Mercury being scattered on site or entering storm drains. Where applicable, documentation of site assessment and proper disposal shall be provided to the Community Development Department prior to the issuance of any new construction permit.
10. Prior to the issuance of demolition permits, the applicant shall show compliance with the NPDES Municipal Regional Permit (MRP 2.0) issued by the San Francisco Regional Water Quality Control Board regarding polychlorinated biphenyl (PCB) control and disposal. The applicant shall ensure proper management of potential PCB-containing materials and wastes during building demolition and disposing of PCB properly, so that demolition activities do not result in PCB entering storm drains. Prior to issuance of demolition permits, the applicant shall submit to the Community Development Department an analysis of the existing structures having PCB concentrations below 50 ppm, or provide written documentation and evidence as to the type and style of all structures to be demolished that are single-family residential and/or wood frame structures. If the applicant is unable to obtain compliance by either of these measures,

the applicant shall abate any PCB at or above 50 ppb in accordance with an approved disposal plan to be submitted to the Community Development Department prior to issuance of demolition permits.

11. At least thirty (30) days prior to any demolition or groundbreaking activities, the applicant shall retain an exterminator who shall evaluate the site and make recommendations for the control and/or eradication of any on-site rodents. The exterminator's recommendations shall be subject to the review and approval of the Community Development Director. The applicant shall comply with the approved exterminator's recommendations prior to initiation of any demolition or groundbreaking activities.
12. The applicant agrees to indemnify, protect, defend, and hold harmless the City and its elected and appointed officials, officers, employees, and agents from and against any and all liabilities, claims, actions, causes, proceedings, suits, damages, judgments, liens, levies, costs, and expenses of whatever nature, including attorney's fees and disbursements arising out of or in any way relating to the issuance of this entitlement, any actions taken by the City relating to this entitlement, or the environmental review conducted under the California Environmental Quality Act for this entitlement and related actions. In addition, if there is any referendum or other election action to contest or overturn these approvals, the applicant shall either withdraw the application or pay all City costs for such an election.

GENERAL CONDITIONS

13. The project shall comply with the Clayton Municipal Code. All construction shall conform to the requirements of the California Building Code and City of Clayton standards.
14. The project shall be implemented as indicated on the application form and accompanying materials provided to the City and in compliance with the Clayton Municipal Code, or as amended by the Planning Commission.
15. No building permit will be issued unless the plan conforms to the project description and materials as approved by the Planning Commission and the standards of the City.
16. This approval expires one year from the date of approval (expires_____, 2021), unless a building permit has been issued and construction has diligently commenced thereon and has not expired, or an extension has been approved by the Planning Commission. Requests for extensions must be received in writing with the appropriate fees prior to the expiration of this approval. No more than one, one-year extension shall be granted.
17. This approval supersedes previous approvals, if any, that have been granted for this site.
18. The general contractor shall install and maintain the erosion and sedimentation control devices around the work premises per the most current NPDES Municipal Regional Permit (MRP). Current MRP is 2.0 and upcoming permit will be MRP-3.0.

19. All required easements or rights-of-way shall be obtained by the applicant at no cost to the City of Clayton. Advance permission shall be obtained from any property owners or easement holders for any work done within such property or easements.
20. Prior to issuance of the certificate of occupancy for each property, the public improvement for that property including streets, sewers, storm drains, street lights, and traffic signs required for access to the site shall be completed to the sole satisfaction of the City Engineer or City Traffic Engineer.
21. City staff shall inspect the site for compliance with conditions of approval and approved plans prior to final inspection approval.
22. The applicant shall obtain an encroachment permit for all work to be done within the public right-of-way or easement, and peak commute-hour traffic shall not be impeded by construction-related activity. All on-site improvements not covered by the building permit including walkways, driveways, paving, sewers, drainage, curbs, and gutters must be constructed in accordance with approved plans and/or standards and a Site Development Permit approved by the City Engineer.
23. All existing easements shall be identified on the site plan and all plans that encroach into existing easements shall be submitted to the easement holder for review and approval, and advance written permission shall be obtained from any property owner or easement holder for any work done within such property or easement.
24. Building permits for retaining walls shall be obtained as follows:
 - a. For major walls over three feet in height to be constructed during the mass-grading phase, obtain a building permit prior to issuance of the grading permit.
 - b. For all other walls, obtain a building permit prior to issuance of permits for structures on the respective lot in accordance with the applicable California Building Code Standards.

NOISE CONTROL, DUST, AND CONSTRUCTION ACTIVITY CONDITIONS

25. An encroachment permit is required for all work in the public right-of-way. Restoration of existing improvements (curb, gutter, sidewalk, street section, etc.) shall be to the City of Clayton standards and as approved by the City Engineer.
26. The use of construction equipment shall be restricted to weekdays between the hours of 8:00 a.m. and 5:00 p.m., or as approved in writing by the City Manager.
27. The project shall be in compliance with and supply all the necessary documentation to comply with the City of Clayton Construction and Demolition Debris Recycling Program.
28. Driveway access to neighboring properties shall be maintained at all times during construction.

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29. Standard dust control methods shall be used to stabilize the dust generated by construction activities in accordance with the Bay Area Air Quality Management District standards.
31. The site shall be fenced with locked gates by 7:00 PM. The gates shall remain locked until 7:00 AM. Contractors shall not arrive at the site prior to the opening of the gates. The name and contact information shall be placed at locations on the site for neighbors to contact in the circumstance there is a concern that needs to be addressed to the satisfaction of the City Engineer.
32. All construction equipment utilizing combustion engines shall be equipped with "critical" grade (rather than "stock" grade) noise mufflers or silencers that are in good condition. Backup "beepers" shall be tuned to insure lowest possible noise levels while also serving the safety purpose of the backup sound indicator.
33. Stationary noise sources shall be located at least 300 feet away from any occupied residential or business dwellings unless noise-reducing engine housing enclosures or other appropriate noise screens are provided.
34. Speeds of construction equipment shall be limited to 10 mph. This includes equipment traveling on local streets to and from the site.
35. Access shall be maintained to all driveways at all times.
36. There shall be no parking of construction equipment or construction worker's cars on residential or business streets at any time. A staging area shall be secured prior to issuance of a grading or building permit as determined necessary by the City Engineer.
37. Truck routes for the import or export of cut/fill material shall be identified and approved by the City Engineer prior to the issuance of any permits. Applicant shall be responsible for the repair of any damage to City streets (private and public) caused by the contractor's or subcontractor's vehicles.
38. Prior to construction, applicant shall ensure that the contractor shall contact City inspector for a pre-construction meeting. Haul route shall be submitted for review and approval by the City Engineer.
39. All construction activities must be designed to minimize potential spills from equipment and to provide a planned response in the event an accidental spill occurs. The applicant shall maintain spill equipment on site; there shall be a designated area if refueling takes place on site. Applicant shall insure all construction personnel are trained in proper material handling, cleanup and disposal procedures.

40. Prior to any demolition activities, a demolition permit shall be obtained and all demolition activities be performed in accordance with the Bay Area Air Quality Management District Regulation 11 Hazardous Pollutants, Rule 2 Asbestos Demolition, Renovation, and Manufacturing. The purpose of this Rule is to control emissions of asbestos to the atmosphere during demolition, renovation, milling and manufacturing and establish appropriate waste disposal procedures. These requirements specify the appropriate methods for survey, demolition/removal, and disposal of asbestos materials to control emissions and prevent hazardous conditions. Specifications developed for the demolition activities shall include the proper packaging, manifesting and transport of demolition wastes by trained workers to a permitted facility for disposal in accordance with local, State, and Federal requirements.
41. Prior to demolition or renovation activities that may disturb suspected lead-based paint (LBP), actual material samples shall be collected or an XRF survey performed in order to determine if LBP is present. It should be noted that construction activities that disturb materials or paints containing any amount of lead are subject to certain requirements of the Occupational Safety and Health Administration (OSHA) lead standard contained in 29 CFR 1910.1025 and 1926.62. If lead-based paint is identified, the paint shall be removed by a qualified lead abatement contractor. Specifications developed for the demolition activities shall include the proper packaging, manifesting, and transport of demolition wastes by trained workers to a permitted facility for disposal in accordance with local, State, and Federal requirements.

PROPERTY MAINTENANCE CONDITIONS

42. A parking lot sweeping program shall be implemented that, at a minimum, provides for sweeping immediately prior to the storm season and prior to each storm event.
43. The site shall be kept clean of all debris (litter, boxes, junk, garbage, etc.) at all times.
44. No signs shall be installed on this site without prior City approval.
45. Any undeveloped areas on-site shall be maintained in an attractive manner that ensures fire safety and prevents any runoff onto the adjacent sidewalks.

AGENCY REQUIREMENT CONDITION

46. Applicable requirements of other agencies including, but not limited to the Contra Costa County Fire District, the Contra Costa Water District, City of Concord (Sanitation), and the East Contra Costa County Habitat Conservancy shall be met.

FEE CONDITIONS

47. The applicant shall pay all fees required by the City Council and other applicable agencies.
48. The applicant shall pay all required fees at the time of building permit issuance.

GRADING CONDITIONS

49. All grading shall be required grading and drainage plan prepared by a registered Civil Engineer, a soils report prepared by a registered Geotechnical Engineer and a Grading Permit approved by the City Engineer. The grading plans and soils report shall require review by the City's geotechnical consultant with all costs to be borne by the applicant.
50. All recommendations made in the Soil Engineers report (unless amended through the City's review) and all recommendations made by the City's geotechnical consultant shall be incorporated into the design and construction of the project.
51. Contour grading techniques with spot elevations shall be employed throughout the project to achieve a more natural appearance, even where this will increase the amount of grading.
52. Tops of cuts or toes of fills adjacent to existing public rights-of-way or easements shall be set back two feet minimum from said rights-of-way and easements.
53. Erosion control measures shall be implemented by the applicant per plans approved by the City Engineer for all grading work not completed before October 1. At the time of approval of the improvement and/or grading plans, an approved Erosion Control Plan prepared by a registered Civil Engineer shall be filed with the City Engineer.
54. All graded slopes in excess of 5 feet in height shall be hydroseeded no later than September 15 and irrigated (if necessary) to ensure establishment prior to the onset of the rainy season
55. The applicant's engineer shall certify the actual pad elevation for the lot in accordance with City standards prior to issuance of Building Permit.
56. Any grading on adjacent properties will require written approval of those property owners affected.
57. If cultural resources are discovered during subsurface excavations, the Contractor shall cease construction and a qualified archeologist shall be contacted to make recommendations for mitigation.
58. The plans shall include the boundary treatment shown on cross sections, drawn to scale, for retaining walls, fencing and drainage.
59. All elevations shown on the grading and improvement plans shall be on the USGS 1929 sea level datum or NAVD 88 with conversion information, or as approved by the City Engineer.

UTILITY CONDITIONS

60. In the circumstance the applicant or successor-in-interest applies to convert the project from a rental apartment project to a condominium subdivision, the applicant or successor-in-interest shall be required to underground all existing and proposed utilities in accordance with the applicable provisions of the Clayton Municipal Code (CMC) at that time.
61. Trash enclosures shall drain to sanitary sewer and shall incorporate methods to contain runoff at the front-gate and pedestrian access point to prevent storm water from entering the enclosure.
62. The sewer collection system shall be constructed to function as a gravity system. Sanitary sewer collection system shall be constructed to the standards of the City of Concord and Central Contra Costa Sanitary District. Inspections of sanitary sewer collection system shall be performed by City of Concord under contract to City of Clayton.
63. Water system facilities shall be designed to meet the requirements of Contra Costa Water District and the fire flow requirements of the Contra Costa County Fire Protection District. All requirements of the responsible agency shall be guaranteed prior to approval of the improvement plans. Any required offsite easements shall be obtained by the applicant at his/her own expense.
64. A reduced pressure backflow preventer assembly shall be installed on all water meter services.
65. Double detector check fire line backflow assemblies shall be enclosed within an easement granted to Contra Costa Water District, as needed, and at no cost to the City or the District.
66. The applicant shall provide adequate water pressure and volume to serve this development, as approved by the City Engineer. This will include a minimum residual pressure of 20 psi with all losses included at the highest point of water service and a minimum static pressure of 50 psi.
67. All onsite utilities shall be privately maintained and connected to public facilities in accordance with City and applicable agency standards, as approved by the City Engineer.
68. All sanitary sewer system connections and improvements shall be submitted for reviewed and approved by the City Engineer and review and comment by the City of Concord (Sanitation).

DRAINAGE AND WATER QUALITY CONDITIONS

69. For projects disturbing one (1) acre or more, the applicant shall comply with the State Construction General Permit requirements. The applicant shall be responsible for preparing the SWPPP, submit all required documents, and obtaining coverage by filing a Notice of Intent (NOI) with State Water Resource Control Board (SWRQB).
70. A copy of the SWPPP and the Notice of Intent (WDID) shall be submitted to the City prior to issuing permits for construction. The SWPPP and the WDID shall be kept at the job site during construction. The WDID number shall be included onto the cover sheet of the Grading Plans for the project.
71. Prior to approval of the grading plans, the applicant shall submit a drainage study to the City for review and approval, and to the Contra Costa County Flood Control and Water Conservation District (FC District) for review and comment. The applicant shall be responsible to pay directly for the agency's review.
72. Applicant shall comply with the requirements of Provision C.3 of the Municipal Regional Permit (MRP) of the State Regional Water Resources Control Board NPDES Permit as applicable to this project.
73. Stormwater control facilities (C.3 facilities) shall be maintained and operated by the applicant/property owner, in perpetuity, in accordance with the Operation and Maintenance Plan. The applicant/property owner shall provide periodic and annual inspection reports.
74. Applicant shall submit a comprehensive Stormwater Control Plan, construction plans, details, and calculations in accordance with the current Contra Costa Clean Water Program (CCCWP) C.3 Guidebook (7th Edition). Required offsite improvements and street(s) frontage improvement work shall be considered and included as a part of this project for compliance with C.3 requirements. The Stormwater Control Plan watershed drainage map shall include all impervious surface locations (i.e. streets, buildings, parking lots, walkways, etc.) to be used in the calculations for sizing C.3 facilities.
75. CCWP C.3 online calculator shall be used in determining the size of the required C.3 facilities. Submit a printout and attach a copy in the Stormwater Control Plan.
76. Bio-retention basin side slopes shall not be steeper than 3H:1V.
77. Using C.3 bio-retention basin(s) as a detention basin(s) for the mitigation of increased peak flows shall be subject to the City Engineer's approval. If approved by the City Engineer, applicant shall submit hydrology and hydraulic study, calculations, and details to demonstrate compliance with the C.3 requirements as well as flood control requirements. Detention basin(s) design parameters and the calculations shall also be in accordance with Contra Costa County Flood Control guidelines.

78. Prior to City Approval of the plans and issuance of permits, the applicant shall submit a signed operation and maintenance agreement. The agreement shall be the City's standard form and subject to the review and approval by the City.
79. All storm water flows shall be collected onsite and discharged into an approved public storm drain system. No onsite drainage is allowed to flow over the sidewalk.
80. Applicant shall not increase storm water runoff to adjacent downhill lots unless either, (1) a Drainage Release is signed by the property owner(s) of the affected downhill lots and recorded in the office of the County Recorder; or (2) site drainage is collected and conveyed in approved drainage facilities within a private drainage easement through a downhill property. This condition may require collection of on-site runoff and construction of an off-site storm drainage system. All required releases and/or easements shall be obtained prior to issuance of any building permits.
81. A structure shall be installed at all pipe intersections, change of direction, or change in slope as approved by the City Engineer.

STREET IMPROVEMENT CONDITIONS

82. Sidewalks, curb, gutter, sidewalk and street pavement shall be constructed and/or replaced (if cracked, broken or damaged) in the public right-of-way along the entire project frontage as required by the City Engineer and at no cost to the City. Driveway aprons shall be removed and/or replaced with new curb, gutter and sidewalk to match the proposed development. Corner curb ramps (handicap ramps) that do not meet current Federal ADA and State Title 24 Standards shall be replaced to current standards. Existing street pavement section shall be removed and replaced along the frontage of the property to the centerline of the street if the section is cracked or damaged in any way (regardless if it is damaged by project construction or not), or other roadway preservation methods as approved by the City Engineer. All required public easements or rights-of-way shall be offered to the City. All improvements shall be designed and constructed to the satisfaction of the City Engineer.
83. All streets shall be paved and improved after utilities are installed in accordance with the City of Clayton Standard Drawings and Design Guidelines and the approved plans.

LANDSCAPING CONDITIONS

84. Sight distance triangles shall be maintained per Chapter 12.08 of the CMC, Site Obstructions at Intersections, or as approved by the City Engineer. Landscaping and signage shall not create a sight distance problem.
85. Detailed landscaping and irrigation plans for the entire site shall be submitted to the City for review and approval. All landscaping and irrigation shall be installed in accordance with approved plans prior to the issuance of certificates of occupancy for this building.

86. Landscaping for the project shall be designed to comply with the applicable requirements of City of Clayton Municipal Code. The State Model Water Efficient Landscape Ordinance (MWEL0). Prior to issuance of a building permit, the applicant shall demonstrate compliance with the applicable requirements of the MWEL0 in the landscape and irrigation plans submitted to the City.
87. Landscape shall show immediate results. Landscaped areas shall be watered, weeded, pruned, fertilized, sprayed, and/or otherwise maintained as necessary. Plant materials shall be replaced as needed to maintain the landscaping in accordance with the approved plans. Plant material selection shall avoid plant species that are known to be susceptible to disease (e.g., Platanus Blood Good) or drop fruit on hard surfaces and walkways causing a maintenance or safety concern.
88. All trees shall be a minimum 15-gallon size and all shrubs shall be a minimum 5- gallon size.

PROJECT SPECIFIC CONDITIONS

89. Any cracked or broken sidewalks shall be replaced as required by the City Engineer.
90. All rooftop mechanical equipment shall be screened from the public right-of-way and the residential properties to the west of the subject property. A line of sight study shall be submitted with the building permit submittal confirming the equipment is screened.
91. Asphalt paving shall have a minimum slope of two percent (2%), concrete paving shall have a minimum slope of 0.75%, except asphalt paving for identified accessible parking stalls and access routes shall have a minimum slope of 1.5% and a maximum slope of 2%, or as approved by the City Engineer.
92. All on-site curbs, gutters and sidewalks shall be constructed of Portland cement concrete.
93. All walkways adjacent to parking areas with vehicle overhang shall be a minimum of six and a half (6½) feet wide.

TREE PROTECTION CONDITIONS

94. The following construction policies and guidelines for tree preservation and protection put forth by the City of Clayton shall be followed during project implementation:
 - a. The applicant shall submit for the review and approval of the Community Development Director a tree protection plan to identify the location of the tree trunk and dripline of all on- and off-site trees subject to City of Clayton Municipal Code Section 15.70.020.
 - b. A protective fence shall be installed around all trees subject to the tree protection plan. The protective fence shall be installed prior to commencement of any construction activity and shall remain in place for the duration of construction.

- c. Grading, excavation, deposition of fill, erosion, compaction, and other construction-related activities shall not be permitted within the dripline or at locations which may damage the root system of trees subject to the tree protection plan, unless such activities are specifically allowed by the tree protection plan. Tree wells may be used if specifically allowed by the tree protection plan.
 - d. Oil, gas, chemicals, vehicles, construction equipment, machinery, and other construction materials shall not be allowed within the dripline of trees subject to the tree protection plan.
95. Trees which are identified for preservation, and are subsequently removed during construction, shall be replaced by new trees or shall be required to pay an in-lieu fee equal to 200% of the value (as established by the International Society of Arboriculture) of the original tree(s) to be preserved.
96. The Community Development Department shall review and approve grading and improvement plans to ensure adequate measures are taken to protect trees.

LANDSCAPING CONDITIONS

97. The project shall comply with all applicable requirements and regulations as they pertain to the Landscape Water Conservation Standards and the Water Efficient Landscape Ordinance.
98. Three sets of the landscape and irrigation plans shall be submitted with the grading and improvement plans for review and approval by the Community Development Department, Engineering Department, and the Maintenance Department. These plans shall be prepared by a landscape architect.
99. Installation of all irrigation and landscaping shall be performed by a licensed contractor. Open trench inspection of the irrigation installation in areas to be maintained by the City is subject to approval of the Maintenance Department. Prior to the final inspection by the Maintenance Department, the installation shall be approved by the landscape architect.
100. All trees shall be planted at least ten (10) feet away from any public water, sewer, or storm drain lines, unless a closer location is approved by the City. All trees shall be installed with support staking. All nursery stakes must be removed from trees. All trees planted within eight (8) feet of a sidewalk or driveway shall be installed with root guards.

EXPIRATION CONDITION

103. The Tree Removal Permit (TRP-24-17) shall expire simultaneously with the expiration of the Site Plan Review Permit (SRP-04-17), pursuant to the permit expiration provisions listed in Chapter 17.64 of the Clayton Municipal Code.

GENERAL CONDITIONS

104. The applicant shall obtain the necessary approvals from the Contra Costa County Fire Protection District.
105. The applicant shall provide an adequate and reliable water supply for fire protection as set forth in the Uniform Fire Code.
106. The access driveway/roadway and turnaround improvements must be completed and inspected by the Contra Costa County Fire Protection District (CCCFPD) prior to construction on the two residential lots.
107. All proposed residences are required to be protected with an approved automatic fire sprinkler system complying with the 2013 edition of NFPA 13D or Section R313.3 of the 2013 California Residential Code. A minimum of two (2) sets of sprinkler plans shall be submitted to the CCCFPD for both residences for review and approval prior to installation.
108. Additional requirements may be imposed by the CCCFPD. Before proceeding with the project, it is advisable to check with the CCCFPD located at 4005 Port Chicago Highway, Concord, 925-941-3300.
109. The applicant shall comply with all applicable State, County, and City codes, regulations, and standards as well as pay all associated fees and charges.
110. All construction and other work shall occur only between 7:00 a.m. and 5:00 p.m. Monday through Friday. Any such work beyond these hours and days is strictly prohibited unless specifically authorized in writing by the City Engineer, 925-969-8181, scott.alman@weareharris.com (Clayton Municipal Code Section 15.01.101).
111. The applicant shall obtain the necessary building permits from the Contra Costa County Building Inspection Department. All construction shall conform to the California Building Code.
112. Prior to issuance of a Certificate of Occupancy for any residential building, the applicant shall install security cameras to monitor primary individual building entries and parking areas with the ability to archive and monitor the imaging to the satisfaction of the Chief of Police.
113. In the circumstance the applicant or successor-in-interest applies to convert the rental apartment project to a condominium subdivision, the applicant or successor-in-interest shall pay Quimby Act fees in accordance with applicable provisions of the Clayton Municipal Code (CMC) and City adopted fee schedule in effect at that time.

114. The applicant shall prepare a property maintenance program to address on-going building maintenance, landscaping, parking lot maintenance, and tenant maintenance responsibilities to the satisfaction of the City Attorney.
115. Prior to issuance of a City demolition and/or grading permit the applicant shall complete a Green Infrastructure Feasibility analysis, as required by the San Francisco Rational Water Quality Control Board in MRP 2.0, to determine opportunities to address existing frontage runoff into planned or new bio retention areas behind the back of curb. If such analysis determines these are feasible, any Green Infrastructure shall be maintained by the abutting property owner in perpetuity.
116. The applicant is advised this project is subject in perpetuity to the required (annual) Operations and Maintenance inspections by the City for the C.3 facilities at the costs established and updated annually in the City Fees and Charges Schedule.
117. The trash enclosures shall have solid metal doors, a solid roof and ventilation. The proposed trash enclosures need to be enlarged in order to have internal clear dimensions that are adequate to accommodate the required refuse and recycling dumpsters/containers and resident accessibility to utilize them. The trash enclosures must be located in close proximity to the access driveway near the public right-of-way to the satisfaction of Republic Services and the City Engineer to assure accessibility for trash removal and adequate sight distance to assure the public the safety.
118. All landscaping along Marsh Creek Road and along High Street behind the back of curb shall be maintained by the abutting property owner in perpetuity.
119. Prior to the issuance of the first Certificate of Occupancy the applicant shall contribute up to \$20,000. to establish a Permit Parking Program System for the Stranahan Subdivision located across Marsh Creek Road to the east of the project to limit possible spillover parking from outside that neighborhood to the satisfaction of the City Engineer and Chief of Police.
120. Prior to the issuance of the first Certificate of Occupancy the applicant shall install electronic speed indicator signage on Marsh Creek Road in the vicinity of the intersection of Marsh Creek Road and Stranahan Circle to facilitate reducing speeding in this area to the satisfaction of the City Engineer and Chief of Police.
121. Prior to the issuance of the first Certificate of Occupancy the applicant shall install pedestrian activated crosswalk flashers at the trail crosswalk south of the project site on Marsh Creek Road to facilitate pedestrian safety to the satisfaction of the City Engineer.
122. The property owner shall provide annual bus passes to the tenants in the development and establish a car share program to facilitate reducing on-site parking demand to the satisfaction of the Community Development Director.

123. Prior to the issuance of the first Certificate of Occupancy the applicant shall provide and install fifty 15-gallon trees off-site within the City of Clayton to increase carbon absorption to the satisfaction of the City Maintenance Supervisor and City Manager.

NO DECISION WITH A 2-2 VOTE by the Planning Commission of the City of Clayton at a regular meeting on the 10th day of December 2019.

NO DECISION:

ATTEST:



Peter Cloven
Chair



David Woltering
Interim Community Development Director

Appeal 3

Received APPROVED



Appeal of a Planning Commission Decision

JAN 02 2020

Below: Office Use Only

CLAYTON COMMUNITY DEVELOPMENT DEPT.

6000 Heritage Trail., Clayton, CA 94517
Phone No. 925.673.7300 Fax No. 925.672.4917
www.ci.clayton.ca.us

File No. _____ Fee(s) 324⁰⁰

Received By: J. Calderon

Date: January 2, 2020 Receipt No. 029404

Please clarify any questions with the Planning Staff prior to completing this form. Please print or type legibly. Attach additional sheets if necessary. Incomplete applications will not be accepted.

1. Personal Information (Appellant):

a. Name: Dan Hummer Signature: [Signature]
b. Address: 282 Stranahan Circle, Clayton, CA 94517
c. Phone: 925-766-3067
d. Interest in project (e.g., applicant, neighbor, etc): neighbor

2. Appeal Instructions:

- a. To file an appeal, take the form and appeal fee to the City Clerk at City Hall, Third Floor, 6000 Heritage Trail. City Hall is open Monday through Friday, 9:00 a.m. to 5:00 p.m.
- b. The appeal must be filed within 10 calendar days of the Planning Commission Notice of Decision.
- c. A public hearing will be held by the City Council. The appellant, applicant, and any other person(s) who requested notice of an appeal hearing in writing will be mailed a notice of the public hearing.
- d. Attach a copy of the written decision/ruling.

3. Specify Grounds of Appeal:

a. Date of Planning Commission Decision on Project: Dec 10, 2019
b. State your rationale for arguing that the Planning Commission ruling was an improper or erroneous interpretation of the Ordinance:

I have attached a document to this appeal as there was not enough room to include all the reasons on why the Olivia project does not meet CEQA requirements and thus not being eligible for a density bonus.

4. Certification: I recognize that the Clayton City Council may, in conformity with the Unified Development Ordinance, reverse or affirm, wholly or partly, or may modify the order; requirement, decision or determination appealed from, and may by a resolution make any necessary order, requirement, decision or determination. Furthermore, I have read Sections 17.68.020 and .030 of the Municipal Code found on the alternate side of this form.

Applicant Signature: [Signature] Date: 12/31/2019

17.68.020 Appeal--Allowed when.

Appeal from any decision of the Planning Commission shall be governed by the provisions of this section and Section 17.68.030. For the purpose of appeal from any action of the Planning Commission, an aggrieved person must be either a subdivider, if he is dissatisfied with any action with respect to the tentative map, or to the kinds, nature and extent of the improvements required for a subdivision, or an applicant or any person alleging:

- A. That his property rights or the value of his property is adversely affected and the decision does not comply with the General Plan, if one is in effect at the time; or
- B. That the required standards, which must be specified, are or are not satisfied by the evidence presented at the hearing for rezoning, land use permit, or variance permit; or
- C. That specified findings of the Planning Commission are not supported by the evidence; or
- D. That specified limitations or conditions imposed in granting a permit are not reasonably required; or
- E. That specified limitations or conditions recommended but not imposed are reasonably required in granting a permit. (Ord. 52 Ch. III Sec. 5(a), 1968).

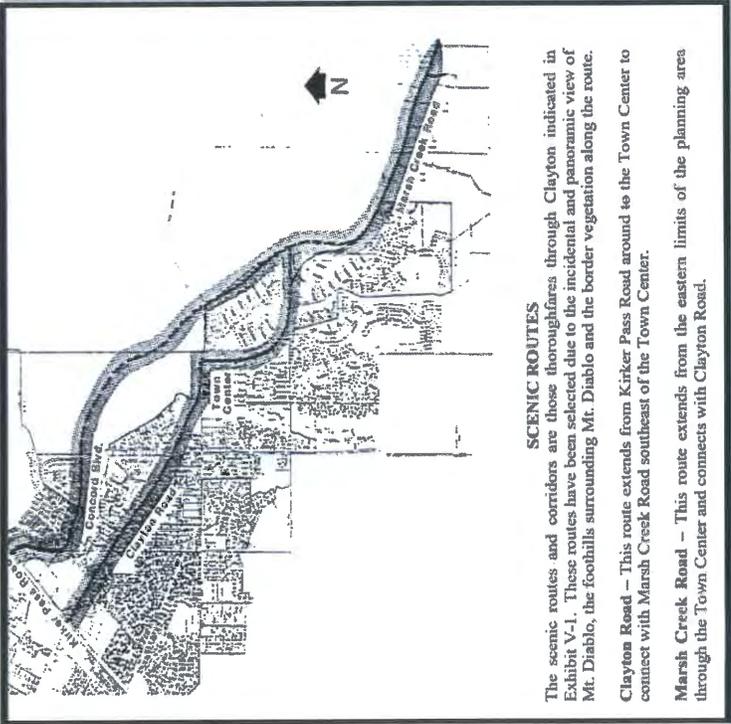
17.68.030 Appeal--Notice--Fee--Hearing and notice--Council conclusions.

An aggrieved party may appeal a decision of the Planning Commission to the City Council by filing a written notice of appeal with the City Clerk specifying the grounds for the appeal along with an appeal fee in such amount as may from time to time be fixed by resolution of the City Council, within ten days after the filing with the appropriate officials of the decision being appealed. When an appeal from the decision of the Planning Commission is properly filed, the City Clerk shall transmit to the City Council copies of the letter of appeal, the application and findings and decision of the Planning Commission. Upon receipt of said matter, the City Council shall order the matter heard before itself. The City Council shall proceed to schedule a public hearing in the matter before it and cause notice of the hearing time, place and nature of the appeal to be given by mailing copies of such notice by United States mail, first-class, postage prepaid to the appellant, the applicant or subdivider, and any other interested person or persons who shall have recorded his name and mailing address along with a request for a notice of hearing on appeal with the City Clerk and/or Secretary of the Planning Commission. The City Council shall then hear the matter as directed in the order fixing hearing and following this shall make its findings and conclusions in writing and file them with the City Clerk within thirty days after the close of the hearing, with copies being forwarded to the Planning Commission, the appellant and the applicant or subdivider. In its conclusions the City Council may approve with conditions, or deny the appeal. The conclusion of the City Council shall be final and the application shall be disposed of in accordance with the City Council's decision with no further administrative action being taken on the application. (Ord. 172 Sec. 5, 1977; Ord. 52 Ch. III Sec. 5(b), 1968).

The Olivia project does not meet the CEQA Infill development requirements, and thus does not qualify for a density bonus exception. The Planning Commission's decision should be overturned, and the project should not be allowed to be built as proposed. Just one of the reasons noted below should be enough proof that the project does not qualify, but I have supplied seven reasons.

Reason	Siting	Comments
1	<p>"The density bonus statute provides for a density bonus of up to 25% for condominium conversion projects providing at least 33% for the total units to low or moderate income households or 15% of the units to lower income households. Many condominium conversion projects are not designed in a manner that allows them to take advantage of the opportunity to construct additional units, but some projects may find this helpful. While condominium conversions are not presently a viable development alternative, this provision may be of some value in limited situations in the future."</p>	<p>It is stated on the proposed project that this project will be a condominium conversion, and Mr. Jordan acknowledged this in the last planning commission meeting on Dec 10. So this means that the project would only be able to have an additional 25% of the units, which would make it 75 units. But this increase is only allowed if 33% of the units are for low or moderately low income. This would mean that 24 units would need to be designated as such. The project is only allotting for 7 units in the proposal. We do not want to create a mini "Projects" here in Clayton. Seeing as how this will be a condominium conversion, this reason alone proves that the project does not qualify.</p>
2	<p>"the new statutory exemption applies to residential or mixed-use housing projects "within an unincorporated area of a county" on a project site of no more than five acres substantially surrounded by qualified urban uses" (Pub. Resources Code, § 21159.25)(b)(3)"</p>	<p>The California Legislature has enacted new Public Resources Code § 21159.25, effective as of January 1, 2019 (Stats. 2018, c. 670 (A.B. 1804)). This amendment states that the infill would need to be in an unincorporated area of the county. The proposed site is located within the city of Clayton, which has been incorporated since 1964. The Raney evaluation did not include the red highlighted wording from the Class 32 Infill Exemption. This reason alone proves that the project does not qualify.</p>
3	<p>"the project must not result in significant effects relating to transportation"</p>	<p>The "Exhibit A" analysis from Raney is incomplete. Vehicle parking is considered a type of traffic. There is the potential of up to 234 residents still in working age range. This creates an unacceptable amount of additional traffic/parking, and when the other non-developed adjacent parcels are developed, the traffic/parking will be excessive. If a conservative 75% of the 234 residents have a vehicle, this would mean that parking for 175 vehicles is necessary. This reason alone proves that the project does not qualify.</p> <p>This is not consistent with the general plan, and only complies with the zoning for multi-family high density. In the general plan, it is stated "Retention of large estates should be encouraged, but if they are to be redeveloped, then development should be done in such a way as to preserve trees, provide adequate screening from roads, and prevent the loss of atmosphere."</p> <p>To further quote the general plan, in section two "Land Use Element", the first three goals are noted as below:</p> <ol style="list-style-type: none"> "1. To maintain the rural character that has been the pride and distinction of Clayton." "2. To encourage a balance of housing types and densities consistent with the rural character of Clayton." "3. To preserve the natural features, ecology, and scenic vistas of the Clayton area."
4	<p>"...the project must be consistent with the applicable general plan and zoning..."</p>	<p>This project is requesting the removal of large established trees, minimal setbacks, and three stories which is not consistent with the general plan, and is exactly the opposite of the general plan. This reason alone proves that the project does not qualify.</p>

	<p>There will be a significant cumulative impacts.</p> <p>Impact 1: With the necessary parking of over 175 spaces, this will fill up available parking for the project, the existing surrounding developments, and parking downtown which will adversely impact businesses. This creates a major safety concern as residents of the new project will need to park offsite from the proposed project's grounds, and will need to cross Marsh Creek Road which has a blind curve in order to get to their homes.</p> <p>Impact 2: Traffic on Marsh Creek Road travels at excessive speeds (50MPH+) for pedestrian crossing. So 55+ "seniors" are supposed to cross this busy section of Clayton day or night to get to their residence?</p> <p>Impact 3: The city's fire department is not equipped with a three story ladder, which is another safety concern.</p> <p>Impact 4: The project is to be later sold as condo units. Once these are condo units, the ability to enforce any parking restrictions and how many people or vehicles are permitted per unit will be extremely difficult if not impossible. The reasons in this section prove cumulative impacts, and this alone proves that the project does not qualify.</p> <p>Impact 5: The high density and tall buildings proposed in this project if built would adversely affect the housing pricing of the surrounding existing homes.</p>	<p>Impact 1: With the necessary parking of over 175 spaces, this will fill up available parking for the project, the existing surrounding developments, and parking downtown which will adversely impact businesses. This creates a major safety concern as residents of the new project will need to park offsite from the proposed project's grounds, and will need to cross Marsh Creek Road which has a blind curve in order to get to their homes.</p> <p>Impact 2: Traffic on Marsh Creek Road travels at excessive speeds (50MPH+) for pedestrian crossing. So 55+ "seniors" are supposed to cross this busy section of Clayton day or night to get to their residence?</p> <p>Impact 3: The city's fire department is not equipped with a three story ladder, which is another safety concern.</p> <p>Impact 4: The project is to be later sold as condo units. Once these are condo units, the ability to enforce any parking restrictions and how many people or vehicles are permitted per unit will be extremely difficult if not impossible. The reasons in this section prove cumulative impacts, and this alone proves that the project does not qualify.</p> <p>Impact 5: The high density and tall buildings proposed in this project if built would adversely affect the housing pricing of the surrounding existing homes.</p>
5	<p>"the new statutory exemption is subject to familiar exceptions where the project could have a significant effect due to cumulative impacts"</p>	<p>I am not sure how a property is considered for historical purposes, but the two houses on Marsh Creek Road which would be demolished for this project are both over 70 years old. In fact, the home at 6450 Marsh Creek is 89 years old. There are only a few houses left in Clayton which are this old, and these should be preserved.</p>
6	<p>"could cause a substantial adverse change in the significance of a historical resource"</p>	<p>On the City's website, this section of Marsh Creek Road is considered to be a scenic corridor. Some people may not feel that this is, but anyone's house whom will be facing this proposed development will be losing a very scenic view. Several citizens in the various meetings have also noted that this is a scenic drive, and that it would be a shame to lose. Link to the city's document (page V-9), and related image is below for easy reference. This reason alone proves that the project does not qualify.</p>
7	<p>"or would damage scenic resources"</p>	<p>https://ci.clayton.ca.us/development/planning/long-range-planning/general-plan/section-v-community-design-element.pdf</p>



SCENIC ROUTES

The scenic routes and corridors are those thoroughfares through Clayton indicated in Exhibit V-1. These routes have been selected due to the incidental and panoramic view of Mt. Diablo, the foothills surrounding Mt. Diablo and the border vegetation along the route.

Clayton Road — This route extends from Kirker Pass Road around to the Town Center to connect with Marsh Creek Road southeast of the Town Center.

Marsh Creek Road — This route extends from the eastern limits of the planning area through the Town Center and connects with Clayton Road.

Appeal 4



6000 Heritage Trail., Clayton, CA 94517
Phone No. 925.673.7300 Fax No. 925.672.4917
www.ci.clayton.ca.us

Appeal of a Planning Commission **RECEIVED**
Decision JAN 02 2020

Below: Office Use Only

City of Clayton

File No. _____ Fee(s) 324⁰⁰

Received By: J. Caldern

Date January 2, 2020 Receipt No. 029406

Please clarify any questions with the Planning Staff prior to completing this form. Please print or type legibly. Attach additional sheets if necessary. Incomplete applications will not be accepted.

1. Personal Information (Appellant):

- a. Name: LISKOVIKH IRINA, ALEXANDER Signature: [Signature]
- b. Address: 218 STRANAHAN CIRCLE, CLAYTON, CA 94517
- c. Phone: (925) 672-4991
- d. interest in project (e.g., applicant, neighbor, etc): NEIGHBOR

2. Appeal Instructions:

- a. To file an appeal, take the form and appeal fee to the City Clerk at City Hall, Third Floor, 6000 Heritage Trail. City Hall is open Monday through Friday, 9:00 a.m. to 5:00 p.m.
- b. The appeal must be filed within 10 calendar days of the Planning Commission Notice of Decision.
- c. A public hearing will be held by the City Council. The appellant, applicant, and any other person(s) who requested notice of an appeal hearing in writing will be mailed a notice of the public hearing.
- d. Attach a copy of the written decision/ruling.

3. Specify Grounds of Appeal:

- a. Date of Planning Commission Decision on Project: 12/10/2019
- b. State your rationale for arguing that the Planning Commission ruling was an improper or erroneous interpretation of the Ordinance:
SEE ATTACHMENT

4. Certification: I recognize that the Clayton City Council may, in conformity with the Unified Development Ordinance, reverse or affirm, wholly or partly, or may modify the order; requirement, decision or determination appealed from, and may by a resolution make any necessary order, requirement, decision or determination. Furthermore, I have read Sections 17.68.020 and .030 of the Municipal Code found on the alternate side of this form.

Applicant Signature: [Signature]

Date: 01/02/2020

The Olivia project does not meet the CEQA infill development requirements, and thus does not qualify for a density bonus exception. The Planning Commission's decision should be overturned, and the project should not be allowed to be built as proposed.

Reason	Siting	Comments
6	<p>"Preserves the general safety of the community regarding seismic, landslide, flooding, fire and traffic hazards."</p>	<p>During the public hearings it became apparent that the parking allotment is woefully inadequate. Everyone agreed that Stranahan Circle will be used to absorb the additional vehicles that will create a traffic hazard. Stranahan Circle is a playground for small children. The movements of 100 additional cars parked on the street presents a clear danger to the playing kids, pedestrians and bike riders. NONE of these concerns is addressed by Raney. And NO effective parking enforcement exists in Clayton. Therefore resolution 06-19 was announced without taking any traffic hazard into account and its approval should be overturned.</p> <p>California has become in recent years an extreme fire danger state. Clayton is specifically susceptible. To escape the fire people living on Stranahan will have 2 choices: Turn right to reach Clayton Road, or to turn left to reach Marsh Creek road. If the fire is moving from Morgan Territory, driving towards Brentwood is not an option. With additional 200 vehicles clogging the intersection between Stranahan Circle and Marsh Creek Road, this will be a deadly fire trap. The majority of Clayton residents at the hearing agreed that at least a hundred additional vehicles from the Olivia complex will be parked on Stranahan and adding to the congestion and panic when the fire is intense and encroaching. This very possible scenario received zero attention from Raney and the planning commission. During both public hearings this question was asked twice and received no answers from either applicant or David Voltering. In light of fire storm in Paradise we are really concerned that this new development will cost lives. Just citing compliance with "fire prevention" is not an answer. Approval of the resolution 06-19 should be overturned.</p>

ELISE ROBERTS
for
"Doing the Right Thing"
at
Mt. Diablo Elementary
by exemplifying great "Kindness"
November and December 2019

GRACE DESEELHORST

for

"Doing the Right Thing"

at

Diablo View Middle School

by exemplifying great "Kindness"

November and December 2019

LILLIAN STRUEMPF

for

"Doing the Right Thing"

at

Diablo View Middle School

by exemplifying great "Kindness"

November and December 2019

LUCAS CALICA

for

"Doing the Right Thing"

at

Clayton Valley Charter High School

by exemplifying great "Kindness"

November and December 2019

KYLE OHLENDORF-HAWLEY

for

"Doing the Right Thing"

at

Clayton Valley Charter High School

by exemplifying great "Kindness"

November and December 2019

Recognizing

the

"Importance of and is Committed to Renewable Energy"

WHEREAS, California ranks first in the nation for solar energy production and fourth in the nation for wind power capacity with nearly 32,000 megawatts installed, producing enough electricity to power nearly 8 million homes; and

WHEREAS, California is home to 106 wind farms, 13 wind-related manufacturing facilities, and 2,767 solar-related companies; and

WHEREAS, wind powers opportunity in cities and communities all across California, resulting in \$87.5 million in state and local tax payments; and

WHEREAS, solar and wind farms in California have attracted nearly \$15 billion dollars in investment to date, helping to spur critical investments in communities that fund manufacturing jobs, education programs, and local economic development projects; and

WHEREAS, the development of solar and wind power now supports nearly 81,000 jobs across the state; and

WHEREAS, the advancements in solar and wind power will greatly enhance our ability to attract new businesses and talent to our state and community, and will continue to grow as a major force in the U.S. economy.

NOW THEREFORE, I, Julie Pierce, Mayor, on behalf of the Clayton City Council, do hereby proclaim the City of Clayton recognizes the Importance of and is Committed to Renewable Energy and encourage Californians to learn more about the benefits of wind and solar energy in our community and celebrate California's leadership in renewable energy production.



STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

**FROM: IKANI TAUMOEPEAU, CITY MANAGER
JOHN CROPPER, AUDITOR
BRYCE ROJAS, AUDITOR**

DATE: JANUARY 16, 2018

**SUBJECT: AUDITED ANNUAL FINANCIAL REPORT OF THE CITY OF CLAYTON FOR THE
FISCAL YEAR ENDED JUNE 30, 2019**

RECOMMENDATION

By motion, accept the City of Clayton's Annual Financial Report, including the unmodified opinion of the Independent Auditors Report, issued by Cropper Accountancy Corporation for the fiscal year ended June 30, 2019.

BACKGROUND

The City's independent audit firm, Cropper Accountancy Corporation, has issued their opinion on the City of Clayton's financial statements for the fiscal year ended June 30, 2019 (FY 2019-20). In their opinion:

"the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United states of America."

It is the responsibility of City management to ensure the financial statements are presented fairly in accordance with GAAP (generally accepted accounting principles). City management is also responsible for the design, implementation and maintenance of internal controls relevant to the

preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error. The responsibility of the City's independent auditors is to express opinions on the City's financial statements based on its audit performed in accordance with generally accepted audit standards (GAAS) issued by the American Institute of Certified Public Accountants (AICPA) as well as generally accepted government auditing standards (GAGAS), or "yellow book" standards, issued by the Comptroller General of the United States.

DISCUSSION

Fund Financial Statements

General Fund

The City's adopted FY 2019-20 budget projected the City's General Fund would report a slight decrease in fund balance by the close of FY 2018-19, reflecting the planned utilization of excess reserves for urgent non-recurring capital and operational needs approved by the City Council in four separate actions over the past four years. The audited financials show an actual increase in General Fund reserves of \$93,674 for the year ended June 30, 2019, primarily due to better than expected investment results and unrealized gains on the investment portfolio. This results in a total General Fund reserve balance of \$5,760,145 as of June 30, 2019, of which \$5,337,685 (92.7%) is reported as unassigned and available for appropriation. This unassigned fund balance is 1.12 times the size of the General Fund's adopted operating budget for the upcoming fiscal year ending June 30, 2020.

Other Governmental Funds

In the aggregate, excluding the General Fund, the other governmental funds of the City reported a net decrease in fund balance totaling \$706,472.

- HUTA Gas Tax Fund (No. 201) – The Highway Users Tax Account (HUTA) gas tax fund reported a net decrease in fund balance of \$45,000 to a total ending fund balance of \$267,695.
- RMRA Gas Tax Fund (No. 202) – The Road Maintenance and Rehabilitation Account (RMRA) gas tax fund was established in FY 2017-18 as a result of the State legislature's passing of the Road Repair and Accountability Act of 2017, also known as Senate Bill 1 (SB1). This fund reported an ending fund balance of \$195,645 as of June 30, 2019.
- Landscape Maintenance District Fund (No. 210) – This fund reported a net increase in fund balance of \$23,402 to a total fund balance of \$1,226,636 as of June 30, 2019. Pursuant to the adopted FY 2019-20 budget, \$345,109 of this available fund balance has been assigned for the removal of 18 eucalyptus trees in open space areas as well as the downtown planter boxes rehabilitation project in FY 2019-20.
- The Grove Park Fund (No. 211) – This fund reported a net increase of \$38,491 in fund balance to a total positive ending fund balance of \$352,339.
- Measure J Fund (No. 220) – This fund reported a net decrease in fund balance of \$822,676 to a total ending fund balance of \$-165,787. This decrease in fund balance was primarily attributable to certain Capital Improvement Program street projects completion.

Endeavor Hall Enterprise Fund

Consistent with the prior year, the Endeavor Hall rental facility is the City's only "business-type" enterprise fund reported in the CAFR. The Endeavor Hall fund reported a decrease in net position of \$33,809. This resulted primarily from total depreciation expense of \$37,000, comprising 63% of FY 2018-19 operating expenses. Overall, this fund reported a positive net position balance of \$1,037,732, primarily due to capital investment in the rental facility land, property and equipment. However, as of June 30, 2019 Endeavor Hall continued to report a deficit unrestricted net position arising from several years of deficit operations covered temporarily by short-term General Fund cash flow loans. Going forward, the city must analyze the substantial discounts offered to non-profit organizations (up to 80%), for the rental of this facility and determine the proper fee structure needed to bring revenues in line with the costs of running the facility.

Government-Wide Financial Statements

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, and unlike the "modified accrual" governmental fund financial statements discussed previously, the government-wide statements report long-term assets and liabilities in the Statement of Net Position. In the long-run, increases or decreases in net position may serve as a useful indicator or whether the financial position of the City of Clayton is improving or weakening. For the fiscal year ended June 30, 2019 the government-wide net position decreased by \$156,132 (-0.03%).

As of June 30, 2019 the City reported total government-wide ending net position of \$44,716,135, of which the largest portion totaling \$29,790,706 (67%), is classified as "net investment in capital assets" and is not in liquid form. \$11,915,594 (27%) of total government-wide net position is classified as "restricted" representing resources that are subject to external restrictions on how it may be used such as restricted special parcel taxes (i.e. The Grove Park and the Landscape Maintenance District), restricted transportation taxes (HUTA, RMRA, Measure J, etc.), and other restricted-use funds. The remaining governmental net position of \$3,009,835 (6%) is reported as "unrestricted" and may be used to meet the ongoing obligations to citizens and creditors.

FISCAL IMPACT

The acceptance of the audited financial statements for the year ended June 30, 2019 does not have any direct fiscal impact on the City.

Attachments:

1. Comprehensive Annual Financial Report and Independent Auditors' Report for the Year Ended June 30, 2019
2. Auditors' Required Communication to Those Charged with Governance Near the End of an Audit (AU-C 260)

City of Clayton, California
Annual Financial Report
For the Year Ended June 30, 2019

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INTRODUCTORY SECTION

City of Clayton
 Comprehensive Annual Financial Report
 For the year ended June 30, 2019
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**City of Clayton
Comprehensive Annual Financial Report
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FINANCIAL SECTION

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**INDEPENDENT AUDITORS'
REPORT**

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2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel
(925) 476-9930 efax
www.cropperaccountancy.com

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Clayton, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-14, budgetary comparison information on pages 82-84, Schedule of Proportionate Share of Net Pension Liability on page 85, Schedule of Pension Plan Contributions on

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page 86, Schedule of Changes in Net OPEB Liability and Related Ratios on page 87, and Schedule of OPEB Plan Contributions on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clayton, California's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020 on our consideration of City of Clayton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance on the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clayton's internal control over financial reporting and compliance.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

Management of the City of Clayton (the "City") provides this Management's Discussion and Analysis of the City's Basic Financial Statements for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for its fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the additional information that is furnished with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government -Wide Highlights

Net Position - The assets of the City of Clayton exceeded its liabilities at the close of the year ended June 30, 2019 by \$45,753,867. Of this amount, \$2,937,082 was reported as "unrestricted net position" and may be used to meet the ongoing obligations to citizens and creditors.

Changes in Net Position - The City's total net position decreased by \$189,941 in the fiscal year ending June 30, 2019. Net position of governmental activities decreased by \$156,132, while net position of business-type activities decreased by \$33,809.

Major Fund Highlights

Governmental Funds - As of the year ended June 30, 2019, the City's governmental funds reported a combined ending fund balance of \$15,332,640. Of this amount \$5,114,514 represents "unassigned fund balances" available for appropriation.

General Fund - The unassigned fund balance of the General Fund on June 30, 2019 was \$5,537,685, while the non-spendable and assigned fund balances were \$320,232 and \$102,228 respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Clayton's basic financial statements. The City of Clayton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Clayton's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Clayton's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Clayton is improving or deteriorating.

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-wide Financial Statements, Continued

The *statement of activities* presents information showing how the City's *net position* changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Clayton that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Clayton include general government, public safety, public works, community and economic development, and parks and recreation services. The business-type activities of the City of Clayton include the activities of the Endeavor Hall enterprise fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Clayton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Clayton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

The City of Clayton maintains fifteen individual governmental funds. Information is presented separately in the government funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Landscape Maintenance District, Housing Successor Agency, and Capital Improvement Program, all of which are reported as major funds.

Proprietary Funds

The City of Clayton maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Clayton uses an enterprise fund to account for its Endeavor Hall activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Clayton various functions. City of Clayton uses three internal service funds to account for its capital equipment replacement program, self-insurance activities, and extraordinary employer pension contribution fluctuations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's sole enterprise fund is considered to be a major fund. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds

The City is the fiscal agent for benefit assessment districts and other parties holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate statement of fiduciary net position and the agency funds statement of assets and liabilities. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include a private-purpose trust fund to account for the activities of the City of Clayton Redevelopment Successor Agency.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-79 of this report.

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees as well as budgetary information for the General Fund and each of the major governmental funds.

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS

Analysis of Overall Net Position and Results of Operations

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The City's total net position was \$44,753,867 at June 30, 2019, which is a decrease of \$189,941 (0.4%) from the prior year's net position at June 30, 2018 as restated.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, etc.) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is condensed comparative Statements of Net Position for the fiscal years ended June 30, 2019 and June 30, 2018:

	Governmental Activities 2019	Governmental Activities 2018	Business- Type Activities 2019	Business- Type Activities 2018	Total 2019	Total 2018
Assets						
Current Assets	\$ 13,257,979	\$ 13,413,946	\$ (66,252)	\$ (67,052)	\$ 13,191,727	\$ 13,346,894
Noncurrent Assets	6,464,874	6,937,803	-	-	6,464,874	6,937,803
Capital Assets	<u>29,790,706</u>	<u>28,976,510</u>	<u>1,110,485</u>	<u>1,147,485</u>	<u>30,901,191</u>	<u>30,123,995</u>
Total Assets	<u>49,513,559</u>	<u>49,328,259</u>	<u>1,044,233</u>	<u>1,080,433</u>	<u>50,557,792</u>	<u>50,408,692</u>
Deferred outflows	<u>1,328,482</u>	<u>1,795,286</u>	-	-	<u>1,328,482</u>	<u>1,795,286</u>
Liabilities						
Current Liabilities	612,424	506,344	6,501	8,892	618,925	515,236
Noncurrent Liabilities	<u>5,314,518</u>	<u>5,521,905</u>	-	-	<u>5,314,518</u>	<u>5,521,905</u>
Total Liabilities	<u>5,926,942</u>	<u>6,028,249</u>	<u>6,501</u>	<u>8,892</u>	<u>5,933,443</u>	<u>6,037,141</u>
Deferred inflows	<u>198,964</u>	<u>223,029</u>	-	-	<u>198,964</u>	<u>223,029</u>
Net Position						
Net investment in capital assets	29,790,706	28,976,510	1,110,485	1,147,485	30,901,191	30,123,995
Restricted	11,915,594	12,059,042	-	-	11,915,594	12,059,042
Unrestricted	<u>3,009,835</u>	<u>3,836,715</u>	<u>(72,753)</u>	<u>(75,944)</u>	<u>2,937,082</u>	<u>3,760,771</u>
Total net position	<u>\$ 44,716,135</u>	<u>\$ 44,872,267</u>	<u>\$ 1,037,732</u>	<u>\$ 1,071,541</u>	<u>\$ 45,753,867</u>	<u>\$ 45,943,808</u>

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Overall Net Position and Results of Operations, Continued

Of the City's total net position, \$11,915,594 (26.0%) represents resources that are subject to external restrictions on how they may be used. The balance of the *unrestricted net position* of \$2,937,082 (6.4%) may be used to meet the City's ongoing obligations to citizens and creditors. City revenues for the year, including both governmental and business-type activities, were \$7,774,638, while expenses totaled \$7,964,579, resulting in a net decrease to net position of \$189,941 excluding transfers, extraordinary and special items. This net increase was primarily attributable to an increase in net position of governmental activities, which is discussed in greater detail in the following section.

The following is a recap of the City's Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2019 and June 30, 2018:

	Governmental Activities 2019	Governmental Activities 2018	Business- Type Activities 2019	Business- Type Activities 2018	Total 2019	Total 2018
Revenues:						
Program revenues:						
Charges for Services	\$ 963,255	\$ 992,193	\$ 24,642	\$ 27,890	\$ 987,897	\$ 1,020,083
Operating grants and contributions	825,018	900,239	-	-	825,018	900,239
Capital grants and contributions	<u>570,049</u>	<u>526,452</u>	-	-	<u>570,049</u>	<u>526,452</u>
Total program revenues	<u>2,358,322</u>	<u>2,418,884</u>	<u>24,642</u>	<u>27,890</u>	<u>2,382,964</u>	<u>2,446,774</u>
Grant revenues:						
Property taxes	2,463,898	2,345,067	-	-	2,463,898	2,345,067
Special parcel taxes	1,256,011	1,254,911	-	-	1,256,011	1,254,911
Sales and use taxes	483,741	436,560	-	-	483,741	436,560
Business license taxes	175,153	154,397	-	-	175,153	154,397
Franchise fees	523,129	547,765	-	-	523,129	547,765
Payments in lieu of taxes	164,331	161,108	-	-	164,331	161,108
Investment income	255,272	287,595	4	-	255,276	287,595
Miscellaneous	39,211	23,118	-	-	39,211	23,118
Gain (loss) on sale of assets	<u>30,924</u>	<u>(893)</u>	-	-	<u>30,924</u>	<u>(893)</u>
Total general revenues	<u>5,391,670</u>	<u>5,209,628</u>	<u>4</u>	<u>-</u>	<u>5,391,674</u>	<u>5,209,628</u>
Total revenues	<u>7,749,992</u>	<u>7,628,512</u>	<u>24,646</u>	<u>27,890</u>	<u>7,774,638</u>	<u>7,656,402</u>
Expenses:						
General government	1,457,326	1,305,562	-	-	1,457,326	1,305,562
Public works	2,536,880	2,538,912	-	-	2,536,880	2,538,912
Public safety	2,825,969	2,509,147	-	-	2,825,969	2,509,147
Community and economic development	367,682	329,418	-	-	367,682	329,418
Parks and recreation services	718,267	667,687	-	-	718,267	667,687
Endeavor Hall	-	-	58,455	76,901	58,455	76,901
Total expenses	<u>7,906,124</u>	<u>7,350,726</u>	<u>58,455</u>	<u>76,901</u>	<u>7,964,579</u>	<u>7,427,627</u>
Increase (decrease) in Net Position before transfers, special and extraordinary items						
	(156,132)	277,786	(33,809)	(49,011)	(189,941)	228,775
Extraordinary items	-	-	-	-	-	-
Change in Net Position	(156,132)	277,786	(33,809)	(49,011)	(189,941)	228,775
Net Position - Beginning	44,872,267	44,594,481	1,071,541	1,120,552	45,943,808	45,715,033
Net Position - ending	<u>44,716,135</u>	<u>44,872,267</u>	<u>1,037,732</u>	<u>1,071,541</u>	<u>45,753,867</u>	<u>45,943,808</u>

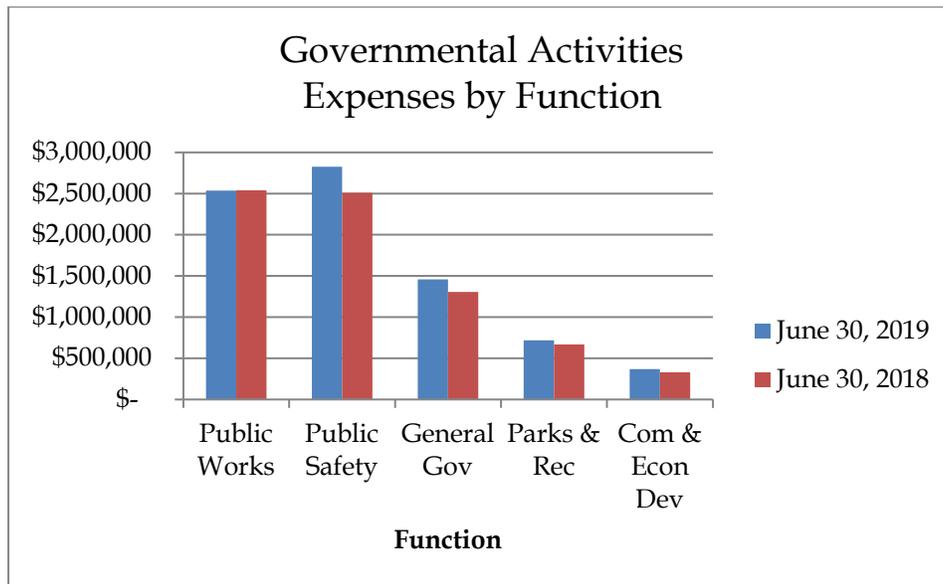
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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Governmental Activities

The decrease in net position of the governmental activities over the prior year was primarily attributable to an increase in the expenditures for public safety. Total expenses were \$7,906,124 in the current year compared to \$7,350,726 in the prior year. The following chart depicts the relative size of expenses by function for the fiscal years ending June 30, 2019 and 2018:



Total program revenues from governmental activities were \$2,358,322 in the current year compared to \$2,418,884 in the prior year. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from government's general revenues. Of the governmental program revenues, 40.8% were derived from charges for services, which includes park use fees, rental fees, licenses and permits, planning services fees, engineering plan check fees, police service fees, and other revenues. The remaining 59.2% of the governmental program revenues came from operating and capital grants and contributions. General revenues are all other revenues not categorized as program revenues such as property taxes, special parcel taxes, sales and use taxes, motor vehicle fees, investment earnings, franchise fees, use of money and property, service charges, and miscellaneous revenues.

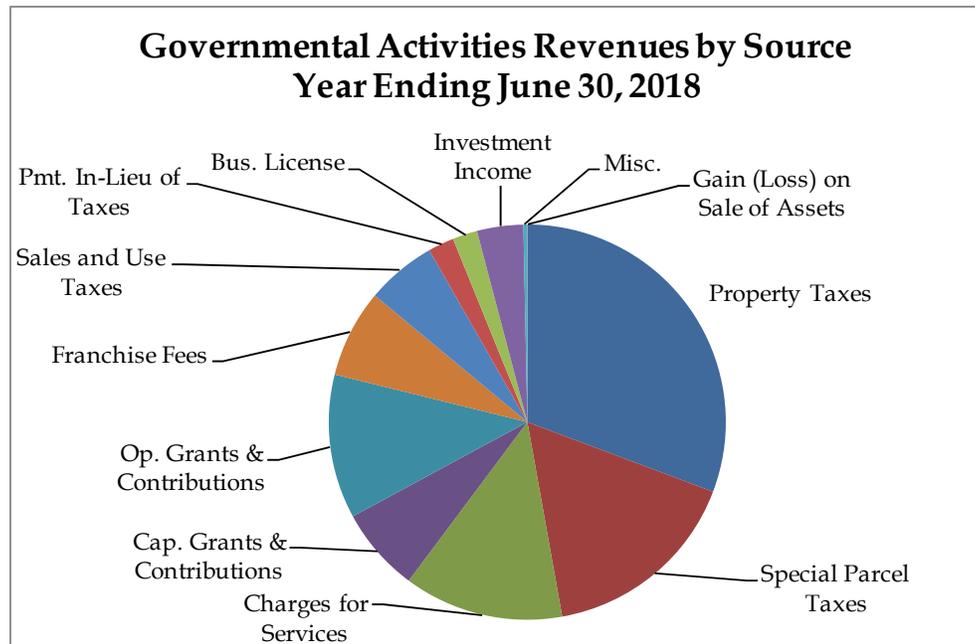
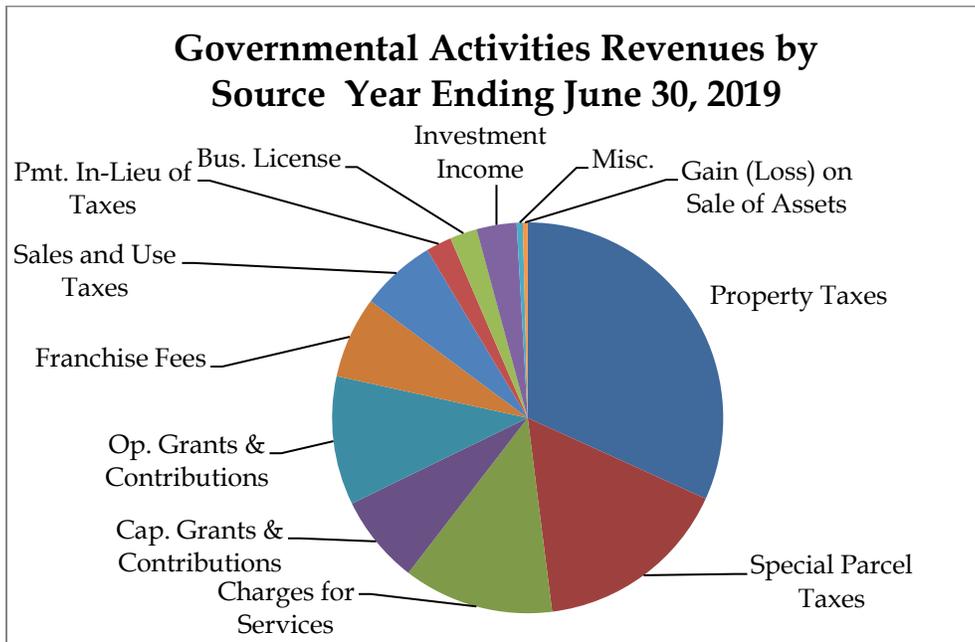
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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Governmental Activities, Continued

Total general revenues from governmental activities grew slightly by \$182,042 (3.5%) over the prior year. The following pie charts depict the relative size of governmental activities program and general revenues by source for the fiscal years ending June 30, 2019 and 2018:



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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Business-Type Activities

Total business-type expenses decreased 24.0% from \$76,901 in the prior year to \$58,455 in the current year. This decrease is largely attributable to unexpected maintenance and repairs costs associated with operations of the Endeavor Hall rental facility in the prior year that were not recurring in the current year. Total services revenue decreased as well by 11.6%, from \$27,890 in the prior year to \$24,642 in the current year associated with a higher volume of discounted rentals to non-profits. Net position of business-type activities declined \$33,809 to a total of \$1,037,732 at June 30, 2019 due to charges for services being insufficient to cover the annual depreciation expense of underlying Endeavor Hall rental facility assets.

FINANCIAL ANALYSIS OF INDIVIDUAL FUND STATEMENTS

Analysis of Governmental Funds

The focus of the City of Clayton's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Clayton's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,332,640. Of this amount, in order of relative significance, \$5,114,514 (33.4%) is unassigned; \$320,232 (2.1%) is in non-spendable form; \$2,846,870 (18.5%) is assigned for specific purposes; \$6,403,413 (41.8%) is restricted by law, regulation, or other outside contractual agreements; and \$647,611 (4.2%) is committed for specific expenditures in the future.

General Fund

The City's General Fund reported an increase in fund balance of \$93,674 (1.7%) in the current fiscal year. This modest increase is mostly attributable to higher than expected investment results. Total fund balance of the General Fund is \$5,760,145 as of June 30, 2019, of which \$5,337,685 (92.7%) is reported as unassigned and available for appropriation. This unassigned fund balance is 1.12 times the size of the General Fund's adopted operating budget for the upcoming fiscal year ending June 30, 2020.

Landscape Maintenance District

Community Facilities District No. 2007-1, referred to as the Landscape Maintenance District special revenue fund, reported a slight increase in fund balance of \$23,402 (2%) in the current fiscal year. This increase in fund balance is largely attributable to better than expected investment results in the current fiscal year. Total fund balance of the Landscape Maintenance District is \$1,226,636 as of June 30, 2019, of which \$345,109 (28.1%) is reported as assigned for the following year's operating budget.

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

FINANCIAL ANALYSIS OF INDIVIDUAL FUND STATEMENTS, Continued

Analysis of Governmental Funds, Continued

Successor Housing Agency

The Successor Housing Agency special revenue fund reported a decrease in fund balance of \$111,001 in the current fiscal year. This decrease in fund balance resulted primarily from unspent program revenue on housing loan repayments as well as unrealized losses on the inventory of affordable income housing. Total fund balance of the Successor Housing Agency is \$4,654,561 as of June 30, 2019, which is classified entirely as restricted.

Capital Improvement Program

The Capital Improvement Program capital projects fund reported a decrease in fund balance of \$38,875 (2%) in the current fiscal year. This slight decrease in fund balance primarily arose from timing differences between project execution and funding. Total fund balance of the Capital Improvement Program fund is \$1,812,067 and is reported entirely as assigned for capital projects as of June 30, 2019.

Analysis of Proprietary Funds

The City of Clayton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the City's only major enterprise fund, Endeavor Hall, at the end of the year was \$1,037,732, and total net position for the internal service funds amounted to \$953,286.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues and transfers exceeded total revenues of the final budget only modestly by \$126,814 (2.8%), which is on target with the adopted fiscal year 2019 budget projection of a \$101,970 (2.22%) planned operating surplus. The remainder of the increase (24,844) was from better than expected investment results and an unrealized investment gain. The unrealized investment gain was reported as a direct result of the City's investment portfolio being largely made up of fixed instrument securities during a time of declining interest rates. As noted in recent quarterly investment portfolio reports presented to the City Council, the City's investment policy is designed to reduce volatility and generate consistent returns in the long run in order to protect public funds. Actual property tax revenues exceeded somewhat conservative adopted budgetary growth projections by 2.0%, which was largely offset by lower than expected revenue from franchise fees.

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

Actual General Fund expenditures of \$4,722,330 were over the final adjusted budget by \$142,110 (3.1%) for the year ended June 30, 2019. On January 16, 2018, the City Council approved the assignment and appropriation of \$299,000 in General Fund excess reserves arising from the increase in fund balance reported in the prior year audited financial statements. Consistent with similar action taken in prior years, the purpose of this assignment was to address specific one-time capital and operational needs of the City that could not be addressed in the annual operating budget. As of June 30, 2019, the unused balance of General Fund assigned fund balance was \$534,538, reflecting an investment of \$432,309 for the City Council-authorized specific non-recurring purposes during the same fiscal year then ended. This residual assigned balance reported at June 30, 2019 was rolled in the following year's budget for the specific authorized purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounted to \$30,901,191 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, corporate yard building, and roads. Total depreciation expense on governmental assets totaled \$1,043,662, versus \$964,265 in the prior year. The increase in depreciation is attributable to the completion of significant capital projects during the prior and current fiscal years. Additional information on the City of Clayton's capital assets can be found in Note 5 of this report.

Debt Administration

The remaining debt of the former Clayton Redevelopment Agency (RDA) of \$5,835,000 was transferred to the Successor Agency on February 1, 2012 (fiscal year ending June 30, 2012). The City has no outstanding general obligation debt. The Successor Agency has maintained its "AAA" credit rating (S&P) on outstanding Tax Allocation Bonds. Additional information on the Successor Agency's long-term debt can be found in Note 13 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As the City of Clayton is largely a bedroom community the annual General Fund operating budget relies heavily on property taxes to finance annual operating appropriations rather than other sources of revenue larger and more commercially and industrial developed municipalities have access to (i.e. sales and transient occupancy taxes). The City strives to meet the ever evolving needs of local residents and businesses within the constraints of limited and sometimes restrictive revenue sources.

There was a slight increase in adopted General Fund operating appropriations for the upcoming fiscal year ending June 30, 2020 of \$187,230 (4.1%). The slight increase in appropriations is attributable to fixed cost increases in various City departments, albeit it is less than the annual June 2018 to June 2019 consumer price index inflationary factor of 3.9% published by the U.S. Bureau of Labor and Statistics for the San Francisco-Oakland-Hayward region. The adopted budget for the fiscal year ending June 30,

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**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, Continued

2020 projects total General Fund revenues of \$4,814,200, an increase of approximately \$125,010 (2.7%) over the prior year adopted budget. The projected revenue growth reflects continued growth in property tax and sales and use taxes supported by actual results reported in the fiscal year ending June 30, 2019.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Clayton's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Office of the Finance Manager, 6000 Heritage Trail, Clayton, California 94517.

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

**City of Clayton
Government-Wide
Statement of Net Position
June 30, 2019**

ASSETS	Governmental Activities	Business-Type Activites	Total
Current Assets:			
Cash and investments	\$ 11,914,823	\$ 3,000	\$ 11,917,823
Accounts receivable (net of allowances)	1,197,757	-	1,197,757
Interest receivable	63,715	-	63,715
Internal balances	69,252	(69,252)	-
Prepaid expenses	12,432	-	12,432
Total Current Assets	13,257,979	(66,252)	13,191,727
Noncurrent Assets:			
Investment in affordable housing	2,470,781	-	2,470,781
Notes receivable	3,994,093	-	3,994,093
Nondepreciable assets	3,200,830	167,738	3,368,568
Depreciable assets, net	26,589,876	942,747	27,532,623
Total Noncurrent Assets	36,255,580	1,110,485	37,366,065
Total Assets	49,513,559	1,044,233	50,557,792
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,285,978	-	1,285,978
Deferred outflows related to OPEB	42,504	-	42,504
Total Deferred Outflows of Resources	1,328,482	-	1,328,482
LIABILITIES			
Current Liabilites:			
Accounts payable	446,642	1,001	447,643
Deposits payable	-	5,500	5,500
Accrued payroll	86,632	-	86,632
Unearned revenue	5,935	-	5,935
Compensated absences payable	71,648	-	71,648
Other liabilities	1,567	-	1,567
Total Current Liabilities	612,424	6,501	618,925
Noncurrent Liabilites:			
Compensated absences payable	71,648	-	71,648
Net OPEB liability	570,116	-	570,116
Net pension liability	4,672,754	-	4,672,754
Total Noncurrent Liabilities	5,314,518	-	5,314,518
Total Liabilities	5,926,942	6,501	5,933,443
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	185,278	-	185,278
Deferred inflows related to OPEB	13,686	-	13,686
Total Deferred Inflows of Resources	198,964	-	198,964
NET POSITION			
Net investment in capital assets	29,790,706	1,110,485	30,901,191
Restricted for special projects and programs	11,915,594	-	11,915,594
Unrestricted	3,009,835	(72,753)	2,937,082
Total Net Position	\$ 44,716,135	\$ 1,037,732	\$ 45,753,867

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The accompanying notes are an integral part of the financial statements

City of Clayton
Government-Wide
Statement of Activities and Changes in Net Position
For the year ended June 30, 2019

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities							
General government	\$ 1,457,326	\$ 397,436	\$ 25,218	\$ -	\$ (1,034,672)	\$ -	\$ (1,034,672)
Public safety	2,536,880	41,195	238,882	-	(2,256,803)	-	(2,256,803)
Public works	2,825,969	356,347	554,614	431,696	(1,483,312)	-	(1,483,312)
Community and economic development	367,682	96,596	4,304	138,353	(128,429)	-	(128,429)
Parks and recreation services	718,267	71,681	2,000	-	(644,586)	-	(644,586)
Total Governmental Activities	<u>7,906,124</u>	<u>963,255</u>	<u>825,018</u>	<u>570,049</u>	<u>(5,547,802)</u>	<u>-</u>	<u>(5,547,802)</u>
Business-Type Activities							
Endeavor Hall	58,455	24,642	-	-	-	(33,813)	(33,813)
Total Business-Type Activities	<u>58,455</u>	<u>24,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,813)</u>	<u>(33,813)</u>
Total Primary Government	<u>\$ 7,964,579</u>	<u>\$ 987,897</u>	<u>\$ 825,018</u>	<u>\$ 570,049</u>	<u>(5,547,802)</u>	<u>(33,813)</u>	<u>(5,581,615)</u>
General revenues:							
Taxes:							
Property taxes					2,463,898	-	2,463,898
Special parcel taxes					1,256,011	-	1,256,011
Sales and use taxes					483,741	-	483,741
Business license taxes					175,153	-	175,153
Total Taxes					<u>4,378,803</u>	<u>-</u>	<u>4,378,803</u>
Franchise fees					523,129	-	523,129
Payments in lieu of taxes					164,331	-	164,331
Investment income (loss)					255,272	4	255,276
Other miscellaneous general revenues					39,211	-	39,211
Gain (loss) on disposal of fixed assets					30,924	-	30,924
Total general revenues and transfers					<u>5,391,670</u>	<u>4</u>	<u>5,391,674</u>
Change in net position					(156,132)	(33,809)	(189,941)
Net position - beginning					44,872,267	1,071,541	45,943,808
Net position - ending					<u>\$ 44,716,135</u>	<u>\$ 1,037,732</u>	<u>\$ 45,753,867</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

Governmental Funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. All governmental funds can be classified into one of five fund types: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

General Fund:

The General Fund is the main operating fund of the City and is presented as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds:

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following are reported as major special revenue funds:

Landscape Maintenance District - Community Facilities District (CFD) No. 2007-1, referred to as the Landscape Maintenance District special revenue fund, accounts for real property voter-approved special parcel taxes collected to maintain arterial landscaping and open space within the City (CFD No. 2007-1 sunsets in 2027).

Successor Housing Agency - Accounts for the activities related to the assets assumed by the City of Clayton as the Housing Successor to the housing activities of the former Redevelopment Agency of the City of Clayton.

Capital Projects Funds:

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The following is the City's sole major capital projects fund:

Capital Improvement Program - Accounts for the projects identified in the capital improvement program funded by various federal and state grants as well as through transfers from the General Fund.

Non-major Governmental Funds:

All non-major governmental funds of the City are aggregated and presented on the face of the basic financial statements in one column.

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**City of Clayton
Governmental Funds
Balance Sheet
June 30, 2019**

	General Fund	Special Revenue	
		Landscape Maintenance District	Successor Housing Agency
ASSETS			
Cash and investments	\$ 5,452,522	\$ 1,345,098	\$ 1,233,874
Accounts receivable	592,834	-	3,000
Interest receivable	37,278	-	-
Investment in affordable housing	-	-	2,470,781
Notes receivable	3,958	-	3,990,135
Prepaid items	12,432	-	-
Due from other funds	307,800	-	-
Advance to other funds	2,580	-	-
Total Assets	\$ 6,409,404	\$ 1,345,098	\$ 7,697,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 210,075	\$ 118,462	\$ 1,829
Other payables	1,567	-	-
Accrued payroll	86,632	-	-
Compensated absences	71,648	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	-
Unearned revenue	5,935	-	-
Total Liabilities	375,857	118,462	1,829
Deferred Inflows of Resources:			
Deferred revenue	273,402	-	3,041,400
Total Deferred Inflows of Resources	273,402	-	3,041,400
Fund Balance:			
Non-spendable	320,232	-	-
Restricted	-	881,527	4,654,561
Committed	-	-	-
Assigned	102,228	345,109	-
Unassigned	5,337,685	-	-
Total Fund Balance	5,760,145	1,226,636	4,654,561
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,409,404	\$ 1,345,098	\$ 7,697,790

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The accompanying notes are an integral part of the financial statements

**City of Clayton
Governmental Funds
Balance Sheet
June 30, 2019**

<u>Capital Project</u>		
<u>Capital Improvement Program</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,383,754	\$ 2,036,588	\$ 11,451,836
472,743	155,617	1,224,194
-	-	37,278
-	-	2,470,781
-	-	3,994,093
-	-	12,432
-	-	307,800
-	-	2,580
<u>\$ 1,856,497</u>	<u>\$ 2,192,205</u>	<u>\$ 19,500,994</u>
\$ 44,430	\$ 71,846	\$ 446,642
-	-	1,567
-	-	86,632
-	-	71,648
-	238,548	238,548
-	2,580	2,580
-	-	5,935
<u>44,430</u>	<u>312,974</u>	<u>853,552</u>
-	-	3,314,802
-	-	<u>3,314,802</u>
-	-	320,232
-	867,325	6,403,413
-	647,611	647,611
1,812,067	587,466	2,846,870
-	(223,171)	5,114,514
<u>1,812,067</u>	<u>1,879,231</u>	<u>15,332,640</u>
<u>\$ 1,856,497</u>	<u>\$ 2,192,205</u>	<u>\$ 19,500,994</u>

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The accompanying notes are an integral part of the financial statements

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City of Clayton
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2019

Total Fund Balances - Governmental Funds \$ 15,332,640

Amounts reported for governmental activities in the Statement of Net Position are different because:

CAPITAL ASSETS

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Non-depreciable capital assets	3,200,830
Depreciable capital assets (net of internal service fund assets of \$490,299)	26,099,577

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Unavailable revenue which are deferred inflows of resources in the Governmental Funds because they are not available currently, but are taken into revenue in the statement of activities.

3,314,802

LONG-TERM ASSETS AND LIABILITIES

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Net OPEB liability not reported on the Governmental Funds Balance Sheet	(570,116)
Compensated absences payable	(71,648)
Net pension liability not reported on the Governmental Funds Balance Sheet	(4,672,754)

DEFERRED INFLOWS AND OUTFLOWS

Deferred inflows/(outflows) of resources for not reported on the Governmental Funds Balance Sheet

Deferred outflows of resources for net pension liability	1,285,978
Deferred inflows of resources for net pension liability	(185,278)
Deferred outflows of resources for net OPEB liability	42,504
Deferred inflows of resources for net OPEB liability	(13,686)

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Government-wide Statement of Net Position.

953,286

Net Position of Governmental Activities	\$ 44,716,135
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City of Clayton
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2019

	General Fund	Special Revenue	
		Landscape Maintenance District	Successor Housing Agency
REVENUES			
Property taxes	\$ 2,463,898	\$ -	\$ -
Program income	-	-	96,400
Special parcel taxes and assessments	-	1,121,738	-
Sales and use taxes	483,741	-	-
Business licenses	175,153	-	-
Permits, licenses and fees	146,867	-	-
Fines, forfeitures and penalties	82,375	-	-
Intergovernmental	111,473	-	-
Motor vehicle in-lieu fees	-	-	-
Other in-lieu fees	164,331	-	-
Franchise fees	523,129	-	-
Service charges	325,078	-	-
Use of money and property	191,365	42,112	23,247
Other revenue	33,541	-	-
Total Revenues	4,700,951	1,163,850	119,647
EXPENDITURES			
Current:			
General government	1,297,303	-	-
Public safety	2,214,359	-	-
Public works	304,552	885,114	-
Community and economic development	336,242	-	15,921
Parks and recreation services	375,087	-	-
Capital outlay	94,787	218,076	-
Total Expenditures	4,622,330	1,103,190	15,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,621	60,660	103,726
OTHER FINANCING SOURCES (USES)			
Unrealized gains (losses)	-	-	(214,727)
Transfers in	115,053	-	-
Transfers out	(100,000)	(37,258)	-
Total Other Financing Sources (Uses)	15,053	(37,258)	(214,727)
Net Change in Fund Balances	93,674	23,402	(111,001)
FUND BALANCES			
Beginning of year	5,666,471	1,203,234	4,765,562
End of fiscal year	\$ 5,760,145	\$ 1,226,636	\$ 4,654,561

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The accompanying notes are an integral part of the financial statements

City of Clayton
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2019

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<u>Capital Project Capital Improvement Program</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 2,463,898
50,000	-	146,400
-	424,661	1,546,399
-	-	483,741
-	-	175,153
-	65,375	212,242
-	-	82,375
480,488	720,567	1,312,528
-	-	-
-	-	164,331
-	-	523,129
-	-	325,078
57,016	71,956	385,696
-	2,182	35,723
<u>587,504</u>	<u>1,284,741</u>	<u>7,856,693</u>
-	20,670	1,317,973
-	150,980	2,365,339
-	431,963	1,621,629
-	-	352,163
-	102,179	477,266
<u>1,772,407</u>	<u>61,508</u>	<u>2,146,778</u>
<u>1,772,407</u>	<u>767,300</u>	<u>8,281,148</u>
<u>(1,184,903)</u>	<u>517,441</u>	<u>(424,455)</u>
-	-	(214,727)
1,146,118	-	1,261,171
-	(1,223,913)	(1,361,171)
<u>1,146,118</u>	<u>(1,223,913)</u>	<u>(314,727)</u>
(38,785)	(706,472)	(739,182)
<u>1,850,852</u>	<u>2,585,703</u>	<u>16,071,822</u>
<u>\$ 1,812,067</u>	<u>\$ 1,879,231</u>	<u>\$ 15,332,640</u>

The accompanying notes are an integral part of the financial statements

City of Clayton
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position
For the year ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ (739,182)
Amounts reported for governmental activities in the Statement of Activities are different because:	
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the Governmental Funds (net change).	
Net change in post-employment benefits (OPEB) liability and deferred inflows (outflows)	(16,030)
Long-term compensated absences payable	3,600
Net change in pension liability and deferred inflows (outflows).	(222,922)
Unavailable revenues	(96,020)
CAPITAL ASSET TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset acquisition, excluding internal service fund asset acquisitions.	1,729,569
Depreciation expense is deducted from the fund balance (Net of internal service fund depreciation of \$77,252).	(966,410)
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net gain or loss of the internal service funds is reported with governmental activities.	
	151,263
Change in Net Position of Governmental Activities on Statement of Activities	\$ (156,132)

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PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City's proprietary funds can be classified into two fund types: enterprise and internal service funds.

Enterprise Funds:

Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. The following is the City's sole major enterprise fund:

Endeavor Hall - Accounts for all rental activities related to operation of the underlying rental facility asset. The primary use of the rental facility has been for wedding receptions and other formal special events.

Internal Service Funds:

The City's internal service funds account for activities that provide goods or services to other City funds, departments, or agencies on a cost reimbursement basis. All internal service funds of the City are aggregated and presented on the face of the proprietary fund financial statements in one column.

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**City of Clayton
Proprietary Funds
Statement of Net Position
June 30, 2019**

	<u>Business-type Activities - Endeavor Hall</u>	<u>Governmental Activities - Internal Service</u>
ASSETS		
Current assets:		
Cash and investments	\$ 3,000	\$ 462,987
Noncurrent assets		
Land	167,738	-
Depreciable assets, net	942,747	490,299
Total Assets	<u>1,113,485</u>	<u>953,286</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,001	-
Other payables	-	-
Deposits payable	5,500	-
Due to other funds	69,252	-
Total Liabilities	<u>75,753</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,110,485	490,299
Unrestricted	(72,753)	462,987
Total Net Position	<u>\$ 1,037,732</u>	<u>\$ 953,286</u>

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The accompanying notes are an integral part of the financial statements

**City of Clayton
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2019**

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$ 24,642	\$ 88,820
Total Operating Revenues	24,642	88,820
OPERATING EXPENSES		
Personnel	8,152	-
General and administrative	13,303	4,260
Depreciation and amortization	37,000	77,252
Total Operating Expenses	58,455	81,512
Operating Income (Loss)	(33,813)	7,308
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposal of assets	-	30,924
Investment income	4	13,031
Total Nonoperating Revenues (Expenses)	4	43,955
Net (loss) Before Contributions and Operating Transfers	(33,809)	51,263
Capital contributions	-	-
Transfers in / (out)	-	100,000
Change in Net Position	(33,809)	151,263
NET POSITION:		
Beginning of fiscal year	1,071,541	802,023
End of fiscal year	<u>\$ 1,037,732</u>	<u>\$ 953,286</u>

The accompanying notes are an integral part of the financial statements

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**City of Clayton
Proprietary Funds
Statement of Cash Flows
For the year ended June 30, 2019**

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 26,842	\$ 88,820
Payments to suppliers	(15,694)	-
Payments to employees	(8,152)	-
Claims paid	-	(4,520)
Net cash provided (used) by operating activities	<u>2,996</u>	<u>84,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in / (out)	-	100,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>100,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of fixed assets	-	(128,289)
Proceeds from the sale of capital assets	-	30,924
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(97,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	4	13,031
Net Cash provided by investing activities	<u>4</u>	<u>13,031</u>
Net increase (decrease) in cash and cash equivalents	<u>3,000</u>	<u>99,966</u>
CASH AND CASH EQUIVALENTS:		
Beginning of fiscal year	-	363,021
End of fiscal year	<u>\$ 3,000</u>	<u>\$ 462,987</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (33,813)	\$ 7,308
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	37,000	77,252
Changes in current assets and liabilities:		
Increase (decrease) in accounts payable	(2,391)	(260)
Increase (decrease) in deposits payable	-	-
Increase (decrease) in interfund payables	2,200	-
Net cash provided (used) by operating activities	<u>\$ 2,996</u>	<u>\$ 84,300</u>

The accompanying notes are an integral part of the financial statements

FIDUCIARY FUNDS

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City's fiduciary funds can be classified into two fund types: agency and private purpose trust funds.

Agency Funds:

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's program. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

Private Purpose Trust Funds

Private purpose trust funds account for resources held by the City as trustee for third party beneficiaries, and are used to report both the Fiduciary Net Position and Changes in Fiduciary Net Position for the Successor Agency for the former Redevelopment Agency. Private Purpose Trust Funds are accounted for under the full accrual basis of accounting.

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**City of Clayton
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019**

	Private Purpose Trust Fund	
	Redevelopment Successor Agency	Agency Funds
ASSETS		
Cash and investments	\$ 738,952	\$ 1,920,080
Cash and investments with fiscal agents	55	383,727
Accounts receivable	-	36,760
Assessments receivable	-	1,929,072
Notes receivable	79,747	-
Investment in bonds	-	1,696,000
Total Assets	818,754	\$ 5,965,639
LIABILITIES		
Accounts payable	-	\$ 13,038
Other liabilities	3,000	1,768,583
Deposits payable	-	704,946
Accrued interest payable	22,430	-
Advance from Successor Housing Agency	296,206	-
Notes payable	-	79,747
Bonds payable	2,340,000	3,399,325
Total Liabilities	2,661,636	\$ 5,965,639
DEFERRED INFLOWS OF RESOURCES		
Deferred notes receivables	-	
Total Deferred Inflows of Resources	-	
NET POSITION		
Held in trust for others	(1,842,882)	
Total Net Position	\$ (1,842,882)	

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The accompanying notes are an integral part of the financial statements

City of Clayton
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2019

	Private Prupose Trust Fund Redevelopment Successor Agency
ADDITIONS	
Tax increment revenue	\$ 824,867
Program revenue	91,701
Total Additions	916,568
DEDUCTIONS	
Interest expense	54,590
Administrative costs	234,720
Investment loss	(8,978)
Other expenses	2,177
Total Deductions	282,509
Changes in Net Position	634,059
NET POSITION	
Beginning of Year	(2,476,941)
End of Year	\$ (1,842,882)

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The accompanying notes are an integral part of the financial statements

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**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Clayton, California (City) have been prepared in conformity with generally accepted accounting principles (US GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The City of Clayton (City) is primarily a residential community nestled in the foothills of Mount Diablo in Contra Costa County, California. The City was incorporated on March 3, 1964 under the laws of the State of California, and encompasses approximately four square miles with a population of 11,431. The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and a staff of twenty-five (25) full-time employees providing the following services: public works, parks and recreation services, community and economic development, public safety, and general government. The City's public safety program is served by an in-house police force of eleven (11) full-time sworn police officers supported by two (2) full-time administrative personnel.

The basic financial statements include the financial activities of the City, Successor Agency to the Clayton Redevelopment Agency (Successor Agency) and the Clayton Financing Authority (Authority).

The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Clayton Redevelopment Agency ("RDA"), which was dissolved as of February 1, 2012 was accounted for as a "blended" component unit of the City. Despite being legally separate, this entity was so intertwined with the City that it is, in substance, part of the City's operations. Accordingly, the balances and transactions of this component unit were reported within the funds of the City. Upon the dissolution of the RDA, the RDA ceased to be reported as a blended component unit and was replaced by the Successor Agency, which is reported as a private purpose trust fund in the fiduciary fund section of the financial statements.

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City and the former RDA of the City of Clayton with the City Council serving as the Board of Directors. It was created by the City of Clayton City Council in 1990 with the primary purpose of issuing bonded obligations to finance capital projects within the community for which repayment is secured by pledges of revenue from legally separate and distinct districts. The activities of the Authority are reported in the fiduciary fund financial statement section as the Authority's debt is secured entirely by third parties that are not part of the primary government of the City and the City has no obligation for such debt. Separate financial statements of the Authority are available at the City's website at www.ci.clayton.ca.gov.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business type activities for the City, the primary government. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to inter-fund activities, payables and receivables. All internal balances in the statement of net position have been eliminated in the statement of activities; internal service fund transactions have been eliminated. However, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Advances to/from other funds
- Due to/from other funds
- Transfers in/out

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting and Measurement Focus, Continued

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position as presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally sixty [60] days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Revenues from other governmental agencies (excluding property taxes) are deemed to be available if received within one hundred eighty (180) days after fiscal year end. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of *GASB Statement No. 34*. The City has the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting and Measurement Focus, Continued

Landscape Maintenance District - This special revenue fund accounts for the Community Facility District No. 2007-1 restricted special parcel tax approved over two-thirds the local electorate in the June 2016 election through the passing of "Measure H." This special parcel tax is restricted to fund the operation, maintenance, and improvement of specific city-wide public landscaped areas.

Successor Housing Agency - This special revenue fund accounts for the City's low and moderate housing program, which was assumed by the City Council action upon dissolution of the former redevelopment agency. Program revenue of this fund is primarily generated through the repayment on low-moderate income housing loans.

Capital Improvement Program - This capital projects fund accounts for the projects identified in the capital improvement program funded by various federal and state grants as well as through transfers from the General Fund.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and change in fund net position, and a statement of cash flows for all proprietary funds. Internal service funds are presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in fund net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City has the following major enterprise fund:

Endeavor Hall - This fund accounts for all activities related to use of the facility. The primary use has been for wedding receptions.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting and Measurement Focus, Continued

The City has the following internal service funds:

Capital Equipment Replacement Fund - This fund accounts for the operation, maintenance, and replacement of the City vehicles and equipment.

Self-Insurance Fund - This fund accounts for the administration of the City's self-insurance programs, payment of Employee Assistance Programs, and self-insured liability claim deductibles.

Pension Rate Stabilization Fund - This fund stabilizes major fluctuations in annual employer pension costs driven by market factors and actuarial changes.

Fiduciary Fund Financial Statements

The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, therefore only a statement of fiduciary net position is presented. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Reclassifications were recorded to prior year amounts reported for various assets and liabilities for agency funds in order to be consistent with the current year's presentation.

Private purpose trust funds account for resources held by the City as trustee for third party beneficiaries, and are used to report both the fiduciary net position and changes in fiduciary net position of the Successor Agency to the former Redevelopment Agency. Private purpose trust funds are accounted for under the full accrual basis of accounting.

Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Cash Equivalents

For purposes of reporting cash flows for the City's proprietary funds, pooled cash and investments held by the City are considered cash equivalents as the proprietary fund can access pooled cash and investments in a manner similar to a demand deposit.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Investments

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Interest income on investments is allocated to the funds on the basis of average month-end cash and investment balances. Investments are carried at fair value. Fair value is based on quoted market price if applicable. Otherwise the fair value hierarchy is as follows:

Level 1 - Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs, other than quoted prices, included within Level 1 that are observable for the asset or liabilities at the measurement date.

Level 3 - Certain inputs are unobservable inputs (supported by little or no market activity, such as the City's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date).

Local Agency Investment Fund (LAIF) determines fair value on its investment portfolio based on market quotations for these securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The City's investment policy (Policy) states that the primary investment objective is safety with investments being legally permitted and sufficiently liquid to meet forecasted needs. Maximization of interest earnings is a secondary objective. Further, the Policy states that the City Treasurer has the ultimate responsibility to protect, preserve and maintain cash and investments. The Policy also established internal controls and reporting requirements. The Policy stipulates "Permitted Investments and Limitation on Investments." The City invests in the California LAIF, which is part of the Pooled Money Investment Account operated by the California State Treasurer. LAIF funds are invested in high quality money market securities and are managed to insure the safety of the portfolio. A portion of LAIF's investments are in structured notes and asset-backed securities.

Certain disclosure requirements, if applicable, for deposits and investment risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are equally offset by amounts included nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net position. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Investment in Affordable Housing

This City Successor Housing Agency special revenue fund has purchased and re-sold several housing properties located in Stranahan Circle to low and moderate income households. The City carries the difference between the cost and sale on these properties as an investment in affordable housing until the property is either bought back by the City or sold on the open market. The City participates in the profits on any sales of these properties to an outside party in the same proportion as what the low and moderate income purchaser acquired the property from the City at the below market subsidized value. The City reports the investment in affordable housing at its proportionate equity share of the fair market value of the underlying properties at year-end. Stranahan Circle properties are considered “level 2” investments. The City values their interest in the properties annually using third party published market inputs. At June 30, 2019 the fair value was \$2,470,781, which includes an increase of \$157,155 for the year then ended.

Capital Assets

Capital assets are valued at cost or, during the initial implementation, estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. City policy has set the capitalization threshold for reporting infrastructure at \$100,000; all other capital assets are set at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements other than buildings	20 - 75 years
Vehicles, machinery and equipment	5 - 10 years
Infrastructure	20 - 75 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current basic financial statements. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, park lands, and buildings. Each major infrastructure system can be

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets, Continued

divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost. For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2003. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition.

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other financial obligations are reported as liabilities in the appropriate activities columns. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

The governmental fund financial statements do not present long-term debt, which are shown in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position. Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

In the government-wide financial statements compensated absences are recorded as incurred and related expenses and liabilities are reported by activity. The long-term portion of governmental activities is liquidated primarily by the General Fund. In the governmental funds compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences, Continued

compensated absences at June 30th from future resources, rather than currently available financial resources. Compensated absences include vacation as well as compensated leave hours earned in-lieu of overtime. It is the policy of the City to pay eighteen (18) times an employee's capped monthly vacation accrual upon retirement or termination.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	July 1, 2018
Measurement Date	June 29, 2019
Measurement Period	July 1, 2018 - June 30, 2019

Net Position / Fund Balances

Government-Wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position / Fund Balances, Continued

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position." Nonspendable governmental funds balances are categorized as unrestricted net position on the government-wide financial statements.

Fund Balance Reporting

Equity of governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City Council, as the highest level of decision-making authority, commits and assigns fund balances through the passing of resolutions and ordinances, requiring an equal action for modification or rescinding thereof. It is the policy of the City to spend funds in order from restricted to unassigned, as listed below.

Fund balances for the governmental funds are made up of the following:

- *Non-spendable* - Includes amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.
- *Restricted* - Includes amounts that should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- *Committed* - Includes amounts that cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- *Assigned* - Includes amounts constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements.
- *Unassigned* - The residual funds that have not been assigned to other funds, are not non-spendable, restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance.

The City Council has formally adopted a policy requiring a minimum General Fund reserve contingency of \$250,000.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position / Fund Balances, Continued

Property tax revenues are recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa (County) levies, bills, and collects property taxes and special assessments for the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties (under the Teeter Plan). Secured and unsecured property taxes are levied on July 1 based on January 1 assessed valuation and are payable in two installments, becoming delinquent on December 10th and April 10th.

Reclassifications

Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Inter-fund Balances/Internal Balances

Outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

New Accounting Pronouncements

The following Governmental Accounting Standards Board Statements have been implemented in the current financial statements:

- GASB Statement No. 83 - "*Certain Asset Retirement Obligations*"

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements, Continued

The objective of this Statement is to improve comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This statement will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

The implementation of this pronouncement did not have a significant impact on the City's financial statements.

- GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*"

The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

The implementation of this pronouncement did not have a significant impact on the City's financial statements.

Future Accounting Pronouncements

The following Governmental Accounting Standards Board Statements are effective in future years subsequent to the current financial reporting period:

- GASB Statement No. 87, "*Leases*"

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model.

This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The City is required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019). The City has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. Such interest cost covered in the scope of this Statement includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement.

The City is required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019). The City has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 90 *"Majority Equity Interests – an amendment of GASB Statements No. 14 and 61"*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

The City is required to implement the provisions of this Statement for the fiscal year ending June 30, 2020 (effective for periods beginning after December 15, 2018). The City has not yet determined the impact of this Statement on the financial statements.

- GASB Statement No. 91 *“Conduit Debt Obligations”*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders’ uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers’ roles in conduit debt obligations.

The City is required to implement the provisions of this Statement for the fiscal year ended June 30, 2022 (effective for reporting periods beginning after December 15, 2020). Earlier application is encouraged. The City has not yet determined the impact of this Statement on the financial statements.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS

Classification

The City's total cash and investments, at fair value, are presented on the accompanying financial statements in the following allocation:

Government-Wide Statement of Net Position	
Governmental Activities	
Cash and investments	\$ 11,917,823
Statements of Fiduciary Net Position	
Private Purpose Trust Fund	
Cash and investments	738,952
Cash with fiscal agents	55
Agency Funds	
Cash and investments	1,920,080
Cash and investments with fiscal agents	383,727
Investments in bonds	<u>1,696,000</u>
Total	<u>\$ 16,656,637</u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	1,666,801
Investments	<u>14,988,566</u>
Total	<u>\$ 16,656,637</u>

Policy

Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City of Clayton by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the Agency's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Percentage of One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	\$40 million
Money Market Funds	N/A	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
Bank Deposits	N/A	None	None
Negotiable Time Certificates of Deposit	5 years	None	None
Medium Term Corporate Bonds	5 years	20%	None

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Policy, Continued

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Money Market Mutual Funds	N/A	N/A	N/A
U.S. Government Agency Issues	5 years	20%	None
Federal Housing Administration Debentures	N/A	N/A	N/A
Commercial paper	92 days	N/A	N/A
Demand or time deposits	366 days	N/A	N/A

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Usually, the later the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>				
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>
Pooled Investments:						
State Investment Pool	\$ 2,384,091	\$ 2,384,091	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	10,210,739	2,397,668	2,176,786	2,727,970	1,698,570	1,209,745
U.S. Government Agency Notes	697,736	-	697,736	-	-	-
Held by Bond Trustees:						
U.S. Treasury Note	-	-	-	-	-	-
Municipal Bonds	1,696,000	383,000	409,000	434,000	470,000	-
Total Investments	<u>\$ 14,988,566</u>	<u>\$ 5,164,759</u>	<u>\$ 3,283,522</u>	<u>\$ 3,161,970</u>	<u>\$ 2,168,570</u>	<u>\$ 1,209,745</u>

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	AAA	AA+	A	Unrated	Total
Pooled Investments:					
State Investment Pool	\$ -	\$ -	\$ -	\$ 2,384,091	\$ 2,384,091
Certificates of Deposit	-	-	-	10,210,739	10,210,739
U.S Government Agency Notes	-	697,736	-	-	697,736
Held by Bond Trustees:					
U.S. Treasury Notes	-	-	-	-	-
Municipal Bonds	-	-	-	1,696,000	1,696,000
Total Investments	<u>\$ -</u>	<u>\$ 697,736</u>	<u>\$ -</u>	<u>\$ 14,290,830</u>	<u>\$ 14,988,566</u>

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has five (5) percent or more of its total investments in a single issuer. More than five percent of the City's investments are with the "Middle School" Community Facilities District No. 1990-1.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Investment Fair Value

The City has the following recurring fair value measurements as of June 30, 2019:

- U.S. government agency note, certificates of deposit, and LAIF values are based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date [Level 1 inputs].
- Municipal bonds are valued based on unobservable inputs (supported by little or no market activity, such as the City's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date) [Level 3 inputs].

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. LOANS AND NOTES RECEIVABLE

The following is a summary of loans and notes receivable of the City for the year ended June 30, 2019:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2019</u>
General Fund:				
Oak Street Bridge Assessment District Loan	\$ 3,958	\$ -	\$ -	\$ 3,958
Total General Fund	<u>3,958</u>	<u>-</u>	<u>-</u>	<u>3,958</u>
Successor Housing Agency:				
Diamond Terrace P.A.M. Note	3,137,800	-	(96,400)	3,041,400
Eden Affordable Housing Note	567,000	-	-	567,000
Stranahan Affordable Housing Notes	156,800	-	(71,271)	85,529
Successor Agency SERAF Loan	<u>444,309</u>	<u>-</u>	<u>(148,103)</u>	<u>296,206</u>
Total Successor Housing Agency	<u>4,305,909</u>	<u>-</u>	<u>(315,774)</u>	<u>3,990,135</u>
Total Notes Receivable	<u>\$ 4,309,867</u>	<u>\$ -</u>	<u>\$ (315,774)</u>	<u>\$ 3,994,093</u>

Oak Street Bridge Assessment District Loan

In fiscal year 1999, the General Fund provided \$48,310 in funding for a portion of the Oak Street Bridge project and recorded a note receivable from the Oak Street Bridge Assessment District. The note, which bears interest at 6%, is being paid off over 20 years. As of June 30, 2019 the outstanding balance due to the General Fund was \$3,958.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

3. LOANS AND NOTES RECEIVABLE, Continued

Diamond Terrace Note

On September 21, 1999, the former RDA low-moderate housing fund made a loan to the Professional Apartment Management, Inc. ("PAM") in the amount of \$750,000, at a non-interest bearing rate, to construct and develop an affordable senior assisted living center on the site known as "Diamond Terrace." The note is secured by the Deed of Trust. The former RDA loaned an additional \$1,286,000 on October 24, 2001. On December 1, 2003, PAM began drawing on a \$2,000,000 loan from the former RDA in the amount of \$200,000 annually. The principal balance is payable commencing on October 1, 2005 through October 1, 2030. The balance of the loan due to the Successor Housing Agency was \$3,041,400 at June 30, 2019.

Eden Housing Loan

On October 13, 1992, the former RDA low-moderate housing fund made a loan to the Peace Grove, Inc. in the amount of \$567,000, at a non-interest bearing rate, for the purchase of land for a redevelopment and housing project for low-income mental health system clients. The loan is secured by the Deed of Trust. The principal balance is payable on December 18, 2052. As of June 30, 2019, the outstanding balance of the loan due to the Successor Housing Agency was \$567,000.

Stranahan Affordable Housing Loans

The former RDA low-moderate housing fund participated in a second mortgage assistance program, whereby qualified applicants are loaned money for a "silent second" down payment to purchase a home in the Stranahan Development within the City. There are five individual loans outstanding. Interest is accrued on the principal for the first 15-35 years and then the total of accrued interest and principal is forgiven over the last 10 years of the term of the lease. As of June 30, 2019, the outstanding balance of the loans due to the Successor Agency was \$85,529 of principal. The collectability of the accrued interest on these notes (\$24,114) is doubtful and an allowance has been recorded to offset the full amount.

SERAF Loan

On May 10, 2011, the former RDA received a loan from the low-moderate housing fund in the amount of \$592,412 to partially cover a demand from the California Department of Finance for property tax revenues to K-12 schools during the 2011-12 fiscal year via the Supplemental Educational Revenue Augmentation Funds (SERAF). Pursuant to the California Department of Finance determination letter approving the 2017-18 Recognized Obligation Payment Schedule (ROPS) dated March 17, 2017, the loan will be repaid by the Successor Agency through the ROPS process in four (4) installments and matures in the fiscal year ending June 20, 2021. The loan is non-interest bearing. The outstanding balance at June 30, 2019 was \$296,206.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

4. INTERFUND TRANSACTIONS

Due To, Due From

At June 30, 2019, the City had the following short-term interfund receivables and payables:

<u>Due to</u>	<u>Due from</u>		<u>Total</u>
	Non-major Governmental Funds	Endeavor Hall	
General Fund	\$ 238,548	\$ 69,252	\$ 307,800
Total	<u>\$ 238,548</u>	<u>\$ 69,252</u>	<u>\$ 307,800</u>

General Fund cash flow loans totaling \$307,800 were made to non-major governmental funds and Endeavor Hall. The balance of the Endeavor Hall receivable is expected to be repaid from future facility rental fees.

Interfund Transfers

The following is a summary of the City's interfund transfers for the year ended June 30, 2019:

<u>Transfers out</u>	<u>Transfers in</u>				<u>Total</u>
	General Fund	Capital Improvement Program	Non-major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Landscape Management District	37,258	-	-	-	37,258
Non-Major Governmental Funds	77,795	1,146,118	-	-	1,223,913
Total	<u>\$ 115,053</u>	<u>\$ 1,146,118</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,361,171</u>

The City transferred \$115,053 into the General Fund from the following funds: Clayton Landscape Maintenance District (\$37,258) and non-major governmental funds (\$77,795) to reimburse the City for administrative support activities. In addition, the City transferred \$1,146,118 from non-major governmental funds into the Capital Improvement Program (CIP) capital projects fund to defray capital project costs associated with the following projects: City Hall ADA Accessibility (CIP No. 10433), City Hall HVAC and Boiler Replacement (CIP No. 10444), 2018 Neighborhood Street Repave (CIP No. 10436), El Molino Sewer Rehabilitation project (CIP No. 10422), Keller Ridge Collector Street Rehabilitation (CIP No. 10425), Oak Street Bungalows Demolition (CIP No. 10445), Green Infrastructure Plan (CIP No. 10451), and the Neighborhood Streets Pavement Preservation in various locations (CIP No, 10436). Furthermore, in accordance with City Council action, transfers totaling \$100,000 were made to internal service funds to provide seed funding for the newly established Pension Rate Stabilization Fund to help mitigate the risk of employer pension contribution volatility to future operational budgets caused by external financial market conditions and changing actuarial assumptions.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

5. CAPITAL ASSETS

Government-Wide Financial Statements

As of June 30, 2019 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<i>Net depreciable Assets:</i>			
Construction in progress	\$ 1,113,865	\$ -	\$ 1,113,865
Land	2,086,965	167,738	2,254,703
Total non depreciable assets	3,200,830	167,738	3,368,568
<i>Depreciable Assets:</i>			
Buildings	5,895,576	1,400,744	7,296,320
Improvements	6,605,298	159,579	6,764,877
Machinery and equipment	1,624,582	5,024	1,629,606
Infrastructure	32,340,382	-	32,340,382
Total depreciable assets	46,465,838	1,565,347	48,031,185
Total accumulated depreciation	(19,875,962)	(622,600)	(20,498,562)
Depreciable assets, net	26,589,876	942,747	27,532,623
Total governmental activities capital assets, net	\$ 29,790,706	\$ 1,110,485	\$ 30,901,191

The following is a summary of governmental activities capital assets transactions for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Non depreciable Assets:</i>				
Construction in progress	\$ 484,427	\$ 1,729,570	\$ (1,100,132)	\$ 1,113,865
Land	2,086,965	-	-	2,086,965
Total non depreciable assets	2,571,392	1,729,570	(1,100,132)	3,200,830
<i>Depreciable Assets:</i>				
Machinery and equipment	1,536,686	128,289	(40,393)	1,624,582
Buildings	5,895,576	-	-	5,895,576
Improvements	6,338,893	266,405	-	6,605,298
Infrastructure	31,506,656	833,726	-	32,340,382
Total depreciable assets	45,277,811	1,228,420	(40,393)	46,465,838
<i>Accumulated depreciation:</i>				
Machinery and equipment	(1,097,424)	(77,252)	40,393	(1,134,283)
Buildings	(2,721,309)	(117,727)	-	(2,839,036)
Improvements	(2,491,594)	(270,924)	-	(2,762,518)
Infrastructure	(12,562,366)	(577,759)	-	(13,140,125)
Total accumulated depreciation	(18,872,693)	(1,043,662)	40,393	(19,875,962)
Depreciable assets, net	26,405,118	184,758	-	26,589,876
Total governmental activities capital assets, net	\$ 28,976,510	\$ 1,914,328	\$ (1,100,132)	\$ 29,790,706

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

5. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

For the year ending June 30, 2019 depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$	73,578
Parks and recreation		241,001
Public safety		50,390
Public works		<u>678,693</u>
Total depreciation expense		<u>\$ 1,043,662</u>

The following is a summary of business-type activities capital assets transactions for the year ended June 30, 2019:

	Balance <u>July 1, 2018</u>	Additions	Deletions	Balance <u>June 30, 2019</u>
<i>Non depreciable Assets:</i>				
Land	\$ 167,738	\$ -	\$ -	\$ 167,738
Total non depreciable assets	<u>167,738</u>	<u>-</u>	<u>-</u>	<u>167,738</u>
<i>Depreciable Assets:</i>				
Machinery and equipment	5,024	-	-	5,024
Improvements	159,579	-	-	159,579
Buildings	<u>1,400,744</u>	<u>-</u>	<u>-</u>	<u>1,400,744</u>
Total depreciable assets	<u>1,565,347</u>	<u>-</u>	<u>-</u>	<u>1,565,347</u>
<i>Accumulated depreciation:</i>				
Machinery and equipment	(4,768)	(3,686)	-	(8,454)
Buildings	(451,530)	(28,337)	-	(479,867)
Improvements	<u>(129,302)</u>	<u>(4,977)</u>	<u>-</u>	<u>(134,279)</u>
Total accumulated depreciation	<u>(585,600)</u>	<u>(37,000)</u>	<u>-</u>	<u>(622,600)</u>
Depreciable assets, net	<u>979,747</u>	<u>(37,000)</u>	<u>-</u>	<u>942,747</u>
Total business-type activities capital assets, net	<u>\$ 1,147,485</u>	<u>\$ (37,000)</u>	<u>\$ -</u>	<u>\$ 1,110,485</u>

For the year ending June 30, 2019 depreciation expense was charged to functions/programs of the business-type activities as follows:

Endeavor Hall	\$	<u>37,000</u>
Total depreciation expense		<u>\$ 37,000</u>

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

5. CAPITAL ASSETS, Continued

Fund Financial Statements

The governmental fund financial statements do not present general government capital assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

6. COMPENSATED ABSENCES

Compensated absences include vacation and sick leave. It is the policy of the City to pay 100% of the capped accumulated vacation leave when a public safety employee retires or terminates, and up to 18 months of a general employee's maximum annual accrual allowed upon the same leave of employment action. The City recognizes the liability for its compensated absences in the governmental activities. The following is a summary of compensated absences transactions during the year ended June 30, 2019:

	Beginning Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2019</u>	Amount Due in <u>One Year</u>
Compensated absences	<u>\$ 150,496</u>	<u>\$ 154,463</u>	<u>\$ 161,663</u>	<u>\$ 143,296</u>	<u>\$ 71,648</u>

7. CONDUIT DEBT

The following debt issuances were issued by the City for the express purpose of providing capital financing for third parties that are not part of the primary government of the City. Although these conduit debt obligations may bear the name of the City, the City has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

Middle School Community Facilities District- Original Issue \$6,400,000

Middle School Community Facilities District (CFD) Bonds in the principal amount of \$6,400,000 were issued on September 2, 1990 by the City under the Mello-Roos Community Facilities Act of 1982. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non-city obligations and are secured solely by special assessment revenue from CFD No. 1990-1. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,696,000.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

7. CONDUIT DEBT, Continued

Lydia Lane Sewer Assessment District-Original Issue \$228,325

Lydia Lane Sewer Assessment District Bonds in the principal amount of \$228,325 were issued on August 5, 2002 by the City. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non city obligations and are secured by sewer assessment district revenue. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$153,325.

Clayton Financing Authority 2007 Special Tax Revenue Refunding Bonds-Original Issue \$5,060,000

Refunding bonds were issued on May 17, 2007 by the Clayton Financing Authority in the principal amount of \$5,060,000 to refund the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 local obligations, which are recovered by special assessment revenues from CFD 1990-1. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non city obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 Local Obligations. As of June 30, 2019, the outstanding balance of the non-city bond obligation was \$1,550,000.

8. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

At June 30, 2019, the following funds reported a deficit fund balance or net position:

Non-major governmental funds	
Stormwater Treatment District Fund	\$ (2,550)
Measure J	<u>(165,787)</u>
Total governmental funds	<u>\$ (168,337)</u>

The deficits in these non-major special revenue funds are expected to be recovered from future revenues.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

9. UNEARNED AND DEFERRED REVENUE

Unearned Revenue

Unearned revenues in the government-wide financial statements represent amounts for which revenues have not been earned. At June 30, 2019, unearned revenues in the government-wide financial statements were as follows:

	Governmental Activities
Unearned revenue	
Prepaid rental revenue	5,935
Total unearned revenue	\$ 5,935

At June 30, 2019 unearned revenues in the fund financial statements were as follows:

	General Fund	Total Governmental Funds
Unearned revenue		
Prepaid rental revenue	5,935	\$ 5,935
Total unearned revenue	\$ 5,935	\$ 5,935

Deferred Revenue

Deferred inflows of resources were recorded in the fund financial statements because the funds were not available to finance expenditures of the current period. At June 30, 2019, deferred inflows of resources in the fund financial statements were as follows.

	General Fund	Successor Housing Agency	Total Governmental Funds
Deferred revenue			
Unavailable state-mandated program reimbursements	\$ 269,444	\$ -	\$ 296,444
Unavailable loans receivable	3,958	3,041,400	3,045,358
Total deferred revenue	\$ 273,402	\$ 3,041,400	\$ 3,314,802

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

10. RISK MANAGEMENT

The City participates in the Municipal Pooling Authority of Northern California (MPA), a joint powers agreement between twenty cities, which provides insurance coverage for liability, auto, property, and workers' compensation claims. Claims liabilities are accrued when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The MPA covers claims in an amount up to \$29,000,000. The City has a deductible of \$5,000 per claim for liability cases and no deductible for workers' compensation claims. Once the City's deductible is met, the MPA becomes responsible for payment of all claims and legal defense. The MPA is governed by a board consisting of one voting representative from each member municipality. The Board controls the operations of the MPA including selection of management, approval of operating budgets, and is independent of any influence by member municipalities beyond their representation on the Board. The City's general liability and workers' compensation premium payments made to MPA for the fiscal year ending June 30, 2019 are in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements may be obtained from MPA at 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596. The City has had no settlements which exceeded insurance coverage during fiscal year ending June 30, 2019. Estimates of incurred, but not reported, liability claims are included in the City's claims estimates and based upon historical experiences as calculated by the MPA.

11. DEFINED BENEFIT PENSION PLAN

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes (not accounting purposes) and membership information is listed in the latest Annual Actuarial Valuation Report as of June 30, 2017. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent and probationary employees are eligible to participate in the City's separate Public Safety (police) and Miscellaneous (all other) defined benefit pension plans. Both the Public Safety and Miscellaneous plans are part of the public agency cost-sharing multiple employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a Safety and Miscellaneous pool (also referred to as "risk pools"), which are comprised of individual employer safety and miscellaneous rate plans, respectively. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be obtained from CalPERS at 400 Q Street, Sacramento, CA 95811.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service become vested and are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Pension Plan		
	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III (PEPRA)*</u>
Hire Date	Before 7/1/2010	On or after 7/1/2020 but Before 1/1/2013	On or after 1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age	50	50	52
Monthly benefits, as % of eligible compensation	1.426% - 2.418%	1.092% - 2.418%	1.0% - 2.5%
	Safety Pension Plan		
	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III (PEPRA)*</u>
Hire Date	Before 7/1/2020	On or after 7/1/2010 but Before 1/1/2013	On or after 1/1/2013
Benefit formula	3% @ 55	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age	50	50	50
Monthly benefits, as % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	2.0% - 2.7%

*The California Public Employees' Reform Act (PEPRA) was enacted in 2012 and became effective January 1, 2013.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Employees Covered

At June 30, 2019 the following employees were covered by the benefit terms for each plan:

	Miscellaneous			Public Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Inactive employees (or their beneficiaries) currently receiving benefits	32	1	-	33	-	-
Inactive employees entitled to but not yet receiving benefits	8	2	1	4	1	1
Active employees	5	3	7	4	-	7
Total	<u>45</u>	<u>6</u>	<u>8</u>	<u>41</u>	<u>1</u>	<u>8</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the City's contractually required contributions, which are actuarially determined, were as follows:

Pension Plan	Employer Contributions		
	Normal Cost Percentage of Payroll	Unfunded Actuarial Liability	Total
Miscellaneous Tier I	\$ 44,024	\$ 165,933	\$ 209,957
Miscellaneous Tier II	17,188	801	17,989
Miscellaneous PEPRA	35,578	2,060	37,638
Public Safety Tier I	68,820	121,090	189,910
Public Safety Tier II	-	849	849
Public Safety PEPRA	72,369	1,355	73,724
Total	<u>\$ 237,979</u>	<u>\$ 292,088</u>	<u>\$ 530,067</u>

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Contributions, Continued

The following is a summary of actuarially determined employer and contractually determined employee pension contribution rates as a percentage of payroll for the year ended June 30, 2019:

<u>Pension Plan</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
Miscellaneous Tier I	8.893	7.000 ¹
Miscellaneous Tier II	7.634	7.000
Miscellaneous PEPRA	6.842	6.750
Public Safety Tier I	17.614	9.000
Public Safety Tier II	15.719	9.000
Public Safety PEPRA	12.141	12.000

¹ Paid on behalf of employee per labor agreement referred to as "Employee Paid Member Contribution" (EPMC) by CalPERS.

Net Pension Liability

At June 30, 2019, the City reported total net pension liabilities for its proportionate share in both the Miscellaneous and Safety plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability (Asset)</u>	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,032,594	0.05393%
Public Safety	2,640,160	0.04500%
Total	<u>\$ 4,672,754</u>	<u>\$ 0.04849%</u>

The City's net pension liability was based on the proportionate shares (in dollars) determined by CalPERS based on individual actuarial measurement specific to each rate plan in the Miscellaneous Pool and the Safety Pool. The City's total proportionate share of the cost-sharing plan pension amounts is the sum of the pension amounts allocated to each of the City's Miscellaneous and Safety rate plans. The City's net pension liability is measured as of June 30, 2018, using annual actuarial valuations as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ending June 30, 2019 the City recognized a total pension expense of \$222,922. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 530,067	\$ -
Net difference between projected and actual earnings on pension plan investments	27,924	-
Change in employer's proportion	18,059	39,182
Changes in assumptions	490,768	91,740
Differences between actual and expected experiences	134,715	26,754
Differences between the employer's contributions and the employer's proportion share of contributions	84,445	27,602
Total	\$ 1,285,978	\$ 185,278

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

Of the reported deferred outflows of resources, \$530,067 is related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 (measurement period ended June 30, 2019). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
2020	\$ 189,781	\$ 282,274	\$ 472,055
2021	104,102	168,014	272,116
2022	(71,756)	(65,213)	(136,969)
2023	(18,282)	(18,287)	(36,569)
2024	-	-	-
Thereafter	-	-	-
Total	\$ 203,845	\$ 366,788	\$ 570,633

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the PERF C. The stress test results are presented in a detailed report that can be obtained from the CalPERS website at www.calpers.ca.gov.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS has taken into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	<u>100.00%</u>		

¹In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included In Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

²An expected inflation of 2.00% is used for this period

³An expected inflation of 2.92% is used for this period.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Actuarial Methods and Assumptions

The following actuarial assumptions and methods were used to calculate the total pension liability as of June 30, 2019:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Actuarial Cost Method	Entry-age normal cost method
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Mortality	Derived using specific CalPERS membership data for all funds. Incorporates 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details please refer to the December 2017 experience study report available on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The experience study report can be obtained from CalPERS at their website at www.calpers.ca.gov under Forms and Publications.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Miscellaneous		Safety		Total
1% decrease	6.15%		6.15%		6.15%
Net pension liability	\$ 3,191,717	\$	4,170,011	\$	7,361,728
Current discount rate	7.15%		7.15%		7.15%
Net pension liability	\$ 2,032,595	\$	2,640,160	\$	4,672,754
1% increase	8.15%		8.15%		8.15%
Net pension liability	\$ 1,075,758	\$	1,386,721	\$	2,462,479

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. DEFINED BENEFIT PENSION PLAN, Continued

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The plan's fiduciary net position disclosed per the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the City's funding actuarial valuation. In addition, differences may result from early financial statement closing and final reconciled reserves.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City of Clayton Retired Employee Health Care Program is a single-employer defined benefit healthcare program administered by the City of Clayton. The program offers medical only (no dental) insurance benefits to eligible retirees and their families through the same self-insured program coverage to active City employees. In connection with this, the City has established a plan to provide post-employment benefits other than pensions as defined in *California Public Employees' Retirement Law* section 7500-7514.5. The plan provides employees who retire directly from the City, at a minimum age of 50, with a minimum of five years of service, a cash subsidy for monthly medical insurance premiums to a cap of \$133 per employee per month as of June 30, 2019. This monthly subsidy is the statutory minimum employer premium contribution under the California Public Employee's Medical and Health Care Act (PEMHCA). To be eligible for this OPEB health coverage, employees must retire within 120 days of separation from employment with the City and also receive a monthly retirement warrant. Furthermore, to be eligible for retiree health benefits, the City of Clayton must still contract with CalPERS for health benefits. Once a retiree becomes eligible for Medicare, these benefits are integrated with the Medicare plan. Separate stand-alone audited financial statements are not issued for this plan.

Employees Covered

As of the July 1, 2018, the date of the latest actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	22
Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to, but not yet receiving benefits	-
Total employees	<u>30</u>

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Contributions

The City does not have an actuarially-determined contribution requirement as an irrevocable trust has not yet been established. The City currently administers the plan on a pay-as-you-go basis with eight (8) retirees currently receiving the PEMHCA minimum benefit. Total retiree OPEB premium payments, excluding the implicit rate subsidy of \$14,144 were made by the City during the fiscal year ended June 30, 2019.

Net OPEB Liability

The City's net OPEB liability was measured as of June 29, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2018 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal (AMM)
Discount Rate	2.79%
Inflation Rate	3.00%
Salary Rate Increase	4.00%
Mortality Rate	RP-2014 Combined Annuitant Mortality table for males and females
Pre-retirement Turnover	80%
Funded Ratio	0.00%
Health Care Trends	
Initial Health Care Cost Trend Rate	6.90%
Ultimate Health Care Cost Trend Rate	5.00%
Fiscal Year the Ultimate Rate is Reached	June 30, 2028

Discount Rate

As of June 30, 2019, the City has not established a dedicated irrevocable trust to pay retiree healthcare benefits. Pursuant to GASBS 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.79% is used, with is the Standard & Poor's Municipal Bond 20-Year High-Grade Rate Index as of actuarial valuation date.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the plan are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances as of July 1, 2018	\$ 545,327	\$ -	\$ 545,327
Changes recognized for the measurement period:			
Service Cost	28,428	-	28,428
Interest on total OPEB liability	15,783	-	15,783
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions and other inputs	9,159	-	9,159
Employer contributions	-	-	-
Active and inactive employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(31,408)	-	(31,408)
Administrative expenses	-	-	-
Other changes	<u>2,827</u>	<u>-</u>	<u>2,827</u>
Net changes	<u>24,789</u>	<u>-</u>	<u>24,789</u>
Balances as of June 30, 2019	<u>\$ 570,116</u>	<u>\$ -</u>	<u>\$ 570,116</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or higher than the current rate, as of the measurement June 29, 2019 date:

	<u>1% Decrease (1.79%)</u>	<u>Current Discount Rate (2.79%)</u>	<u>1% Increase (3.79%)</u>
Net OPEB Liability	\$ 524,234	\$ 570,116	\$ 622,701

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement the period ended June 29, 2019:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Liability	\$ 612,307	\$ 570,116	\$ 534,244

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

OPEB Plan Fiduciary Net Position

As the City has not established an irrevocable trust to pay retiree health care benefits, the plan has a fiduciary net position of \$0 as of June 30, 2019.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense over an assumed expected average remaining service lifetime (EARSL) of 10.70 years.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$16,030. As of the fiscal year ended June 30, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experiences	\$ 18,418	\$ -
Changes in assumptions	24,086	13,686
Difference between expected and actual earnings on OPEB plan investments	-	-
Total	\$ 42,504	\$ 13,686

As an irrevocable trust for payment of retiree health benefits has not been established, there are no contributions subsequent to the measurement date to report, which would otherwise be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 3,228
2021	3,228
2022	3,228
2023	3,228
2024	3,228
Thereafter	12,678
Total	\$ 28,818

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

13. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES

Background

On June 28, 2011, the California State Legislature adopted two pieces of legislation - AB IX 26 and AB IX 27 (the Bill) - that eliminated redevelopment agencies and provided cities with the opportunity to preserve their redevelopment agency if they agreed to make certain payments to the County Auditor Controller. On behalf of cities and redevelopment agencies throughout the State, the League of California Cities and California Redevelopment Association requested a stay on the implementation of both pieces of legislation and filed a lawsuit with the California Supreme Court challenging both pieces of legislation. The stay was rejected and on December 29, 2011, the Supreme Court validated AB IX 26 and overturned AB IX 27. Further, the Supreme Court indicated that all redevelopment agencies in the State of California were to be dissolved and cease operations as a legal entity as of February 1, 2012.

Under the new law, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished project that were subject to legally enforceable contractual commitments).

In fiscal years subsequent to the statutory dissolution date, successor agencies are only allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directed the California State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets to be transferred to the public body designated as the Successor Agency by the Bill.

Amongst numerous requirements, AB IX 26 required the following:

- i. Subject to the control of a newly established oversight board, assets of the former redevelopment agency must be disposed expeditiously and property tax revenue generated by a former redevelopment agency can only be used to pay enforceable obligations (i.e. debt obligations and other third party contractual obligations);
- ii. Either the city or another unit of local government may agree to serve as the “Successor Agency” to hold the net position until they are distributed to units of state and local government;
- iii. Successor agencies may transfer housing functions of the former redevelopment agency to the appropriate entity; and
- iv. Any property tax revenue in excess of enforceable obligations is to be distributed by county auditor controllers to taxing entities, which includes the City, as surplus property tax.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

13. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES, Continued

Background, Continued

As a result of the restrictions placed on the assets and liabilities of the former redevelopment agency, they were transferred to a private purpose trust fund on February 1, 2012. Prior to the transfer, the Redevelopment Agency was treated as a blended component unit of the City until the fiscal year ending June 30, 2012. On January 11, 2012, the City Council elected to become the Successor Agency to the former Redevelopment Agency in accordance with AB IX 26 as part of City resolution number 03-2012.

Subsequent to the adoption of AB IX 26 and AB IX 27, the California State Legislature adopted AB 1484 in June 2012. Among other things, AB 1484 required the following:

- i. A process to transfer housing assets of the former redevelopment agency to the entity designated to receive these assets. In the case of the City, assets with a total value of \$14,057,320 and liabilities with a total value of \$10,999,595 were transferred to the Successor Agency from the former Redevelopment Agency.
- ii. Requirements that the Successor Agency must complete due diligence reviews (DDRs) of the assets of the former Low and Moderate Income Housing Fund and all other funds of the former redevelopment agency. The DDRs of the Clayton Successor Agency were finalized and approved by the Oversight Board on October 9, 2014 via Resolution No. 2014-04 and 2014-05. These reports concluded that payments of \$887,404 and \$3,791,725 are required to be remitted to Contra Costa County by the Redevelopment Successor Agency and Successor Housing Agency respectively.

The California Department of Finance (DOF) completed their review of the low and moderate income housing funds and issued a final determination letter to the City dated April 24, 2015 with no modifications. The Successor Housing Agency issued the payment specified by the DOF's low and moderate housing funds determination letter in the fiscal year ending June 30, 2015, resulting in a net extraordinary loss of \$3,616,725 for the year then ended.

On November 30, 2015, the DOF issued their final determination letter approving the all other funds DDR report with modifications. The modifications required an additional payment of \$230,983 to the County Auditor-Controller, which was reported as an Extraordinary Loss of the City's General Fund in the fiscal year ending June 30, 2016. The Successor Agency issued the payment specified by the DOF's final all other funds determination letter to the County Auditor-Controller's office in the fiscal year ending June 30, 2016, resulting in an extraordinary loss of \$1,025,396 for the year then ended.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

13. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES, Continued

Background, Continued

Upon the DOF's approval of the DDRs, and the distribution of unobligated funds, the Successor Agency is authorized to apply for a "Finding of Completion". The Finding of Completion enables the Successor Agency to transfer and sell land and buildings of the former Redevelopment Agency, subject to the review and approval of a Property Management Plan by the State Department of Finance. In addition by receiving the Finding of Completion, the City may establish loans between the City and the former Redevelopment Agency as enforceable obligations. The Clayton Successor Received its finding of completion from the DOF on December 30, 2015.

Successor Agency Assets and Liabilities

Cash and Investments

The total cash and investments balance of \$738,952 is presented in a format consistent with GASBS 31 and is presented at fair value. Pursuant to AB IX 26 and AB 1484, all unencumbered cash balances have been previously distributed to the County Auditor-Controller for distribution to taxing entities. See Note 2 for further information and disclosures regarding the City's pooled cash and investments.

Restricted Cash and Investments

Cash and investments with fiscal agents of \$55 at June 30, 2019 is restricted cash and investments designated for debt service payments.

Inter-Agency Loans

Notes Receivable transferred from former RDA to Successor Agency, effective February 1, 2012:

The former RDA provided assistance to special assessment districts within the City, to fund repairs and improvements. The High Street Permanent Road Division and Oak Street Sewer Assessment District received loans from the former RDA to finance necessary infrastructure improvements. These loans are secured by special assessment property tax levies within the District's boundaries. As of June 30, 2019, the outstanding balance of the loans due to the Successor Agency was \$79,747.

On May 10, 2011, the former Redevelopment Agency received a loan from the Low to Moderate Income Housing Fund in the amount of \$592,412 to partially cover a demand from the California Department of Finance (DOF) for property tax revenues to K-12 schools during the fiscal year ending June 30, 2012 via the Supplemental Educational Revenue Augmentation Funds (SERAF). Pursuant to the DOF determination letter approving the 2017-18 Recognized Obligation Payment Schedule (ROPS) dated March 17, 2017, the loan will be repaid by the Successor Agency through the ROPS process in four (4) installments commencing in the fiscal year ending June 30, 2019. The loan is non-interest bearing and had an outstanding balance due to the Successor Housing Agency of \$296,206 as of June 30, 2019.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

13. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES, Continued

Long-Term Debt

The following is a summary of changes in long-term debt transactions for the year ended June 30, 2019:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>	Due in one <u>year</u>
2014 Tax Refunding					
Allocation Bonds	\$ 2,740,000	\$ -	\$ (400,000)	\$ 2,340,000	\$ 415,000
Total	<u>\$ 2,740,000</u>	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ 2,340,000</u>	<u>\$ 415,000</u>

2014 Refunding Tax Allocation Bonds

Refunding Tax Allocation Bonds, Series 2014, in the principal amount of \$3,790,000 were issued on June 25, 2014 by the Successor Agency. Principal payments are payable on August 1 of each year, beginning on August 1, 2015. Interest payments are payable semi-annually on February 1 and August 1. The bonds are special obligations of the Successor Agency and are secured by the Successor Agency's tax increment revenue.

The 2014 refunding was exercised in order to take advantage of more favorable interest rates. The refunding decreased the City's total debt service payments by approximately \$601,895. The transaction resulted in economic gain (difference between present value of the debt service on the old and new bonds) of approximately \$580,184. For the current year, principal and interest paid were \$400,000 and \$62,250, respectively.

The annual debt service requirements to amortize the Successor Agency's 2014 Refunding Tax Allocation Bonds outstanding at June 30, 2019, were as follows:

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 415,000	\$ 49,048	\$ 464,048
2021	420,000	39,445	459,445
2022	360,000	30,475	390,475
2023	375,000	22,023	397,023
2024	380,000	13,340	393,340
2025	390,000	4,484	394,484
Total	<u>\$ 2,340,000</u>	<u>\$ 158,815</u>	<u>\$ 2,498,815</u>

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

14. EQUITY BALANCES

Governmental Fund Balances

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2019 is as follows:

<u>Fund Balance Classifications</u>	<u>Major Funds</u>				<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Landscape Maintenance District</u>	<u>Successor Housing Agency</u>	<u>Capital Improvement Program</u>		
Nonspendable for:						
Notes receivable	\$ 307,800	\$ -	\$ -	\$ -	\$ -	\$ 307,800
Prepaid expenses	<u>12,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,432</u>
Total	<u>320,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,232</u>
Restricted for:						
Affordable housing	-	-	4,654,561	-	-	4,654,561
Public landscaping	-	881,527	-	-	-	881,527
Grant-funded programs	-	-	-	-	322,564	322,564
The Grove Park (CFD 2006-1)	-	-	-	-	352,339	352,339
Stormwater compliance	-	-	-	-	37,031	37,031
Neighborhood street lighting	-	-	-	-	62,903	62,903
Transportation	-	-	-	-	92,488	92,488
Total	<u>-</u>	<u>881,527</u>	<u>4,654,561</u>	<u>-</u>	<u>867,325</u>	<u>6,403,413</u>
Committed for:						
Presley Settlement	-	-	-	-	107,916	107,916
Geological hazard prevention and repair	-	-	-	-	33,184	33,184
Development impact	-	-	-	-	506,511	506,511
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,611</u>	<u>647,611</u>
Assigned for:						
Next year's budget	102,228	345,109	-	-	587,466	1,034,803
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,812,067</u>	<u>-</u>	<u>1,812,067</u>
Total	<u>534,538</u>	<u>345,109</u>	<u>-</u>	<u>1,812,067</u>	<u>587,466</u>	<u>2,864,870</u>
Unassigned	<u>5,337,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,171)</u>	<u>5,114,514</u>
Total Fund Balance	<u>\$ 5,760,145</u>	<u>\$ 1,226,636</u>	<u>\$ 4,654,561</u>	<u>\$ 1,812,067</u>	<u>\$ 1,879,231</u>	<u>\$ 15,332,640</u>

On February 3, 2016 the City Council approved the assignment and appropriation of \$389,895 in General Fund reserves arising from the surplus reported in the fiscal year ending June 30, 2015. The purpose of this assignment was to address specific one-time capital and operational needs of the City that could not be addressed in the annual operating budget. At June 30, 2019, the balance of this assignment was \$36,393, which was rolled into next year's budget for the specified City Council-authorized purposes.

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City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2019

14. EQUITY BALANCES, Continued

Governmental Fund Balances, Continued

On January 16, 2018 the City Council approved the assignment and appropriation of \$299,000 in General Fund reserves arising from the surplus reported in the fiscal year ending June 30, 2017. The purpose of this assignment was to address specific one-time capital and operational needs of the City that could not be addressed in the annual operating budget. At June 30, 2019, the balance of this assignment was \$65,835, which was rolled into next year's budget for the specified City Council-authorized purposes.

Net Position

The restricted component of net position includes assets subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The restricted component of net position at June 30, 2019 for governmental activities includes:

Restricted for community and economic development:	
Affordable housing	\$ 10,166,742
Restricted for public works:	
Public landscaping (CFD 2007-1)	881,527
Stormwater state mandate compliance	37,031
Neighborhood street lighting	62,903
Transportation	92,488
Restricted for general government:	
Grant-funded programs	244,230
Restricted for parks and recreation:	
The Grove Park (CFD 2006-1)	352,339
Restricted for public safety:	
Grant-funded programs	78,334
Total restricted net position	<u>\$ 11,915,594</u>

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REQUIRED SUPPLEMENTARY INFORMATION

City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - General Fund

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Property taxes	\$2,368,500	\$2,444,800	\$ 2,463,898	\$ 19,098
Sales and use taxes	477,000	477,000	483,741	6,741
Business licenses	146,000	146,000	175,153	29,153
Permits, licenses and fees	153,000	155,110	146,867	(8,243)
Fines, forfeitures and penalties	86,300	102,580	82,375	(20,205)
Intergovernmental	93,300	103,830	111,473	7,643
Other in-lieu fees	164,330	164,330	164,331	1
Franchise fees	560,900	560,900	523,129	(37,771)
Service charges	328,110	312,887	325,078	12,191
Use of money and property	80,000	88,200	191,365	103,165
Other revenue	11,750	18,500	33,541	15,041
Total Revenues	<u>4,469,190</u>	<u>4,574,137</u>	<u>4,700,951</u>	<u>126,814</u>
EXPENDITURES				
Current:				
General government	1,297,000	1,297,000	1,297,303	(303)
Public works	290,830	283,830	304,552	(20,722)
Parks and recreation services	406,960	406,960	375,087	31,873
Community and economic development	325,840	325,840	336,242	(10,402)
Public safety	2,266,590	2,266,590	2,214,359	52,231
Capital Outlay	-	-	94,787	(94,787)
Total Expenditures	<u>4,587,220</u>	<u>4,580,220</u>	<u>4,622,330</u>	<u>(42,110)</u>
Revenues Over (Under) Expenditures	<u>(118,030)</u>	<u>(6,083)</u>	<u>78,621</u>	<u>84,704</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	111,460	115,053	115,053	-
Transfers out	-	-	(100,000)	(100,000)
Total Other Financing Sources (Uses)	<u>111,460</u>	<u>115,053</u>	<u>15,053</u>	<u>(100,000)</u>
Change in fund balance	<u>\$ (6,570)</u>	<u>\$ 108,970</u>	<u>93,674</u>	<u>\$ (15,296)</u>
FUND BALANCE				
Beginning of year			<u>5,666,471</u>	
End of year			<u>\$ 5,760,145</u>	

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City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Landscape Maintenance District

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Special parcel tax	\$ 1,121,746	\$ 1,121,746	\$ 1,121,738	\$ (8)
Use of money and property	15,000	15,000	42,112	27,112
Total Revenues	<u>1,136,746</u>	<u>1,136,746</u>	<u>1,163,850</u>	<u>27,104</u>
EXPENDITURES				
Current:				
Public works	1,050,060	1,050,060	885,114	164,946
Capital Outlay	487,157	487,157	218,076	269,081
Total Expenditures	<u>1,537,217</u>	<u>1,537,217</u>	<u>1,103,190</u>	<u>434,027</u>
Revenues Over (Under) Expenditures	<u>(400,471)</u>	<u>(400,471)</u>	<u>60,660</u>	<u>461,131</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(38,308)	(38,308)	(37,258)	1,050
Total Other Financing Sources (Uses)	<u>(38,308)</u>	<u>(38,308)</u>	<u>(37,258)</u>	<u>1,050</u>
Change in fund balance	<u>\$ (438,779)</u>	<u>\$ (438,779)</u>	<u>23,402</u>	<u>\$ 462,181</u>
FUND BALANCE				
Beginning of year			<u>1,203,234</u>	
End of year			<u>\$ 1,226,636</u>	

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City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Successor Housing Agency

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Program income	\$ 96,400	\$ 96,400	\$ 96,400	\$ -
Use of money and property	10,000	10,000	47,361	37,361
Total Revenues	<u>106,400</u>	<u>106,400</u>	<u>143,761</u>	<u>37,361</u>
EXPENDITURES				
Current:				
Community and economic development	58,355	58,355	15,921	42,434
Total Expenditures	<u>58,355</u>	<u>58,355</u>	<u>15,921</u>	<u>42,434</u>
Revenues Over (Under) Expenditures	<u>48,045</u>	<u>48,045</u>	<u>127,840</u>	<u>79,795</u>
OTHER FINANCING SOURCES (USES)				
Unrealized gains (losses)	-	-	(214,727)	(214,727)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(214,727)</u>	<u>(214,727)</u>
Change in fund balance	<u>\$ 48,045</u>	<u>\$ 48,045</u>	<u>(86,887)</u>	<u>\$ (134,932)</u>
FUND BALANCE				
Beginning of year			<u>4,765,562</u>	
End of year			<u>\$ 4,678,675</u>	

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City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of Proportionate Share of Net Pension Liability
Last 10 Years*

	Fiscal Year Ending June 30*				
	2015	2016	2017	2018	2019
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan's Proportion of the Net Pension Liability/(Asset)	0.030626%	0.052357%	0.051003%	0.049420%	0.048490%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 3,693,394	\$ 3,593,771	\$ 4,413,357	\$ 4,901,330	\$ 4,672,754
Plan's Covered-Employee Payroll**	\$ 1,963,054	\$ 1,706,509	\$ 1,820,066	\$ 1,931,042	\$ 1,995,400
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	188.145%	210.592%	242.483%	253.818%	234.176%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.597%	78.40%	74.06%	73.86%	76.24%

* Fiscal year ending June 30, 2015 was the 1st year of implementation, therefore only five years are shown.

** For the year ending on the measurement date.

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City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of Pension Plan Contributions
Last 10 Years*

	June 30				
	2015	2016	2017	2018	2019
Actuarially determined contributions*	\$ 375,647	\$ 530,677	\$ 573,677	\$ 612,898	\$ 530,067
Contributions in relation to the actuarially determined contribution	<u>375,647</u>	<u>530,677</u>	<u>573,677</u>	<u>612,898</u>	<u>530,067</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll**	\$ 1,706,509	\$ 1,820,066	\$ 1,931,042	\$ 1,995,400	\$ 2,016,021
Contributions as a percentage of covered employee payroll	22.01%	29.16%	29.71%	30.72%	26.29%

* Excludes employer-paid member contributions (EPMC)

** For the fiscal year ending on the date shown

Notes to Schedule:

Valuation Date: June 30, 2018

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Discount rate	7.375% (net of expenses)
Salary growth	Varies by category, entry age, and duration of service.
Overall payroll growth	3.00%
Inflation	2.75%
Service retirement	Retirement rates vary by age, service and formula.

* Fiscal year ending June 30, 2015 was the 1st year of implementation, therefore only five years are shown.

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City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Years*

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019
Measurement Date	6/29/2018	6/29/2019
Total OPEB Liability:		
Total OPEB liability - Beginning	\$ 464,490	\$ 545,327
Changes recognized for the measurement period:		
Service cost	27,530	28,428
Interest on total OPEB liability	15,800	15,783
Changes of benefit terms	45,605	-
Difference between expected and actual experience	22,654	-
Changes of assumptions and other inputs	16,307	9,159
Employer contributions	-	-
Active and inactive employee contributions	-	-
Net investment income	-	-
Benefit payments ¹	(30,226)	(31,408)
Administrative expenses	-	-
Other changes	(16,833)	2,827
Net change in total OPEB liability	<u>80,837</u>	<u>24,789</u>
Total OPEB liability - Ending	<u>545,327</u>	<u>570,116</u>
Plan Fiduciary Net Position:		
Plan fiduciary net position - Beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - Ending ²	<u>-</u>	<u>-</u>
Net OPEB Liability - Ending	<u>\$ 545,327</u>	<u>\$ 570,116</u>
Plan Fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ 1,995,400	\$ 2,016,021
Net OPEB liability as a percentage of covered employee payroll	27.33%	28.28%

* Fiscal year ending June 30, 2018 was the 1st year of implementation, therefore only two years of information is shown.

¹ Includes the implicit rate subsidy.

² As of the year ended June 30, 2019 the City had not established an irrevocable trust for payment of OPEB plan benefits.

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City of Clayton
Required Supplementary Information
For the year ended June 30, 2019

Schedule of OPEB Plan Contributions
Last 10 Years*

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019
Actuarially determined contributions (ADC) ¹	\$ -	\$ -
Contributions in relation to the ADC	-	-
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ²	\$ 1,995,400	\$ 2,016,021
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

* Fiscal year ending June 30, 2018 was the 1st year of implementation, therefore only two years of information is shown.

¹ As of the year ended June 30, 2019 the City had not established an irrevocable trust for payment of OPEB plan benefits.

² For the fiscal year ending on the date shown

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City of Clayton
Notes to the Required Supplementary Information
For the year ended June 30, 2018

1. BUDGETARY PRINCIPLES

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the City Manager submits to the City Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution during a City Council meeting in the month of June.
- The City Manager is authorized to transfer budgeted amounts within an activity, within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Formal budgeting is employed as a management control device during the year for the general, certain special revenue and debt service funds. The Presley Settlement, Stormwater Treatment District Assessment, and Clayton Development Impact Fees funds are not budgeted for and thus do not have budget to actual comparison statements.
- Budgets for the general, certain special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (US GAAP).
- Budgets for capital projects funds are adopted on a project-life basis.

Budgeted amounts are as originally adopted or as amended by the City Council. Budget amendments were not material in relation to the original appropriations.

2. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

This information is intended to help users assess the City's Pension and Other Postemployment Benefits (OPEB) plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.

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SUPPLEMENTARY INFORMATION

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City of Clayton
Supplementary Information
Major Governmental Fund Budgetary Comparison Schedule
For the year ended June 30, 2019

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Capital Improvement Program

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,041,553	\$ 991,553	\$ 480,488	\$ (511,065)
Program income	-	-	50,000	50,000
Use of money and property	-	-	57,016	57,016
Total Revenues	<u>1,041,553</u>	<u>991,553</u>	<u>587,504</u>	<u>(404,049)</u>
EXPENDITURES				
Capital outlay	<u>2,746,513</u>	<u>2,856,513</u>	<u>1,772,407</u>	<u>1,084,106</u>
Total Expenditures	<u>2,746,513</u>	<u>2,856,513</u>	<u>1,772,407</u>	<u>1,084,106</u>
Revenues Over (Under) Expenditures	<u>(1,704,960)</u>	<u>(1,864,960)</u>	<u>(1,184,903)</u>	<u>680,057</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,445,852	1,550,852	1,146,118	(404,734)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,445,852</u>	<u>1,550,852</u>	<u>1,146,118</u>	<u>(404,734)</u>
Change in fund balance	<u>\$ (259,108)</u>	<u>\$ (314,108)</u>	<u>(38,785)</u>	<u>\$ 275,323</u>
FUND BALANCE				
Beginning of year			<u>1,850,852</u>	
End of year			<u>\$ 1,812,067</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Special Revenue Funds:

Development Impact Fees - Accounts for projects funded with the development impact fees.

Gas Tax HUTA - Accounts for taxes raised under Street and Highway Code Sections 2106, 2107 and 2107.5, used for the maintenance and construction of City streets.

Gas Tax RMRA - Accounts for taxes raised under Road Maintenance and Rehabilitation Account (SB1), used for the maintenance and construction of City streets.

Grants - Accounts for grants received for specific programs and projects.

The Grove Park District - Accounts for voter-approved real property special parcel taxes restricted for the operation, maintenance, repair and replacement landscaping, irrigation, hardscaping, lighting, public restroom, gazebo, and playground equipment for "The Grove Park" in the downtown area.

Measure J - Accounts for a \$0.05 sales tax extended by voters in 2004 to provide transportation and street improvements, a growth management process, and a regional planning process to address quality of life issues. A portion of their county wide voter-approved tax is returned to local governments.

Neighborhood Street Lighting District - Accounts for assessments collected to maintain residential street lighting within the defined benefit assessment district boundaries.

Oakhurst Geological Hazard Abatement District - Accounts for voter-approved real property assessments collected from Oakhurst parcels to provide preventive maintenance measures and to mitigate potential landslides and other hazardous geological conditions within the benefit assessment district boundaries.

Presley Settlement - Accounts for litigation settlement proceeds restricted for specific programs and projects.

Stormwater Assessment District - Accounts for real property assessments collected to comply with the National Pollution Discharge Elimination System (NPDES).

Stormwater Treatment Assessment District - This fund was formed to provide a mechanism for the levying of private development (property) benefit assessments to fund the cost of inspections, maintenance and capital improvements related to the stormwater treatment requirements imposed upon the City by the Regional Water Quality Control Board as part of the City's General Stormwater Discharge Permit.

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City of Clayton
Supplementary Information
Combining Balance Sheets - Non-major Governmental Funds
June 30, 2019

	Special Revenue				The Grove Park District
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	
ASSETS					
Cash and investments	\$ 559,457	\$ 286,495	\$ 175,993	\$ 356,300	\$ 364,918
Accounts receivable	-	-	19,652	4,774	-
Total Assets	\$ 559,457	\$ 286,495	\$ 195,645	\$ 361,074	\$ 364,918
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,036	\$ 18,800	\$ -	\$ 4,219	\$ 12,579
Other payables	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	2,580	-	-	-	-
Total Liabilities	14,616	18,800	-	4,219	12,579
Fund Balance:					
Restricted	-	65,790	26,698	322,564	352,339
Committed	506,511	-	-	-	-
Assigned	38,330	201,905	168,947	34,291	-
Unassigned	-	-	-	-	-
Total Fund Balance	544,841	267,695	195,645	356,855	352,339
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 559,457	\$ 286,495	\$ 195,645	\$ 361,074	\$ 364,918

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**City of Clayton
Supplementary Information
Combining Balance Sheets - Non-major Governmental Funds
June 30, 2019**

Special Revenue						
Measure J	Neighborhood Street Lighting District	Oakhurst Geological Hazard Abatement District	Presley Settlement	Stormwater Assessment	Stormwater Treatment Assessment District	Total Other Governmental Funds
\$ -	\$ 103,203	\$ 50,800	\$ 107,916	\$ 31,506	\$ -	\$ 2,036,588
70,211	-	-	-	60,980	-	155,617
<u>\$ 70,211</u>	<u>\$ 103,203</u>	<u>\$ 50,800</u>	<u>\$ 107,916</u>	<u>\$ 92,486</u>	<u>\$ -</u>	<u>\$ 2,192,205</u>
\$ -	\$ 6,651	\$ 13,061	\$ -	\$ 4,500	\$ -	\$ 71,846
-	-	-	-	-	-	-
235,998	-	-	-	-	2,550	238,548
-	-	-	-	-	-	2,580
<u>235,998</u>	<u>6,651</u>	<u>13,061</u>	<u>-</u>	<u>4,500</u>	<u>2,550</u>	<u>312,974</u>
-	62,903	-	-	37,031	-	867,325
-	-	33,184	107,916	-	-	647,611
54,834	33,649	4,555	-	50,955	-	587,466
(220,621)	-	-	-	-	(2,550)	(223,171)
<u>(165,787)</u>	<u>96,552</u>	<u>37,739</u>	<u>107,916</u>	<u>87,986</u>	<u>(2,550)</u>	<u>1,879,231</u>
<u>\$ 70,211</u>	<u>\$ 103,203</u>	<u>\$ 50,800</u>	<u>\$ 107,916</u>	<u>\$ 92,486</u>	<u>\$ -</u>	<u>\$ 2,192,205</u>

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City of Clayton
Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - For the year ended June 30, 2019

	Special Revenue				
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	The Grove Park District
REVENUES					
Special parcel taxes and assessments	\$ -	\$ 37,761	\$ -	\$ -	\$ 134,273
Permits, licenses and fees	1,800	-	-	-	2,524
Intergovernmental	-	241,412	205,968	170,953	-
Use of money and property	18,410	10,396	2,430	13,320	11,264
Other revenue	-	1,182	-	-	1,000
Total Revenues	<u>20,210</u>	<u>290,751</u>	<u>208,398</u>	<u>184,273</u>	<u>149,061</u>
EXPENDITURES					
Current:					
General government	-	-	-	20,670	-
Public works	-	146,756	-	-	-
Parks and recreation services	-	-	-	-	102,179
Community and economic development	-	-	-	-	-
Public safety	-	-	-	150,980	-
Capital outlay	-	-	-	54,747	817
Total Expenditures	<u>-</u>	<u>146,756</u>	<u>-</u>	<u>226,397</u>	<u>102,996</u>
Revenues Over (Under) Expenditures	<u>20,210</u>	<u>143,995</u>	<u>208,398</u>	<u>(42,124)</u>	<u>46,065</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(188,853)	(64,355)	-	(7,574)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(188,853)</u>	<u>(64,355)</u>	<u>-</u>	<u>(7,574)</u>
Net change in fund balances	<u>20,210</u>	<u>(44,858)</u>	<u>144,043</u>	<u>(42,124)</u>	<u>38,491</u>
FUND BALANCES					
Beginning of year	<u>524,631</u>	<u>312,553</u>	<u>51,602</u>	<u>398,979</u>	<u>313,848</u>
End of year	<u>\$ 544,841</u>	<u>\$ 267,695</u>	<u>\$ 195,645</u>	<u>\$ 356,855</u>	<u>\$ 352,339</u>

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City of Clayton
Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - For the year ended June 30, 2019

Measure J	Special Revenue					Total Other Governmental Funds
	Neighborhood Street Lighting District	Oakhurst Geological Hazard Abatement District	Presley Settlement	Stormwater Assessment	Stormwater Treatment Assessment District	
\$ -	\$ 125,991	\$ 41,064	\$ -	\$ 85,572	\$ -	\$ 424,661
-	-	-	-	61,051	-	65,375
102,234	-	-	-	-	-	720,567
6,324	3,464	1,236	3,637	1,475	-	71,956
-	-	-	-	-	-	2,182
<u>108,558</u>	<u>129,455</u>	<u>42,300</u>	<u>3,637</u>	<u>148,098</u>	<u>-</u>	<u>1,284,741</u>
-	-	-	-	-	-	20,670
25,940	122,515	25,177	-	111,575	-	431,963
-	-	-	-	-	-	102,179
-	-	-	-	-	-	-
-	-	-	-	-	-	150,980
-	-	5,944	-	-	-	61,508
<u>25,940</u>	<u>122,515</u>	<u>31,121</u>	<u>-</u>	<u>111,575</u>	<u>-</u>	<u>767,300</u>
<u>82,618</u>	<u>6,940</u>	<u>11,179</u>	<u>3,637</u>	<u>36,523</u>	<u>-</u>	<u>517,441</u>
-	-	-	-	-	-	-
<u>(905,294)</u>	<u>(11,912)</u>	<u>(7,478)</u>	<u>-</u>	<u>(38,447)</u>	<u>-</u>	<u>(1,223,913)</u>
<u>(905,294)</u>	<u>(11,912)</u>	<u>(7,478)</u>	<u>-</u>	<u>(38,447)</u>	<u>-</u>	<u>(1,223,913)</u>
<u>(822,676)</u>	<u>(4,972)</u>	<u>3,701</u>	<u>3,637</u>	<u>(1,924)</u>	<u>-</u>	<u>(706,472)</u>
<u>656,889</u>	<u>101,524</u>	<u>34,038</u>	<u>104,279</u>	<u>89,910</u>	<u>(2,550)</u>	<u>2,585,703</u>
<u>\$ (165,787)</u>	<u>\$ 96,552</u>	<u>\$ 37,739</u>	<u>\$ 107,916</u>	<u>\$ 87,986</u>	<u>\$ (2,550)</u>	<u>\$ 1,879,231</u>

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Development Impact Fees**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Permits, licenses and fees	\$ -	\$ -	\$ 1,800	\$ 1,800
Use of money and property	8,000	8,000	18,410	10,410
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>20,210</u>	<u>12,210</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Capital Outlay	48,000	48,000	-	48,000
Total Expenditures	<u>48,000</u>	<u>48,000</u>	<u>-</u>	<u>48,000</u>
Revenues Over (Under) Expenditures	<u>(40,000)</u>	<u>(40,000)</u>	<u>20,210</u>	<u>60,210</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,995)	(16,995)	-	16,995
Total Other Financing Sources (Uses)	<u>(16,995)</u>	<u>(16,995)</u>	<u>-</u>	<u>16,995</u>
Change in fund balance	<u>\$ (56,995)</u>	<u>\$ (56,995)</u>	<u>20,210</u>	<u>\$ 77,205</u>
FUND BALANCE				
Beginning of year			<u>524,631</u>	
End of year			<u>\$ 544,841</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Gas Tax HUTA**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Special parcel taxes and assessments	\$ 36,700	\$ 36,700	\$ 37,761	\$ 1,061
Intergovernmental	253,304	253,304	241,412	(11,892)
Use of money and property	3,000	3,000	10,396	7,396
Other revenue	-	-	1,182	1,182
Total Revenues	<u>293,004</u>	<u>293,004</u>	<u>290,751</u>	<u>(2,253)</u>
EXPENDITURES				
Public works	162,510	162,510	146,756	15,754
Total Expenditures	<u>162,510</u>	<u>162,510</u>	<u>146,756</u>	<u>15,754</u>
Revenues Over (Under) Expenditures	<u>130,494</u>	<u>130,494</u>	<u>143,995</u>	<u>13,501</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(451,395)	(451,395)	(188,853)	262,542
Total Other Financing Sources (Uses)	<u>(451,395)</u>	<u>(451,395)</u>	<u>(188,853)</u>	<u>262,542</u>
Change in fund balance	<u>\$ (320,901)</u>	<u>\$ (320,901)</u>	<u>(44,858)</u>	<u>\$ 276,043</u>
FUND BALANCE				
Beginning of year			<u>312,553</u>	
End of year			<u>\$ 267,695</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Gas Tax RMRA**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 205,968	\$ 205,968
Use of money and property	-	3,500	2,430	(1,070)
Total Revenues	<u>-</u>	<u>3,500</u>	<u>208,398</u>	<u>204,898</u>
EXPENDITURES				
Public works	189,383	-	-	-
Total Expenditures	<u>189,383</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(189,383)</u>	<u>3,500</u>	<u>208,398</u>	<u>204,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	254,238	-	(64,355)	(64,355)
Total Other Financing Sources (Uses)	<u>254,238</u>	<u>-</u>	<u>(64,355)</u>	<u>(64,355)</u>
Change in fund balance	<u>\$ 64,855</u>	<u>\$ 3,500</u>	<u>144,043</u>	<u>\$ 140,543</u>
FUND BALANCE				
Beginning of year			<u>51,602</u>	
End of year			<u>\$ 195,645</u>	

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City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Grants

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 117,500	\$ 117,500	\$ 170,953	\$ 53,453
Use of money and property	4,000	4,000	13,320	9,320
Total Revenues	<u>121,500</u>	<u>121,500</u>	<u>184,273</u>	<u>62,773</u>
EXPENDITURES				
Current:				
General government	-	-	20,670	(20,670)
Public safety	147,590	-	150,980	(150,980)
Capital outlay	75,993	117,772	54,747	63,025
Total Expenditures	<u>223,583</u>	<u>117,772</u>	<u>226,397</u>	<u>(108,625)</u>
Revenues Over (Under) Expenditures	<u>(102,083)</u>	<u>3,728</u>	<u>(42,124)</u>	<u>(45,852)</u>
Change in fund balance	<u>\$ (102,083)</u>	<u>\$ 3,728</u>	<u>(42,124)</u>	<u>\$ (45,852)</u>
FUND BALANCE				
Beginning of year			<u>398,979</u>	
End of year			<u>\$ 356,855</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - The Grove Park District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Special parcel taxes and assessments	\$ 134,190	\$ 134,190	\$ 134,273	\$ 83
Permits, licenses and fees	2,500	2,500	2,524	24
Use of money and property	3,800	3,800	11,264	7,464
Other revenue	-	-	1,000	1,000
Total Revenues	<u>140,490</u>	<u>140,490</u>	<u>149,061</u>	<u>8,571</u>
EXPENDITURES				
Current:				
Parks and recreation services	124,590	124,590	102,179	22,411
Capital Outlay	-	-	817	(817)
Total Expenditures	<u>124,590</u>	<u>124,590</u>	<u>102,996</u>	<u>21,594</u>
Revenues Over (Under) Expenditures	<u>15,900</u>	<u>15,900</u>	<u>46,065</u>	<u>30,165</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,574)</u>	<u>(7,574)</u>	<u>(7,574)</u>	-
Total Other Financing Sources (Uses)	<u>(7,574)</u>	<u>(7,574)</u>	<u>(7,574)</u>	-
Change in fund balance	<u>\$ 8,326</u>	<u>\$ 8,326</u>	38,491	<u>\$ 30,165</u>
FUND BALANCE				
Beginning of year			<u>313,848</u>	
End of year			<u>\$ 352,339</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Measure J**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 317,676	\$ 317,676	\$ 102,234	\$ (215,442)
Use of money and property	1,000	1,000	6,324	5,324
Total Revenues	<u>318,676</u>	<u>318,676</u>	<u>108,558</u>	<u>(210,118)</u>
EXPENDITURES				
Current:				
Public works	32,000	32,000	25,940	6,060
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>25,940</u>	<u>6,060</u>
Revenues Over (Under) Expenditures	<u>286,676</u>	<u>286,676</u>	<u>82,618</u>	<u>(204,058)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(905,294)</u>	<u>(905,294)</u>	<u>(905,294)</u>	-
Total Other Financing Sources (Uses)	<u>(905,294)</u>	<u>(905,294)</u>	<u>(905,294)</u>	-
Change in fund balance	<u>\$ (618,618)</u>	<u>\$ (618,618)</u>	(822,676)	<u>\$ (204,058)</u>
FUND BALANCE				
Beginning of year			<u>656,889</u>	
End of year			<u>\$ (165,787)</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Neighborhood Street Lighting District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Special parcel taxes and assessments	\$ 125,991	\$ 125,991	\$ 125,991	\$ -
Use of money and property	1,000	1,000	3,464	2,464
Total Revenues	<u>126,991</u>	<u>126,991</u>	<u>129,455</u>	<u>2,464</u>
EXPENDITURES				
Current:				
Public works	139,680	139,680	122,515	17,165
Total Expenditures	<u>139,680</u>	<u>139,680</u>	<u>122,515</u>	<u>17,165</u>
Revenues Over (Under) Expenditures	<u>(12,689)</u>	<u>(12,689)</u>	<u>6,940</u>	<u>19,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,912)	(11,912)	(11,912)	-
Total Other Financing Sources (Uses)	<u>(11,912)</u>	<u>(11,912)</u>	<u>(11,912)</u>	<u>-</u>
Change in fund balance	<u>\$ (24,601)</u>	<u>\$ (24,601)</u>	<u>(4,972)</u>	<u>\$ 19,629</u>
FUND BALANCE				
Beginning of year			<u>101,524</u>	
End of year			<u>\$ 96,552</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Oakhurst Geological Hazard and Abatement District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Special parcel taxes and assessments	\$ 41,065	\$ 41,065	\$ 41,064	\$ (1)
Use of money and property	200	200	1,236	1,036
Total Revenues	<u>41,265</u>	<u>41,265</u>	<u>42,300</u>	<u>1,035</u>
EXPENDITURES				
Current:				
Public works	18,350	18,350	25,177	(6,827)
Capital outlay	50,642	50,642	5,944	44,698
Total Expenditures	<u>68,992</u>	<u>68,992</u>	<u>31,121</u>	<u>37,871</u>
Revenues Over (Under) Expenditures	<u>(27,727)</u>	<u>(27,727)</u>	<u>11,179</u>	<u>38,906</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,478)	(7,478)	(7,478)	-
Total Other Financing Sources (Uses)	<u>(7,478)</u>	<u>(7,478)</u>	<u>(7,478)</u>	<u>-</u>
Change in fund balance	<u>\$ (35,205)</u>	<u>\$ (35,205)</u>	<u>3,701</u>	<u>\$ 38,906</u>
FUND BALANCE				
Beginning of year			<u>34,038</u>	
End of year			<u>\$ 37,739</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Presley Settlement**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 1,500	\$ 1,500	\$ 3,637	\$ 2,137
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>3,637</u>	<u>2,137</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>1,500</u>	<u>1,500</u>	<u>3,637</u>	<u>2,137</u>
Change in fund balance	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>3,637</u>	<u>\$ 2,137</u>
FUND BALANCE				
Beginning of year			<u>104,279</u>	
End of year			<u>\$ 107,916</u>	

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**City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2019**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Stormwater Assessment District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Special parcel taxes and assessments	\$ 86,627	\$ 86,627	\$ 85,572	\$ (1,055)
Permits, licenses and fees	58,360	58,360	61,051	2,691
Use of money and property	1,000	1,000	1,475	475
Total Revenues	<u>145,987</u>	<u>145,987</u>	<u>148,098</u>	<u>2,111</u>
EXPENDITURES				
Current:				
Public works	154,460	154,460	111,575	42,885
Total Expenditures	<u>154,460</u>	<u>154,460</u>	<u>111,575</u>	<u>42,885</u>
Revenues Over (Under) Expenditures	<u>(8,473)</u>	<u>(8,473)</u>	<u>36,523</u>	<u>44,996</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,040	1,040	-	(1,040)
Transfers out	(38,447)	(38,447)	(38,447)	-
Total Other Financing Sources (Uses)	<u>(37,407)</u>	<u>(37,407)</u>	<u>(38,447)</u>	<u>(1,040)</u>
Change in fund balance	<u>\$ (45,880)</u>	<u>\$ (45,880)</u>	(1,924)	<u>\$ 43,956</u>
FUND BALANCE				
Beginning of year			<u>89,910</u>	
End of year			<u>\$ 87,986</u>	

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INTERNAL SERVICE FUNDS

Internal service funds account for activities that provide goods or services to other City funds or department on a cost reimbursement basis. The following are the City's internal service funds:

Capital Equipment Replacement Fund (CERF) - This fund accounts for the operation, maintenance, depreciation, and replacement of City vehicles and equipment.

Self-Insurance Fund - This fund accounts for the administration of the City's self-insurance program and payment of workers' compensation and liability claims.

Pension Rate Stabilization Fund - This fund stabilizes major fluctuations in annual employer pension costs driven by market factors and actuarial changes.

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City of Clayton
Supplementary Information
Combining Statement of Net Position - Internal Service Funds
June 30, 2019

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 153,006	\$ 274,551	\$ 35,430	\$ 462,987
Noncurrent assets:				
Depreciable assets, net	490,299	-	-	490,299
Total Asset	<u>643,305</u>	<u>274,551</u>	<u>35,430</u>	<u>953,286</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	490,299	-	-	490,299
Unrestricted	153,006	274,551	35,430	462,987
Total Net Position	<u>\$ 643,305</u>	<u>\$ 274,551</u>	<u>\$ 35,430</u>	<u>\$ 953,286</u>

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City of Clayton
Supplementary Information
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds - For the year ended June 30, 2019

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
OPERATING REVENUES				
Charges for current services	\$ 88,820	\$ -	\$ -	\$ 88,820
Total Operating Revenues	88,820	-	-	88,820
OPERATING EXPENSES				
General and administrative	272	-	3,988	4,260
Depreciation and amortization	77,252	-	-	77,252
Total Operating Expenses	77,524	-	3,988	81,512
Operating Income (Loss)	11,296	-	(3,988)	7,308
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of assets	30,924	-	-	30,924
Investment income (loss)	5,040	6,691	1,300	13,031
Total Nonoperating Revenues (Expenses)	35,964	6,691	1,300	43,955
Net (loss) Before Contributions and Operating Transfers	47,260	6,691	(2,688)	51,263
Capital contributions	-	-	-	-
Transfers in	-	100,000	-	100,000
Change in Net Position	47,260	106,691	(2,688)	151,263
NET POSITION:				
Beginning of fiscal year	596,045	167,860	38,118	802,023
End of fiscal year	<u>\$ 643,305</u>	<u>\$ 274,551</u>	<u>\$ 35,430</u>	<u>\$ 953,286</u>

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City of Clayton
Supplementary Information
Combining Statement of Cash Flows - Internal Service Funds
For the year ended June 30, 2019

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 88,820	\$ -	\$ -	\$ 88,820
Claims paid	(272)	-	(4,248)	(4,520)
Net cash provided (used) by operating activities	88,548	-	(4,248)	84,300
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	100,000	-	100,000
Net cash provided (used) by noncapital financing activities	-	100,000	-	100,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(128,289)	-	-	(128,289)
Proceeds from the sale of capital assets	30,924	-	-	30,924
Net cash provided (used) by capital and related financing activities	(97,365)	-	-	(97,365)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	5,040	6,691	1,300	13,031
Net Cash provided (used) by investing activities	5,040	6,691	1,300	13,031
Net increase (decrease) in cash and cash equivalents	(3,777)	106,691	(2,948)	99,966
CASH AND CASH EQUIVALENTS:				
Beginning of fiscal year	156,783	167,860	38,378	363,021
End of fiscal year	<u>\$ 153,006</u>	<u>\$ 274,551</u>	<u>\$ 35,430</u>	<u>\$ 462,987</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 11,296	\$ -	\$ (3,988)	\$ 7,308
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	77,252	-	-	77,252
Changes in current assets and liabilities:				
Increase (decrease) in accounts payable	-	-	(260)	(260)
Net cash provided (used) by operating activities	\$ 88,548	\$ -	\$ (4,248)	\$ 84,300

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AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a fiduciary capacity or as an agent for individuals, government entities and other non-public organizations. The following are reported as agency funds:

Clayton Financing Authority - Accounts for projects related to the Financing Authority.

Clayton Financing Authority 2007 Refunding Bonds - Accounts for the refunding of the Authority's 1997 Special Tax Revenue Refunding Bonds payable from revenues received by the Authority as the result of payment of debt service on the local obligations of the Middle School CFD 1990-1 Bonds.

Deposits- Represents funds held for: performance deposits, Clayton Community Gym donation deposits, refundable rental security deposits, planning services deposits, engineering plan check deposits, and other various deposits.

Diablo Estates Benefit Assessment District - Accounts for parcel owner approved real property assessments collected to maintain certain infrastructure components (including street lighting) for the Diablo Estates development.

High Street Bridge Benefit Assessment District - Accounts for real property assessments collected to maintain bridges.

Lydia Lane Sewer Benefit Assessment District - Accounts for real property assessments to be collected for construction of a sewer system.

Middle School Community Facilities District - Accounts for special parcel taxes restricted to repay indebtedness of the Middle School Community Facilities District No. 1990-1.

Oak Street Bridge Benefit Assessment District - Accounts for real property assessments collected to maintain bridges.

Oak Street Sewer Benefit Assessment District - Accounts for real property assessments to be collected for construction of a sewer system.

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City of Clayton
Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Clayton Financing Authority</u>				
Assets:				
Cash and investments	\$ 548,840	\$ 19,143	\$ -	\$ 567,983
Total Assets	<u>\$ 548,840</u>	<u>\$ 19,143</u>	<u>\$ -</u>	<u>\$ 567,983</u>
Liabilities:				
Other liabilities	\$ 548,840	\$ 19,143	\$ -	\$ 567,983
Total Liabilities	<u>\$ 548,840</u>	<u>\$ 19,143</u>	<u>\$ -</u>	<u>\$ 567,983</u>
<u>Clayton Financing Authority 2007 Refunding Bonds</u>				
Assets:				
Cash and investments	\$ 121,506	\$ 350,536	\$ (356,356)	\$ 115,686
Cash with fiscal agent	385,198	406,381	(420,977)	370,602
Accounts receivable	44,610	-	(7,850)	36,760
Investment in bonds	2,058,000	383,000	(745,000)	1,696,000
Total Assets	<u>\$ 2,609,314</u>	<u>\$ 1,139,917</u>	<u>\$ (1,530,183)</u>	<u>\$ 2,219,048</u>
Liabilities:				
Other liabilities	\$ 709,314	\$ 882,819	\$ (923,085)	\$ 669,048
Due to bondholders	1,900,000	22,000	(372,000)	1,550,000
Total Liabilities	<u>\$ 2,609,314</u>	<u>\$ 904,819</u>	<u>\$ (1,295,085)</u>	<u>\$ 2,219,048</u>
<u>Deposits</u>				
Assets:				
Cash and investments	\$ 838,321	\$ 321,425	\$ (454,800)	\$ 704,946
Total Assets	<u>\$ 838,321</u>	<u>\$ 321,425</u>	<u>\$ (454,800)</u>	<u>\$ 704,946</u>
Liabilities:				
Deposits payable	\$ 838,321	762,198	(895,573)	\$ 704,946
Total Liabilities	<u>\$ 838,321</u>	<u>\$ 762,198</u>	<u>\$ (895,573)</u>	<u>\$ 704,946</u>
<u>Diablo Estates Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 119,612	\$ 89,791	\$ (58,175)	\$ 151,228
Total Assets	<u>\$ 119,612</u>	<u>\$ 89,791</u>	<u>\$ (58,175)</u>	<u>\$ 151,228</u>
Liabilities:				
Accounts payable	\$ 2,936	\$ 59,505	\$ (55,864)	\$ 6,577
Other liabilities	116,676	89,790	(61,815)	144,651
Total Liabilities	<u>\$ 119,612</u>	<u>\$ 149,295</u>	<u>\$ (117,679)</u>	<u>\$ 151,228</u>

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City of Clayton
Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>High Street Bridge Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 5,930	\$ 1,985	\$ (1,454)	\$ 6,461
Assessments receivable	15,913	-	(5,257)	10,656
Total Assets	<u>\$ 21,843</u>	<u>\$ 1,985</u>	<u>\$ (6,711)</u>	<u>\$ 17,117</u>
Liabilities:				
Accounts payable	\$ 5,930	\$ 1,985	\$ (1,454)	\$ 6,461
Notes payable	15,913	-	(5,257)	10,656
Total Liabilities	<u>\$ 21,843</u>	<u>\$ 1,985</u>	<u>\$ (6,711)</u>	<u>\$ 17,117</u>
<u>Lydia Lane Sewer Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 65,449	\$ 19,069	\$ (17,249)	\$ 67,269
Cash with fiscal agent	12,901	4,754	(4,530)	13,125
Assessments receivable	158,325	-	(5,000)	153,325
Total Assets	<u>\$ 236,675</u>	<u>\$ 23,823</u>	<u>\$ (26,779)</u>	<u>\$ 233,719</u>
Liabilities:				
Other liabilities	\$ 78,350	\$ 38,160	\$ (36,116)	\$ 80,394
Due to bondholders	158,325	-	(5,000)	153,325
Total Liabilities	<u>\$ 236,675</u>	<u>\$ 38,160</u>	<u>\$ (41,116)</u>	<u>\$ 233,719</u>
<u>Middle School Community Facilities District</u>				
Assets:				
Cash and investments	\$ 320,614	\$ 401,559	\$ (431,925)	\$ 290,248
Assessments receivable	2,058,000	-	(362,000)	1,696,000
Total Assets	<u>\$ 2,378,614</u>	<u>\$ 401,559</u>	<u>\$ (793,925)</u>	<u>\$ 1,986,248</u>
Liabilities:				
Other liabilities	\$ 320,614	\$ 483,223	\$ (513,589)	\$ 290,248
Due to bondholders	2,058,000	-	(362,000)	1,696,000
Total Liabilities	<u>\$ 2,378,614</u>	<u>\$ 483,223</u>	<u>\$ (875,589)</u>	<u>\$ 1,986,248</u>
<u>Oak Street Bridge Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 11,842	\$ 6,652	\$ (4,517)	\$ 13,977
Assessments receivable	3,958	-	(3,958)	-
Total Assets	<u>\$ 15,800</u>	<u>\$ 6,652</u>	<u>\$ (8,475)</u>	<u>\$ 13,977</u>
Liabilities:				
Other liabilities	\$ 11,842	\$ 6,652	\$ (4,517)	\$ 13,977
Notes payable	3,958	-	(3,958)	-
Total Liabilities	<u>\$ 15,800</u>	<u>\$ 6,652</u>	<u>\$ (8,475)</u>	<u>\$ 13,977</u>

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City of Clayton
Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Oak Street Sewer Benefit Assessment District				
Assets:				
Cash and investments	\$ 2,715	\$ 11,545	\$ (11,978)	\$ 2,282
Assessments receivable	89,028	-	(19,937)	69,091
Total Assets	\$ 91,743	\$ 11,545	\$ (31,915)	\$ 71,373
Liabilities:				
Other liabilities	2,715	\$ 11,545	\$ (11,978)	2,282
Notes payable	89,028	-	(19,937)	69,091
Total Liabilities	\$ 91,743	\$ 11,545	\$ (31,915)	\$ 71,373
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 2,034,829	\$ 1,221,705	\$ (1,336,454)	\$ 1,920,080
Cash with fiscal agent	398,099	411,135	(425,507)	383,727
Assessments receivable	2,325,224	-	(396,152)	1,929,072
Accounts receivable	44,610	-	(7,850)	36,760
Investments in bonds	2,058,000	383,000	(745,000)	1,696,000
Total Assets	\$ 6,860,762	\$ 2,015,840	\$ (2,910,963)	\$ 5,965,639
Liabilities:				
Accounts payable	\$ 8,866	\$ 61,490	\$ (57,318)	\$ 13,038
Other liabilities	1,788,351	1,531,332	(1,551,100)	1,768,583
Deposits payable	838,321	762,198	(895,573)	704,946
Notes payable	108,899	-	(29,152)	79,747
Due to bondholders	4,116,325	22,000	(739,000)	3,399,325
Total Liabilities	\$ 6,860,762	\$ 2,377,020	\$ (3,272,143)	\$ 5,965,639

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ADDITIONAL REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Clayton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Clayton's basic financial statements, and have issued our report thereon dated January 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clayton's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clayton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clayton's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Please refer to the letter to the Council dated January 15, 2020 for a list of the deficiencies that we consider to be significant deficiencies and material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clayton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

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such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
January 15, 2020

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January 15, 2020

The City Council
City of Clayton, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clayton for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Clayton are described in Note 1 to the financial statements. The new accounting policies that were adopted and the application of existing policies was changed during 2019 are discussed in Note 1 to the financial statements. We noted no transactions entered into by City of Clayton during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most *sensitive estimates* affecting the City of Clayton's financial statements were:

- Management's estimate of the liabilities, deferred inflows, and deferred outflows of both pension (Note 11) and OPEB (Note 12), which are based on the assumptions and methods used by the actuaries in determining the balances. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- GASB No. 72 was implemented during the year ended June 30, 2016 and requires that investments be recorded at fair value. The valuation of municipal bonds held by the fiduciary funds uses Level 3 inputs which approximates cost. See Notes 1 and 2 of the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most *sensitive disclosures* affecting the financial statements were:

- The disclosure of the Defined Benefit Pension Plan in Note 11 to the financial statements.
- The disclosure of the Other Post-Employment Benefits (OPEB) in Note 12 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The attached material misstatements were corrected by management and were detected as a result of audit procedures or were booked by management after the audit began:

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2020.

Management Consultations with Other Independent

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Clayton's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information which is listed in the table of contents to the financial statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on other supplementary information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Clayton and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California

FINAL DRAFT 01/17/2020

Client: City of Clayton

Period Ending: June 30, 2019

Account	Description	Debit	Credit
Corrected Material Journal Entries			
Adjusting Journal Entry JE # 1			
Client Accommodation Entry: Reclassification of receivables.			
101-1300-00	Accounts Receivable Accruals	188,690.64	
216-1300-00	Accounts Receivable Accruals	55,478.10	
Other funds	Accounts Receivable Accruals	23,428.96	
101-1303-00	Accounts Receivable		188,690.64
216-1303-00	Accounts Receivable		55,478.10
Other funds	Accounts Receivable		23,428.96
Total		<u>267,597.70</u>	<u>267,597.70</u>
Adjusting Journal Entry JE # 4			
Client Accommodation Entry: Book GASB 31 investment entry.			
101-1203-00	Allowance for GASB31 Gain/Loss	89,698.23	
Other funds	Allowance for GASB31 Gain/Loss	114,289.81	
101-5606-00	Unrealized Inv. Gain/Loss		89,698.23
Other funds	Unrealized Inv. Gain/Loss		114,289.81
Total		<u>203,988.04</u>	<u>203,988.04</u>
Adjusting Journal Entry JE # 6			
BR: Adjust Stranahan loan balances to actual.			
616-8500-00	Extraordinary Loss/(Gain)	71,271.37	
616-1361-00	Notes Receivable-StranahanII Mo		71,271.37
Total		<u>71,271.37</u>	<u>71,271.37</u>
Adjusting Journal Entry JE # 9			
Client Accommodation Entry: Record CY Fixed Asset activity			
502-1504-00	Vehicles, Machinery, and Equipment	2,500.00	
502-7390-00	Depreciation Expense	79,751.78	
702-7390-00	Depreciation Expense	36,999.56	
801-1502-00	Fixed Assets Building	266,404.49	
801-1506-00	Construction in Progress	1,729,570.15	
801-1507-00	Infrastructure	833,727.14	
801-3220-00	Investment in General Fixed Assets	966,410.41	
502-1505-00	Accumulated Depreciation		79,751.78
502-7390-00	Depreciation Expense		2,500.00
702-1505-00	Accumulated Depreciation		36,999.56
801-1505-00	Accumulated Depreciation		966,410.32
801-1506-00	Construction in Progress		1,100,131.63
801-3220-00	Investment in General Fixed Assets		1,729,570.24
Total		<u>3,915,363.53</u>	<u>3,915,363.53</u>

FINAL DRAFT 01/17/2020

Adjusting Journal Entry JE # 10

Client Accommodation Entry: Year-end closing of accounts performed after TB provided to the auditor.

802-1510-00	Amount Provided for LT OPEB Liability	24,789.00	
802-2206-00	PERS Liability	228,576.00	
802-1512-00	Amount Provided for Unfunded Pension Liability		228,576.00
802-2407-00	LT OPEB Liability		24,789.00
Total		<u>253,365.00</u>	<u>253,365.00</u>

Adjusting Journal Entry JE # 11

Client Accommodation Entry: Book CY Interest and Notes activity

101-5601-00	Interest	11,983.21	
222-7612-00	Interest Expense	2,948.00	
420-2803-00	CFD 1990-1R (Middle School) Local Obligations Payable	362,000.00	
422-2102-00	Accrued Interest Payable	41,433.64	
422-5815-00	Interest on Loans/Bonds	7,850.00	
615-2102-00	Accrued Interest Payable	3,830.00	
615-2802-00	2014 Refunding Bonds Payable	15,000.00	
101-1305-00	Accrued Interest Receivable		11,983.21
222-2101-00	Accounts Payable		2,948.00
420-1304-00	Assessments Receivable		362,000.00
422-1305-00	Accrued Interest Receivable		7,850.00
422-7612-00	Interest Expense		41,433.64
615-2108-00	Current Portion of LTD		15,000.00
615-7612-00	Interest Expense		3,830.00
Total		<u>445,044.85</u>	<u>445,044.85</u>

Adjusting Journal Entry JE # 12

Client Accommodation Entry: Reclassifications

101-1303-00	Accounts Receivable	5,833.00	
303-1199-00	Equity in Pooled Cash	50,000.00	
502-5801-00	Sale of Assets	311.84	
601-2736-00	Community Action	50,000.00	
601-2744-00	Stormwater Inspection Deposits	12.75	
601-2745-00	Construction and Demolition	12,023.54	
101-1300-00	Accounts Receivable Accruals		5,833.00
303-5805-00	Project Revenue		50,000.00
502-1199-00	Equity in Pooled Cash		311.84
601-1199-00	Equity in Pooled Cash		62,036.29
Total		<u>118,181.13</u>	<u>118,181.13</u>

Adjusting Journal Entry JE # 13

Client Accommodation Entry: Book current year Stranahan valuation.

616-5606-00	Unrealized Inv. Gain/Loss	157,155.00	
616-1255-00	Equity Investment in Low-Moderate Income Housing		157,155.00
Total		<u>157,155.00</u>	<u>157,155.00</u>

FINAL DRAFT 01/17/2020

Adjusting Journal Entry JE # 19

Client Accommodation Entry: Record the reduction in note receivable and deferred revenue for Diamond Terrace.

616-2721-00	Deferred Revenue	96,400.00	
616-1362-00	Note Receivable P.A.M.		96,400.00
Total		<u>96,400.00</u>	<u>96,400.00</u>

Adjusting Journal Entry JE # 20

Client Accommodation Entry: Record Harris invoices.

101-1199-00	Equity in Pooled Cash	346.50	
101-1303-00	Accounts Receivable	24,731.47	
101-7341-03	Buildings/Grounds Maintenance	187.46	
101-7419-08	Other Professional Services	570.00	
101-7430-08	Well Monitoring Svc Charge	8,252.50	
210-7520-00	Project Program Costs	20,725.00	
212-7412-00	Engineering/Inspection Service	1,330.00	
230-7419-00	Other Professional Services	380.00	
231-7419-00	Other Professional Services	1,520.00	
303-7552-00	Project Costs-Construction/Execution	2,495.00	
303-7553-00	Project Costs-Monitoring/Inspections	17,657.50	
303-7554-00	Project Costs-Close-out/Punch List	5,770.00	
601-2740-00	Planning Services Deposit	1,012.00	
601-2741-00	Engineering Services Deposit	253.00	
601-2743-00	Non-Stormwater Inspection Deposits	885.50	
601-2744-00	Stormwater Inspection Deposits	506.00	
101-2101-00	Accounts Payable		30,515.59
101-5791-00	Overhead Cost Recovery		3,572.34
210-2101-00	Accounts Payable		20,725.00
212-2101-00	Accounts Payable		1,330.00
230-2101-00	Accounts Payable		380.00
231-2101-00	Accounts Payable		1,520.00
303-2101-00	Accounts Payable		25,922.50
601-1199-00	Equity in Pooled Cash		346.50
601-2101-00	Accounts Payable		2,310.00
Total		<u>86,621.93</u>	<u>86,621.93</u>

FINAL DRAFT 01/17/2020

Client: *City of Clayton*

Period Ending: *June 30, 2019*

Account	Description	Debit	Credit
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Uncorrected Journal Entries

Proposed Journal Entries JE # 5

BR: Adjust Investment accounts to market and book accrued interest

101-1203-00	Allowance for GASB31 Gain/Loss	34.77	
101-1305-00	Accrued Interest Receivable	163.33	
101-5606-00	Unrealized Inv. Gain/Loss	80.63	
101-1203-00	Allowance for GASB31 Gain/Loss		80.63
101-5606-00	Unrealized Inv. Gain/Loss		34.77
101-5606-00	Unrealized Inv. Gain/Loss		163.33
Total		<u>278.73</u>	<u>278.73</u>

Proposed Journal Entries JE # 16

BM: Doubt of collectability of Oakhurst receivable

101-9CAC-00	Bad debt expense	24,524.36	
101-13CAC-00	Allowance for Doubtful Accounts		24,524.36
Total		<u>24,524.36</u>	<u>24,524.36</u>

Proposed Journal Entries JE # 21

BR: Book accrued interest and the related allowance for doubtful accounts.

616-1305-00	Accrued interest receivable	24,114.04	
Fund 616	Bad debt expense	24,114.04	
Fund 616	Allowance for doubtful accounts		24,114.04
616-5601-00	Interest		24,114.04
Total		<u>48,228.08</u>	<u>48,228.08</u>

FINAL DRAFT 01/17/2020



AGENDA REPORT

TO: Honorable Mayor and Councilmembers

FROM: Ikani Taumoepeau, City Manager

DATE: January 21, 2020

SUBJECT: Discuss and Consider Opposing Senate Bill 50 Regarding Planning, Zoning, and Housing Development Incentives.

Presenter: Jeff Wan, Vice Mayor

RECOMMENDATION

Discuss and consider opposing Senate Bill 50 (SB 50) regarding planning, zoning, and housing development incentives.

BACKGROUND

Local governments typically have the right to exercise control over what gets built in their community. Local officials weigh the need for additional housing against the concerns and desires of their constituents. Where appropriate, those officials enact ordinances to shape their communities based on local conditions and desires. Moreover, these planning actions and decisions take place within the confines of state laws that require local governments to plan and zone for new housing, subject to approval by the California Department of Housing and Community Development (HCD), and under threat of fines for improper denial as a result of recent legislation.

SB 50 would “upzone” (rezone for more intensive use) much of the land currently dedicated to single-family housing, allowing for developers to build duplexes, triplexes, or fourplexes.

FISCAL IMPACT

None.

Attachments: - Draft Letter Opposing SB 50
- Outline of SB 50

Members of the CA Senate Appropriations Committee

I write to you in regard to SB50 that was recently reintroduced in the legislature. With minor changes that merely that pay lip service to local control – dramatically increased density and fourplexes by right - the worst parts of SB50 from the prior legislative session - are still in full effect. An extension of time only delays the poor outcomes that SB50 hopes to achieve. If SB50 were to pass, fourplexes would be allowed by right on any single family zoned property - that means that anyone could build a fourplex in any neighborhood that is currently zoned for single family. This would eliminate single family zoning everywhere in the state.

SB 50 is poor public policy for several reasons:

Undefined critical terms: Any location that is determined to be job rich or near transit could receive waivers on parking, density, height, size, etc. And this would be on top of any waivers received as a result of the CA Density Bonus law which already undermine local control. The definitions of being near transit would mean that a city's zoning rules could change at the whim of outside transit authorities adjusting the timing of the buses. In addition, the definition of "job rich" is sufficiently nebulous that most populated areas in the state could be included, even if they are nowhere near transit. This is also true of "transportation efficiency" and "feasibly housing capacity".

Carve out Counties: Exempting cities of populations less than 50,000, but only if they are in a county with a population of less than 600,000 makes no sense. This provision would see cities of similar size be treated dramatically differently. Carve outs for counties to secure votes is poor public policy.

Duplicative processes: It is unclear how the "local flexibility plan" that SB 50 contemplates interacts with the Housing Element process. Creating parallel rubrics for measuring housing is inefficient and will lead to duplicative work for cities and HUD.

Ultimately, housing production requirements must target areas with greater job growth and should not take a one size fits all approach across California. Housing shortages in CA will not be solved by forcing small cities like Clayton to upzone with limited to no parking, increased density, and little consideration for commutes. SB50 is a one size fits all cudgel to be used against small cities forcing them to subsidize the lack of housing being produced where jobs are being created.

Please oppose SB50.

Respectfully,

CC: Senator Anthony J. Portantino
Senator Patricia C. Bates (Vice Chair)
Senator Steven Bradford
Senator Maria Elena Durazo
Senator Jerry Hill
Senator Brian W. Jones
Senator Bob Wieckowski
Clayton City Council
Assembly Member Tim Grayson
Senator Steve Glazer

Outline of SB 50 (Wiener) Planning and Zonings. Housing Development Incentives.
As Amended 01/06/2020

Key Elements of SB 50 as Amended 01/06/2020

- Allows developers of certain types of housing projects to override locally developed and adopted height limitations, housing densities, and parking requirements. These overrides are called “equitable communities incentives (ECI).” [Please see pages 2-3 for more detail].
- SB 50’s requirements are applied differently based on city population and the population of the county in which the city is located.
- Requires all cities to allow up to fourplexes in single-family neighborhoods through a streamlined, ministerial approval process unless project would have specific, adverse impact upon public health or safety.
- Allows “sensitive communities” identified by councils of governments to develop a community plan, as prescribed, and not be required to grant an ECI as long as the “community plan” achieves similar objectives and goals.
- Allows cities to develop a HCD-approved “local flexibility plan”, as an alternative to the requirements in SB 50.

The “Local Flexibility Plan:” Amendments adopted on January 6, 2020

The amendments offer an alternative: Cities and counties can adopt a “local flexibility plan” approved by HCD by January 1, 2023 or be required to grant ECI overrides of density, height and parking) of SB 50.

A “local flexibility plan” submitted on or after July 1, 2021 to HCD, must do all of the following:

- Affirmatively further fair housing, as that term is defined in Section 8899.50, to an extent as great or greater than if the local government were to grant an ECI.
- Achieve a standard of transportation efficiency as great or greater than if the local government were to grant an ECI.
- Increase overall feasible housing capacity for households of lower, moderate, and above moderate incomes, considering economic factors such as cost of likely construction types, affordable housing requirements, and the impact of local development fees.

On or before July 1, 2021, OPR, in consultation with HCD, will develop guidelines for the submission and approval of a local flexibility plan. Rules, regulations and guidelines may be adopted with limited public process.

A local flexibility plan is an alternative to granting an ECI. A local flexibility plan does not exempt a city from ministerial approval of a fourplex in a single-family zone.

Comments Regarding the Amendments Adopted on January 6, 2020

- It appears that the intent of the amendments is to provide local governments with an opportunity to develop their own plans to meet the goals and objectives of SB 50. Unfortunately, the amendments, as drafted, raise the following concerns:
 - OPR and HCD are tasked with developing “rules, regulations, or guidelines for the submission and approval of a local flexibility plan” without sufficient Legislative direction. This rulemaking process is exempt from the Administrative Procedures Act, thus allowing OPR and HCD to craft rules, regulations, or guidelines with little to no public input or oversight.

- The elements of the plan are not clear: “Achieve a standard of transportation efficiency as great or greater than if the local government were to grant equitable communities incentives.” SB 50 does not contain any language regarding “transportation efficiency.” Therefore, it is not possible to determine how HCD, OPR or a local government will determine how to meet this standard.
- “Increase overall feasible housing capacity for households of lower, moderate, and above moderate incomes, considering economic factors such as cost of likely construction types, affordable housing requirements, and the impact of local development fees.” SB 50 does not contain any language regarding “feasible housing capacity for households of lower, moderate, and above moderate incomes,” nor does it address “economic factors such as cost of likely construction types, affordable housing requirements, and the impact of local development fees.” Therefore, it is not possible to determine how HCD, OPR or a local government will determine how to meet this standard.
- Without clearly identified criteria, we are unable to evaluate whether the “local flexibility plan” is actually an alternative planning option.

The Community Plan: Sensitive Communities

Unchanged by the amendments are SB 50’s alternative for “sensitive communities.” Sensitive communities are determined by councils of governments (or by MTC in the ABAG region). The ECI provisions of SB 50 will apply to a “sensitive community” after January 1, 2026 unless the community adopts a “community plan” aimed toward increasing residential density and multifamily housing choices near transit stops. The community plan must:

- Permit increased density and multifamily development near transit with all upzoning linked to onsite affordable housing requirements;
- Include provisions to protect vulnerable residents from displacement;
- Promote economic justice for workers and residents; and
- Be developed in partnership with a nonprofit or community organization.

Equitable Communities Incentives

City must grant an Equitable Community Incentive (ECI) to “jobs-rich” or “transit-rich” project on a site zoned to allow housing with certain site exclusions as described below unless city makes finding that incentive would have a specific, adverse impact on any real property or historic district. Project must comply with city’s conditional use or other discretionary permit approval process and with certain affordability requirements (or local inclusionary ordinance) and is subject to CEQA review.

Counties with a population less than or equal to 600,000: Cities with population OVER 50,000

- Equitable Community Incentive to a jobs-rich or transit-rich housing project located within ½ mile of a major transit stop with a minimum density of 30 units/acre in “metropolitan” community or 20 units/acre in “suburban” community:
 - 1 additional story or fifteen feet in height.
 - Waiver of 0.6 Floor Area Ratio.
 - Maximum 0.5 parking spots per units; and no minimum parking requirement if within ¼ mile of rail transit station in city with population greater than 100,000.
 - Waiver of maximum controls density.

- Site exclusions: architecturally or historically significant district; special flood hazard area.
- Mandatory inclusionary housing requirements apply.
- Existing Density Bonus Law may be applied to the project.

Counties with a population over 600,000: All cities (except those under 50,000 in the coastal zone)

- Equitable Community Incentive to a jobs-rich or transit-rich housing project:
 - Waiver of maximum controls on density.
 - 0.5 parking spots per unit.
 - Within 1/2 mile of a major transit stop – height up to 45 feet, Floor Area Ratio of 2.5, and no parking requirements.
 - Within 1/4 mile of a major transit stop – height up to 55 feet , Floor Area Ration of 3.25, and no parking requirements.
- Mandatory inclusionary housing requirements apply.
- Existing Density Bonus Law may be applied to the project.