CITY OF CLAYTON
Founded 1857 .. Incorporated 1964

AGENDA

REGULAR MEETINGS

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CLAYTON CITY COUNCIL
and
CLAYTON REDEVELOPMENT AGENCY

TUESDAY, March 2, 2010

6:30 p.m.

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

Mayor: Hank Stratford
Vice Mayor: David T. Shuey

Council Members
Howard Geller
Joseph A. Medrano
Julie K. Pierce

- 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 on Monday 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 *
March 2, 2010

6:30 P.M.

1. CALL TO ORDER AND ROLL CALL – Mayor Stratford.

2. CLOSED SESSION

(a) *Government Code Section 54956.9*, Conference with Legal Counsel
Pending Litigation: *JFC Construction, Inc. v. City of Clayton*
Contra Costa County Superior Court, Case No. C10-00293.

Report out of Closed Session: Mayor Stratford.

7:00 P.M.

3. PLEDGE OF ALLEGIANCE – led by Mayor Stratford.

4. CONSENT CALENDAR

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

(a) Approve the minutes of the regular meeting of February 16, 2010. **(View Here)**

(b) Approve Financial Demands and Obligations of the City. **(View Here)**

5. RECOGNITIONS AND PRESENTATIONS

(a) Proclamation declaring March 2009 as "American Red Cross Month." **(View Here)**

6. REPORTS

(a) Planning Commission – Chairman Bob Armstrong.
(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

7. PUBLIC COMMENT ON NON-AGENDA ITEMS

Citizens may address the City Council on items within the Council's jurisdiction, (which are not on the agenda) by completing a speaker card available on the Lobby table and submitting it 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 by the Mayor, the speaker shall 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 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.

8. PUBLIC HEARINGS – None.

9. ACTION ITEMS

(a) Discuss request by community members for the City to provide public land for the construction and maintenance of a dirt bike park. ***(View Here)***
(Mayor Stratford)

Staff recommendation: That the City Council provide policy direction to staff.

(b) Consideration of a multi-year professional services contracts for independent auditing services of the City and the Clayton Redevelopment Agency (RDA), and for preparation of annual Financial Statements and the State Controller's Report.
(Finance Manager) ***(View Here)***

Staff recommendations: Following the staff report and receipt of public comments, it is recommended the City Council approve a motion:

1. Awarding a 3-year contract to Cropper Accountancy Corporation, CPA (Walnut Creek) in the amount of $16,635 each year for basic City and RDA independent auditing services, and authorizing the City Manager to sign the professional services contract in behalf of the City; and

2. Awarding a 3-year contract to Thales Consulting, Inc. in the amount of $6,300 each year for preparation of annual Financial Statements and the mandated State Controller's Report, and authorizing the City Manager to sign the professional services contract in behalf of the City.

(c) Consideration and approval of a Landscaping Plan for Daffodil Hill and the terraced retaining walls west of the CVS/Pharmacy on Clayton Road.
(Maintenance Supervisor) **(View Here)**

Staff recommendations: On recommendation of the Trails and Landscaping Committee and staff, adopt a motion approving the recommended Landscaping Plan for implementation when funds are allocated and the CCWD-imposed water drought restrictions are lifted.

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

11. ADJOURNMENT– the next regularly scheduled meeting of Tuesday, March 16, 2010.

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* CLAYTON REDEVELOPMENT AGENCY *

March 2, 2010

1. CALL TO ORDER THE REDEVELOPMENT AGENCY- Chairman Medrano.

2. PUBLIC COMMENTS

Citizens may address the Redevelopment Agency on items within the Agency's jurisdiction, (which are not on the agenda) by completing a speaker card and forwarding it to the Secretary. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Chair's discretion. When the Chair calls one's name, the speaker shall advance to 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. Board Members may respond to statements made or questions asked, or may 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 as each item is considered.

3. CONSENT CALENDAR

Consent Calendar items are typically routine in nature and are considered for approval by the Board of Directors with one single motion. Members of the Board, Audience, or Staff wishing an item removed from the Consent Calendar for purpose of public comment or input may request so through the Chair.

(a) Approve the minutes of the regular meeting of February 16, 2010. **(View Here)**

(b) Approve an Agreement of Purchase and Sale and Joint Escrow Instructions with Ms. Carol M. Newton for the Agency's sale of 272 Stranahan Circle, Clayton, CA (APN 119-620-037) in the amount of $175,000.00 as a Low Income Affordable Housing Unit for forty-five (45) years. **(View Here)**

4. PUBLIC HEARINGS – None.

5. ACTION ITEMS

(a) Consideration of concept design plans and preliminary cost estimates for expansion of the exterior patio of Endeavor Hall (6008 Center Street) to accommodate larger groups and events. **(View Here)**
(City Engineer)

Staff recommendation: That the Board provide input concerning the proposed concept plan and prospective funding of the Project.

6. BOARD ITEMS – limited to requests and directives for next meeting.

7. ADJOURNMENT - the next regular Redevelopment Agency meeting will be scheduled as needed.

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MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL

Agenda Date: 3/2/10

Agenda Item: 4a

TUESDAY, February 16, 2010

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 7:00 p.m. by Mayor Stratford in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Stratford, Vice Mayor Shuey, Councilmembers Geller, Medrano, and Pierce. Staff present: City Manager Gary Napper, City Attorney Dan Adams, Finance Manager Merry Pelletier, and City Clerk Laci Jackson.

2. **CLOSED SESSION** – None.

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

4. **CONSENT CALENDAR- It was moved by Councilmember Pierce, seconded by Councilmember Medrano to approve the Consent Calendar as submitted (Passed; 5-0 vote).**

(a) Approved the minutes of the regular meeting of February 2, 2010.

(b) Approved Financial Demands and Obligations of the City.

(c) Rejected the liability claim of Mr. Manuel Bagnaschi for alleged losses incurred October 2, 2010.

(d) Authorized Mayoral notification to the Contra Costa County Auditor that the City of Clayton intends, under protest, for its Redevelopment Agency to remit directly the State-imposed theft of local tax increment revenues (property taxes) in the amount of $1,966,954 for FY 2009-2010 to aid State Budget deficits.

(e) Accepted the City Investment Portfolio Report for the 2nd Quarter of FY 2009-10.

5. **RECOGNITIONS AND PRESENTATIONS** – None.

6. **REPORTS**

(a) Planning Commission – Commissioner Dan Richardson reported on the February 9th meeting of the Planning commission. The Commission reviewed a Site Plan Review Permit for an existing retaining wall on Ohlone Heights. He stated the applicant has shown great progress to correct the non-compliant condition. The Commission also provided staff feedback on a draft Water Efficient Landscape Ordinance.

(b) Trails and Landscaping Committee – Committee Member Lorraine Mole reported on the February 8th meeting of the Trails and Landscaping Committee. She stated the Adopt-a-Trail program was in its 2nd year and the Committee was receiving positive feedback. The Committee is still actively pursuing more donors. The Committee reviewed the concepts for replacement of landscaping and hardscape for certain median island noses. The Committee is reviewing the Fountain area and prioritizing the replacement of plants or turf. She concluded by stating the Committee reviewed a master street tree list. The next Trails and Landscaping Committee meeting is scheduled for May 17, 2010.

(c) The City Manager had no report.

(d) City Council

Councilmember Pierce attended an ABAG Regional Planning Committee meeting, a Transportation Authority meeting, the Mayors' Conference, and a Transpac meeting. She stated she has been appointed to the Transportation Authority through 2012.

Councilmember Geller attended a Budget Sub-committee meeting, the Mayors' Conference, and reported 8 of 10 bands had been booked for the Concerts in The Grove in 2010.

Mayor Stratford attended the Mayors' Conference, the Trails and Landscaping Committee meeting, the Budget Sub-committee meeting and the military service homecoming for Jason Gardner. He stated the CERT program will be changing soon.

Other – None.

7. PUBLIC COMMENT ON NON-AGENDA ITEMS

Joe Partanski, Clayton resident, stated he is working with the Bay Area Air Quality Management District to inform cities about the new regulations coming out. He stated the staff has been invited to upcoming trainings regarding the changes. He stated regarding open government, the controversy regarding the *Contra Costa Times* editorial would be a good case study on journalism ethics and government transparency.

Dan Richardson stated he wanted to publicly express his displeasure with the *Contra Costa Times* editorial. He stated he read it multiple times and became angry. He stated he is a retired public servant and has a lifetime of providing public information. He stated the City of Clayton has nothing to hide and has done the best of managing a budget with few resources. He stated he was outraged by the reporter's accusations because he was completely off base. He thanked Don Blublaugh for his rebuttal editorial which he believed was spot on.

8. PUBLIC HEARINGS – None.

9. ACTION ITEMS

(a) Presentation of the Mid-Year City Budget status report for Fiscal Year 2009-2010 with recommendation by the Council Budget Sub-Committee to amend the adopted Budget to incorporate new General Fund revenue of $45,000 in 2% election payment pursuant to the Clayton Redevelopment Plan.

The Finance Manager presented the staff report which outlined and explained the variances in the funds as of December 31, 2009. She stated that expenditures were with budget but revenues were not coming in as expected particularly with property taxes and planning services. She stated staff and the Sub-committee are recommending that $45,000 of new money from the Redevelopment Agencies 2% election payment, not included originally in the budget, be added to the budget at this time.

The City Manager thanked Merry for the analysis and stated that along with the economic downturn this year the City had to absorb the termination of a $100,000 sewer in lieu fee and an additional $100,000 from the general fund for dispatch services provided by the City of Concord. He also stated Motor Vehicle In Lieu Fees were decreased because the State found a way to take more for their DMV operational costs. He stated staff is projecting a $45,000 gap (1.2% of the budget).

Councilmember Shuey asked if reserves could cover this shortfall. The City Manager stated the General Fund reserve is $5.1 million, more than the annual General Fund budget of $3.6 million.

Councilmember Geller thanked the Finance Manager and stated she knows her job inside out and is hopeful that the City will not have to dip into reserves because of how conservative staff projects the numbers.

Mayor Stratford stated the reason for only bringing the $45,000 in Redevelopment Agency 2% transfer money to the General Fund projected gap is because we do not know exactly where finances will end up at year end.

No public comments were received.

It was moved by Councilmember Geller, seconded by Councilmember Pierce to approve the Mid-Year City Budget status report for Fiscal Year 2009-2010 with recommendation by the Council Budget Sub-Committee to amend the adopted Budget to incorporate new General Fund revenue of $45,000 in 2% Redevelopment Agency election payment pursuant to the Clayton Redevelopment Plan (Passed: 5-0 vote).

10. COUNCIL ITEMS- None.

11. ADJOURNMENT– On call by Mayor Stratford the meeting adjourned at 7:40 p.m.

Respectfully submitted,

Laci J. Jackson, City Clerk

APPROVED BY CLAYTON CITY COUNCIL

Hank Stratford, Mayor

CITY OF CLAYTON
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Agenda Date: 03/02/10

Agenda Item: 4b

Approved:

Gary A. Napper
City Manager/Executive Director

STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: MERRY PELLETIER, FINANCE MANAGER

DATE: MARCH 2, 2010

SUBJECT: OBLIGATION SUMMARY

RECOMMENDATION Approve the following obligations.

RUN DATE	OBLIGATION NUMBERS	TOTALS
02/26/10	16852 – 16886	$215,917.41

Invoice Distribution Report
- Amounts spent by "Line Item"
- A grand total is shown on the last page

Attachments:
Invoice Distribution Report 02/26/10 (10 pages)

	Obligat'n	Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A101-2206-00.0.0-000 - PERS Liability						
	16884	Retirement PPE 2/21/10	201	CalPERS		
			7	PD Survivor Benefit 2/21/10	Inv	10.23
	Invoice number.: PPE 2/21/10					
A101-2206-00.0.0-000 - PERS Liability				*** Account total ***		10.23
A101-5791-00.0.0-000 - Overhead cost recovery						
	16873	Refund SWP 25-08 Dep 2/10	2519	Denise M. Lombardo		
			2	OH Rec SWP 25-08	Inv	-227.21
	Invoice number.: SWP 25-08					
A101-5791-00.0.0-000 - Overhead cost recovery				*** Account total ***		-227.21
A101-7220-02.0.0-000 - PERS Retirement						
	16884	Retirement PPE 2/21/10	201	CalPERS		
			2	Admin 2/21/10	Inv	3,968.69
	Invoice number.: PPE 2/21/10					
A101-7220-02.0.0-000 - PERS Retirement				*** Account total ***		3,968.69
A101-7220-03.0.0-000 - PERS Retirement						
	16884	Retirement PPE 2/21/10	201	CalPERS		
			3	PW 2/21/10	Inv	2,316.72
	Invoice number.: PPE 2/21/10					
A101-7220-03.0.0-000 - PERS Retirement				*** Account total ***		2,316.72
A101-7220-04.0.0-000 - PERS Retirement						
	16884	Retirement PPE 2/21/10	201	CalPERS		
			4	Planning 2/21/10	Inv	1,176.88
	Invoice number.: PPE 2/21/10					
A101-7220-04.0.0-000 - PERS Retirement				*** Account total ***		1,176.88
A101-7220-06.0.0-000 - PERS Retirement						
	16884	Retirement PPE 2/21/10	201	CalPERS		
			5	Police 2/21/10	Inv	12,627.98
	Invoice number.: PPE 2/21/10					
A101-7220-06.0.0-000 - PERS Retirement				*** Account total ***		12,627.98
A101-7246-01.0.0-000 - Benefit Insurance						
	16854	Dental Premimum 3/10	540	Health Care Dental Trust		
			6	Cc Geller 3/10	Inv	45.95
	Invoice number.: 103430					
A101-7246-01.0.0-000 - Benefit Insurance				*** Account total ***		45.95

Obligat'n Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A101-7246-02.0.0-000 - Benefit Insurance				
16852 Health Insurance 3/10	1316	CalPERS Health		
	1	Admin 3/10	Inv	6,376.56
Invoice number.: 388				
	6	Adm Fees Health 3/10	Inv	117.15
Invoice number.: 388				
16854 Dental Premimum 3/10	540	Health Care Dental Trust		
	1	Admin Dental 3/10	Inv	521.02
Invoice number.: 103430				
A101-7246-02.0.0-000 - Benefit Insurance		*** Account total ***		7,014.73
A101-7246-03.0.0-000 - Benefit Insurance				
16852 Health Insurance 3/10	1316	CalPERS Health		
	2	PW 3/10	Inv	5,105.50
Invoice number.: 388				
16854 Dental Premimum 3/10	540	Health Care Dental Trust		
	2	PW Dental 3/10	Inv	556.95
Invoice number.: 103430				
A101-7246-03.0.0-000 - Benefit Insurance		*** Account total ***		5,662.45
A101-7246-04.0.0-000 - Benefit Insurance				
16852 Health Insurance 3/10	1316	CalPERS Health		
	3	Planning 3/10	Inv	2,449.78
Invoice number.: 388				
16854 Dental Premimum 3/10	540	Health Care Dental Trust		
	3	Planning Dental 3/10	Inv	214.56
Invoice number.: 103430				
A101-7246-04.0.0-000 - Benefit Insurance		*** Account total ***		2,664.34
A101-7246-06.0.0-000 - Benefit Insurance				
16852 Health Insurance 3/10	1316	CalPERS Health		
	4	Police Dept 3/10	Inv	9,608.68
Invoice number.: 388				
	5	ER Share -retired PD 3/10	Inv	189.00
Invoice number.: 388				
16854 Dental Premimum 3/10	540	Health Care Dental Trust		
	4	Police Dept Dental 3/10	Inv	950.78
Invoice number.: 103430				
A101-7246-06.0.0-000 - Benefit Insurance		*** Account total ***		10,748.46

	Obligat'n	Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A101-7311-06.0.0-000 - General Supplies						
	16875	PD Uniform Roden 2/10	2528	Concord Uniforms		
			1	PD Uniform Roden 2/10	Inv	304.48
	Invoice number.: 4429					
	16882	Police Shield Emblems 2/10	2609	National Emblem Inc		
			1	Police Shield Emblems 2/10	Inv	266.99
	Invoice number.: 333145					
A101-7311-06.0.0-000 - General Supplies				*** Account total ***		571.47
A101-7312-06.0.0-000 - Office Supplies/Expense						
	16868	Printing Services PD 2/10	42	City of Concord		
			1	PD Printing 2/10	Inv	240.00
	Invoice number.: 19271					
A101-7312-06.0.0-000 - Office Supplies/Expense				*** Account total ***		240.00
A101-7314-05.0.0-000 - Postage						
	16867	Adm Postage Added 2/22/10	2100	Neopost (add postage)		
			1	Adm Postage Added 2/22/10	Inv	300.00
	Invoice number.: 2/22/10					
A101-7314-05.0.0-000 - Postage				*** Account total ***		300.00
A101-7331-05.0.0-000 - Rentals/Leases						
	16857	Adm-Postage Mach Lease 2/10	896	Neopost Leasing		
			1	Adm-Postage Mach Rental 2/10	Inv	221.79
	Invoice number.: N1286507					
A101-7331-05.0.0-000 - Rentals/Leases				*** Account total ***		221.79
A101-7332-02.0.0-000 - Telecommunications						
	16855	Local Phone Svc 1/10B	1243	AT&T/ CalNet 2		
			2	CH Local Phone 1/10B	Inv	209.88
	Invoice number.: 1/10B					
	16858	Admin ISDN Line 3/10	1573	Verizon Business		
			1	Admin ISDN Line 3/10	Inv	214.28
	Invoice number.: 68287578					
A101-7332-02.0.0-000 - Telecommunications				*** Account total ***		424.16
A101-7332-06.0.0-000 - Telephone						
	16855	Local Phone Svc 1/10B	1243	AT&T/ CalNet 2		
			7	PD Local Phone 1/10B	Inv	91.66
	Invoice number.: 1/10B					
A101-7332-06.0.0-000 - Telephone				*** Account total ***		91.66

	Obligat'n Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A101-7332-07.0.0-000 - Telephone					
	16855 Local Phone Svc 1/10B	1243	AT&T/ CalNet 2		
		4	Library Local Phone 1/10B	Inv	155.12
	Invoice number.: 1/10B				
A101-7332-07.0.0-000 - Telephone			*** Account total ***		155.12
A101-7341-03.0.0-000 - Buildings/Grounds Maintenance					
	16856 Monthly Svc 1/10	170	Western Exterminator		
		1	City Hall Ext Svc 1/10	Inv	90.50
	Invoice number.: 472072				
A101-7341-03.0.0-000 - Buildings/Grounds Maintenance			*** Account total ***		90.50
A101-7341-07.0.0-000 - Buildings/Grounds Maintenance					
	16856 Monthly Svc 1/10	170	Western Exterminator		
		2	Library Ext Svc 1/10	Inv	93.50
	Invoice number.: 472072				
A101-7341-07.0.0-000 - Buildings/Grounds Maintenance			*** Account total ***		93.50
A101-7343-06.0.0-000 - Vehicle Maintenance					
	16861 PD Vehicle Maintenance 1/10	42	City of Concord		
		1	PD Vehicle Mtn 1/10	Inv	408.55
	Invoice number.: 19248				
A101-7343-06.0.0-000 - Vehicle Maintenance			*** Account total ***		408.55
A101-7351-05.0.0-000 - Insurance Premiums					
	16879 Crime Premium 10-11	65	Municipal Pooling Authority		
		1	Crime Premium 10-11	Inv	400.00
	Invoice number.: C1003				
A101-7351-05.0.0-000 - Insurance Premiums			*** Account total ***		400.00
A101-7363-06.0.0-000 - Business Entertainment Expense					
	16876 PD Equipment 2/10	1746	San Diego Police Equipment Co.		
		1	PD Equipment 2/10	Inv	1,247.01
	Invoice number.: 591691				
A101-7363-06.0.0-000 - Business Entertainment Expense			*** Account total ***		1,247.01
A101-7372-01.0.0-000 - Conferences					
	16878 Mayors Conf 3/10	54	City of San Pablo		
		1	Mayors Conf 3/10	Inv	100.00
	Invoice number.: 3/10				
A101-7372-01.0.0-000 - Conferences			*** Account total ***		100.00

Account	Obligat'n Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A101-7411-08.0.0-000 - Professional Services Retainer					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		1	Eng Svc 2/6/10-2/19/10	Inv	2,097.50
	Invoice number.: 9087-9099				
A101-7411-08.0.0-000 - Professional Services Retainer			*** Account total ***		2,097.50
A101-7419-01.0.0-000 - Other Professional Services					
	16866 Video City Council Mtg 2/16/10	1467	LarryLogic Productions		
		1	Video CC Mtg 2/16/10	Inv	270.00
	Invoice number.: 1028				
A101-7419-01.0.0-000 - Other Professional Services			*** Account total ***		270.00
A101-7419-05.0.0-000 - Other Professional Services					
	16883 CD Investment 2/10	2161	Financial Northeastern Corp		
		2	WT Fee 2/26/10	Inv	25.00
	Invoice number.: Ill Bnk CD 2/10				
A101-7419-05.0.0-000 - Other Professional Services			*** Account total ***		25.00
A101-7419-06.0.0-000 - Other Professional Services					
	16862 PD-Crossing Guard WE 2/13/10	1538	All City Management Services,		
		1	PD-Crossing Guard WE 2/13/10	Inv	418.50
	Invoice number.: 18882				
	16869 PD Live Scan 2/10	42	City of Concord		
		1	PD Live Scan 2/10	Inv	83.00
	Invoice number.: 19276				
	16870 PD-Crossing Guard WE 1/30/10	1538	All City Management Services,		
		1	PD-Crossing Guard WE 1/30/10	Inv	418.50
	Invoice number.: 18762				
	16871 PD Haz Mat Disposal 2-4/10	2507	Stericycle Inc		
		1	PD Haz Mat Disp 2-4/10	Inv	165.84
	Invoice number.: 3000779553				
	16874 PD PreEmpl Exam 2/10	1875	Muir/ Diablo Occupation Medici		
		1	PD PreEmpl Exam 2/10	Inv	70.00
	Invoice number.: 85819				
A101-7419-06.0.0-000 - Other Professional Services			*** Account total ***		1,155.84
A101-7419-09.0.0-000 - Other Professional Services					
	16856 Monthly Svc 1/10	170	Western Exterminator		
		3	Park Ext Svc 1/10	Inv	40.50
	Invoice number.: 472072				
A101-7419-09.0.0-000 - Other Professional Services			*** Account total ***		40.50

	Obligat'n Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A101-7424-06.0.0-000 - Dispatch Services					
	16860 PD Dispatch Svcs 1/10	42	City of Concord		
		1	PD Dispatch Svcs 1/10	Inv	13,173.00
	Invoice number.: 19222				
A101-7424-06.0.0-000 - Dispatch Services			*** Account total ***		13,173.00
A101-7425-06.0.0-000 - Crime Lab					
	16863 PD-Blood Lab 10-12/09	641	CCC Office of the Sheriff-Coro		
		1	PD-Blood Lab 10-12/09	Inv	279.32
	Invoice number.: ClayPD-409				
	16864 PD-Crime Lab 1/10	641	CCC Office of the Sheriff-Coro		
		1	PD Crime Lab 1/10	Inv	397.50
	Invoice number.: ClayPD-1001				
A101-7425-06.0.0-000 - Crime Lab			*** Account total ***		676.82
A101-7426-06.0.0-000 - Jail Booking Fee					
	16865 Booking Fees 1/10	416	CCC Auditor-Controller		
		1	Booking Fees 1/10	Inv	20.00
	Invoice number.: 1/10				
A101-7426-06.0.0-000 - Jail Booking Fee			*** Account total ***		20.00
A201-7412-00.0.0-000 - Engineering/Inspection Service					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		4	Gas Tax Insp #9088	Inv	457.50
	Invoice number.: 9087-9099				
A201-7412-00.0.0-000 - Engineering/Inspection Service			*** Account total ***		457.50
A201-7520-00.0.0-118 - 2010 Arterial Overlay -PreARRA					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		3	Eng Svc #9095	Inv	6,198.26
	Invoice number.: 9087-9099				
A201-7520-00.0.0-118 - 2010 Arterial Overlay -PreARRA			*** Account total ***		6,198.26
A210-7419-00.0.0-000 - Other Professional Services					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		5	Eng Svc #9087	Inv	61.00
	Invoice number.: 9087-9099				
A210-7419-00.0.0-000 - Other Professional Services			*** Account total ***		61.00
A212-7412-00.0.0-000 - Engineering/Inspection Service					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		2	OH GHAD #9098	Inv	642.13
	Invoice number.: 9087-9099				
A212-7412-00.0.0-000 - Engineering/Inspection Service			*** Account total ***		642.13

Account	Obligat'n	Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A212-7413-00.0.0-000 - Legal Services						
	16853	Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
			6	Eng Svc #9099	Inv	648.63
	Invoice number.: 9087-9099					
A212-7413-00.0.0-000 - Legal Services				*** Account total ***		648.63
A216-7373-00.0.0-000 - Training and Education						
	16853	Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
			7	Eng Svc #9090	Inv	176.00
	Invoice number.: 9087-9099					
A216-7373-00.0.0-000 - Training and Education				*** Account total ***		176.00
A230-7220-00.0.0-813 - PERS Retirement-COPS						
	16884	Retirement PPE 2/21/10	201	CalPERS		
			6	PD Grant 2/21/10	Inv	935.98
	Invoice number.: PPE 2/21/10					
A230-7220-00.0.0-813 - PERS Retirement-COPS				*** Account total ***		935.98
A230-7246-00.0.0-000 - Benefit Insurance						
	16852	Health Insurance 3/10	1316	CalPERS Health		
			7	PD Grants 3/10	Inv	1,384.66
	Invoice number.: 388					
	16854	Dental Premimum 3/10	540	Health Care Dental Trust		
			5	PD Grant Dental 3/10	Inv	127.83
	Invoice number.: 103430					
A230-7246-00.0.0-000 - Benefit Insurance				*** Account total ***		1,512.49
A230-7485-00.0.0-000 - Capital Equipment-Cleep Grant						
	16859	PD Router Maintenance 2/10	42	City of Concord		
			1	PD Router Maint 2/10	Inv	112.00
	Invoice number.: 19221					
A230-7485-00.0.0-000 - Capital Equipment-Cleep Grant				*** Account total ***		112.00
A301-7413-00.0.0-000 - Legal Services						
	16877	RDA Legal Svc 2/10	79	Goldfarb & Lipman		
			1	RDA Legal Svc 2/10	Inv	171.50
	Invoice number.: 96785					
A301-7413-00.0.0-000 - Legal Services				*** Account total ***		171.50
A302-7419-00.0.0-000 - Other Professional Services						
	16881	Housing Update 1/10	1156	PMC		
			1	Housing Update 1/10	Inv	894.62
	Invoice number.: 30655					
A302-7419-00.0.0-000 - Other Professional Services				*** Account total ***		894.62

Obligat'n Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A302-7520-00.0.0-007 - Smith 272 Stranahan Cir				
16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
	8	Eng Svc #9097	Inv	244.00
Invoice number.: 9087-9099				
A302-7520-00.0.0-007 - Smith 272 Stranahan Cir		*** Account total ***		244.00
A303-7520-00.0.0-104 - Downtown Economic Dev Project				
16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
	9	Eng Svc #9094	Inv	742.63
Invoice number.: 9087-9099				
A303-7520-00.0.0-104 - Downtown Economic Dev Project		*** Account total ***		742.63
A501-7351-00.0.0-000 - Insurance Premiums				
16885 Liability Retro Chg 08-09	65	Municipal Pooling Authority		
	1	Liability Retro Chg 08-09	Inv	32,944.00
Invoice number.: LR0903				
A501-7351-00.0.0-000 - Insurance Premiums		*** Account total ***		32,944.00
A501-7413-00.0.0-000 - Legal Services				
16880 MPA Coverage Dispute 1/10	2469	Michel & Fackler APC		
	1	MPA Coverage Dispute 1/10	Inv	451.28
Invoice number.: 10662				
A501-7413-00.0.0-000 - Legal Services		*** Account total ***		451.28
A601-2740-00.0.0-096 - Cost Recov Dep PG&E Minor EP				
16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
	10	Eng Svc #9089	Inv	186.75
Invoice number.: 9087-9099				
A601-2740-00.0.0-096 - Cost Recov Dep PG&E Minor EP		*** Account total ***		186.75
A601-2740-00.0.0-565 - Crosno Const-CCWD Drain Dep				
16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
	11	Eng Svc #9092	Inv	431.25
Invoice number.: 9087-9099				
A601-2740-00.0.0-565 - Crosno Const-CCWD Drain Dep		*** Account total ***		431.25
A601-2743-00.0.0-566 - Creekside Terrace Permco				
16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
	20	Eng Svc #9092	Inv	930.00
Invoice number.: 9087-9099				
A601-2743-00.0.0-566 - Creekside Terrace Permco		*** Account total ***		930.00

	Obligat'n Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A601-2744-00.0.0-484 - Cortel SWP27-08					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		13	Eng Svc #9091	Inv	20.75
	Invoice number.: 9087-9099				
A601-2744-00.0.0-484 - Cortel SWP27-08			*** Account total ***		20.75
A601-2744-00.0.0-495 - D. Lombardo SWP 25-08					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		14	Eng Svc #9091	Inv	41.50
	Invoice number.: 9087-9099				
	16873 Refund SWP 25-08 Dep 2/10	2519	Denise M. Lombardo		
		1	Ref SWP 25-08 Dep 2/10	Inv	485.25
	Invoice number.: SWP 25-08				
A601-2744-00.0.0-495 - D. Lombardo SWP 25-08			*** Account total ***		526.75
A601-2744-00.0.0-516 - Guttry SWP 21-09					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		15	Eng Svc #9091	Inv	20.75
	Invoice number.: 9087-9099				
A601-2744-00.0.0-516 - Guttry SWP 21-09			*** Account total ***		20.75
A601-2744-00.0.0-518 - Weisendanger SWP					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		16	Eng Svc #9091	Inv	20.75
	Invoice number.: 9087-9099				
A601-2744-00.0.0-518 - Weisendanger SWP			*** Account total ***		20.75
A601-2744-00.0.0-537 - Steven Woerner SWP 28-08					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		17	Eng Svc #9091	Inv	20.75
	Invoice number.: 9087-9099				
A601-2744-00.0.0-537 - Steven Woerner SWP 28-08			*** Account total ***		20.75
A601-2744-00.0.0-562 - J. Mourelatos SWP 19-09					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		18	Eng Svc #9091	Inv	20.75
	Invoice number.: 9087-9099				
A601-2744-00.0.0-562 - J. Mourelatos SWP 19-09			*** Account total ***		20.75
A601-2744-00.0.0-563 - Jonathan, Tim SWP 20-09					
	16853 Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
		19	Eng Svc #9091	Inv	20.75
	Invoice number.: 9087-9099				
A601-2744-00.0.0-563 - Jonathan, Tim SWP 20-09			*** Account total ***		20.75

	Obligat'n	Description	Vendor/ Line Nbr	Name/ Description	Stage	Amount
A601-2746-00.0.0-129 - Diablo Pt Grading Inspections						
	16853	Eng Svc 2/6/10-2/19/10	116	PERMCO, Inc.		
			12	Eng Svc #9093	Inv	127.50
	Invoice number.: 9087-9099					
A601-2746-00.0.0-129 - Diablo Pt Grading Inspections				*** Account total ***		127.50
A702-2730-00.0.0-002 - Endeavor Hall Cash Deposits						
	16872	Refund EH Dep 2/14/10	2610	Robert Meisner		
			1	Refund EH Dep 2/14/10	Inv	500.00
	Invoice number.: EH 2/14/10					
A702-2730-00.0.0-002 - Endeavor Hall Cash Deposits				*** Account total ***		500.00
A702-7341-00.0.0-000 - Buildings/Grounds Maintenance						
	16856	Monthly Svc 1/10	170	Western Exterminator		
			4	End Hall Ext Svc 1/10	Inv	87.00
	Invoice number.: 472072					
A702-7341-00.0.0-000 - Buildings/Grounds Maintenance				*** Account total ***		87.00
A999-1210-00.0.0-000 - Long Term Invest FinNorEastern						
	16883	CD Investment 2/10	2161	Financial Northeastern Corp		
			1	CD Investment 2/26/10	Inv	99,000.00
	Invoice number.: Ill Bnk CD 2/10					
A999-1210-00.0.0-000 - Long Term Invest FinNorEastern				*** Account total ***		99,000.00
* Report total *				*** Total ***		215,917.41

Agenda Date: 3/2/10

Agenda Item: 5a

declares

March 2010

As

American Red Cross Month

WHEREAS, the American Red Cross Bay Area was founded in 1898; and

WHEREAS, the Red Cross, a leading voluntary agency, chartered and authorized by Congress to act in times of need, providing compassionate assistance to people afflicted by personal, local or national disasters; and

WHEREAS, the American Red Cross Bay Area helped almost 2,000 people with temporary housing, clothing, food and mental health counseling during local disasters last year alone; and

WHEREAS, Red Cross Volunteers responded to **362** local emergencies this year, providing food, clothing, shelter and mental health support; and

WHEREAS, people have counted on the Red Cross for the information and skills they need to be safe at home, at work, at school and at play. Last year, the American Red Cross Bay Area trained over **157,000** people in lifesaving CPR, First Aid, and water safety; and

WHEREAS, through Prepare Bay Area initiative and Community Preparedness programs, over **550,000 individuals** received training; and

WHEREAS, Red Cross staff deploy with the U.S. military to provide emergency communications, counseling, financial assistance and a caring presence to over **1,200** local military families; and

WHEREAS, Red Cross Blood Services support 29 Bay Area hospitals, providing them with more than **125,000** units of red cells, platelets and plasma to patients in need.

NOW THEREFORE, I, Hank Stratford, Mayor, on behalf of the Clayton City Council, do hereby proclaim March 2010 as "Red Cross Month" in Clayton and encourage all residents to be cognizant of the compassion, courage, character and civic duty that is inherent in the Red Cross mission to prevent and relieve human suffering.

Agenda Date: 3/2/10

Agenda Item: 9a

No written materials for this item.

CITY OF CLAYTON

Founded 1857 · Incorporated 1964

Agenda Date: 3/2/10

Agenda Item: 9b

Approved:

Gary A. Napper
City Manager/Executive Director

STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: MERRY PELLETIER, FINANCE MANAGER

DATE: MARCH 2, 2010

SUBJECT: SELECTION OF AUDITING FIRM & FINANCIAL REPORTS CONSULTANT FISCAL YEARS 2009-2012

RECOMMENDATION

1. Award a professional services contract to Cropper Accountancy Corporation for independent auditing services of the City and the Clayton Redevelopment Agency for FYs 2009-2012 at a three year total expense of $49,905 (B.1. Basic Audit Services).
2. Award a professional services contract to Thales Consulting Inc. for financial statement and State Controller's reporting services of the City and the Redevelopment Agency for FYs 2009-2012 at a three year total expense of $18,900 (B.2. Financial Statements and State Controllers Report)

BACKGROUND

In January, staff prepared a Request for Proposal (RFP) for basic audit services, single audit services, and State Controller's reporting for FYs 2009-2012. Staff sent out ten RFP's to qualified CPA firms and received seven responses.

A. The fees proposed for full service audit and incorporating each firm's preparation of the financial report and state controller's report and single audit compare as follows:

FIRM	09-10	10-11	11-12	Total
Cropper Accountancy	$39,225	$39,225	$39,225	$117,675
Maze & Associates	$41,375	$42,133	$42,904	$126,412
Mann Urrutia Nelson CPA's	$44,060	$44,060	$44,060	$132,180
Caporicci & Larson	$44,500	$45,835	$47,214	$137,549
Dennis & Hart Accountancy	$49,800	$52,390	$55,000	$157,190
Vavrineck, Trine Day & Co.	$53,500	$53,500	$53,500	$160,500

* Note Odenberg Ullakko Muranishi & Co. did not provide separate quote as requested and in the RFP

The Finance Manager analyzed each proposal in depth and conducted a reference check beginning in mid-February on the lowest proposal received by February 16, 2010.

Staff concludes that Cropper Accountancy Corp best meets the needs of the City of Clayton for the following reasons:

1) They have performed similar engagements with other Government entities and have thirty years of experience in this specialized field. They currently perform 2 city audits including the cities of Lafayette and Orinda, and have performed Single Audit work for the City of Berkeley, Moraga, Vallejo and Concord. Additionally they have recently performed audits for the Moraga-Orinda Fire District and the Castro Valley Sanitary District.
2) An engagement principal, John Cropper, will be assigned to the audit and will review predecessor audit workpapers; prepare audit plan and other planning documents as required by professional standards; oversee the day-to-day operations of the audit; review all audit areas; and be on-site for a majority of the fieldwork. Another engagement principal, Alan Bruce Cropper, will be assigned to technical review of the Financial Reports. A manager, Paul Sasse, will be assigned to the audit and will perform more difficult audit sections. In addition to the supervisory staff, one additional staff accountant will be assigned to the audit.
3) This firm is the lowest proposal with excellent recommendations from the City of Lafayette, City of Orinda, Moraga-Orinda Fire District and Castro Valley Sanitary District.
4) This firm is a local Corporation located in Walnut Creek.

B. A second option outlined in the RFP was for the responding audit firms to separate basic audit services from the added expense to prepare our City's and RDA's fiscal year-end Financial Statements, single audit report and State Controller's Report. Extracting those tasks from each firm's full audit service proposal presents the following information:

1. BASIC AUDIT SERVICES

FIRM	09-10	10-11	11-12	Total
Cropper Accountancy	$16,635	$16,635	$16,635	$ 49,905
OUM & Co. LLP	$24,940	$25,925	$26,975	$ 77,840
Maze & Associates	$26,455	$26,985	$27,523	$ 80,963
Mann Urrutia Nelson CPA's	$33,460	$33,460	$33,460	$100,380
Dennis & Hart Accountancy	$36,000	$37,800	$39,650	$113,450
Caporicci & Larson	$38,000	$39,140	$40,317	$117,457
Vavrineck, Trine Day & Co.	$39,800	$39,800	$39,800	$119,400

2. FINANCIAL STATEMENTS AND STATE CONTROLLERS REPORT

FIRM	09-10	10-11	11-12	Total
Thales Consulting Inc	$ 6,300	$ 6,300	$ 6,300	$ 18,900
Mann Urrutia Nelson CPA's	$ 8,100	$ 8,100	$ 8,100	$ 24,300
Vavrineck, Trine Day & Co.	$ 9,200	$ 9,200	$ 9,200	$ 27,600
Dennis & Hart Accountancy	$ 9,000	$ 9,550	$10,500	$ 29,100
Maze & Associates	$10,380	$10,517	$10,658	$ 31,555
Cropper Accountancy	$15,750	$15,750	$15,750	$ 47,250
Caporicci & Larson	$ 2,000	$ 2,060	$ 2,123	$ 6,183

3. SINGLE AUDIT REPORT - OPTIONAL

FIRM	09-10	10-11	11-12	Total
Mann Urrutia Nelson CPA's	$2,500	$2,500	$2,500	$ 7,500
Vavrineck, Trine Day & Co.	$4,500	$4,500	$4,500	$ 13,500
Maze & Associates	$4,540	$4,631	$4,723	$ 13,894
Caporicci & Larson	$4,500	$4,635	$4,774	$ 13,909
Dennis & Hart Accountancy	$4,800	$5,040	$5,300	$ 15,140
OUM & Co. LLP	$5,840	$6,075	$6,325	$ 18,240
Cropper Accountancy	$6,840	$6,840	$6,840	$ 20,520

ALTERNATE OPTION ANALYSIS

Prior financial reforms strongly recommend that auditors no longer prepare the audited financial reports. An independent third party can assist with all components of the financial reports (such as the management discussion and analysis). Expertise is retained in the third party, even when auditors are changed, and the financial reports will be consistently formatted. Separating the duties of creating and auditing the annual financial report ensures that the process becomes more transparent to the government because the party creating the financial report has to be able to clearly communicate its contents to both the auditors and the City itself. This transparency in the process also allows the City to gain more control over the creation of the annual financial report and the opportunity to be more involved in the process.

By utilizing independent providers to prepare the Citywide Financial Statements and the State Controller reports there is greater separation of duties that insure the final product is not compromised. Auditors should be auditing financial statements prepared by the City (or another independent financial firm), not preparing such financial documents and then auditing their own work. In larger cities these reports would be handled by staff. They are an adjunct to the services that should be provided; however, due to our limited resources in the Finance Department, we have been outsourcing these services. The City's State

Controllers report and City Financial Statements have been performed by Thales Consulting Inc. for the last 3 years as a subcontractor. The fees have not been changed over the past three years and will not be increased by our consultant.

The combination of Basic Auditing services by the preferred company and preparation of year-end financial documents results in a total 3-year expense to the City (and RDA) of $68,805:

FIRM	BASIC AUDIT	FINANCIAL REPORTS
Cropper Accountancy Corp	$49,905	-0-
Thales Consulting Solutions	-0-	$18,900
RECOMMENDATION:		$68,805

The single audit requirement has a threshold of $500,000 in grant money that we do not currently have for fiscal year ending 2009-10. Should the need for a single audit be required in subsequent years the cost would be $6,840 per audit. Staff is recommending that we not include this item in the contract at this time. Should a single audit be required during the term of the auditor's three year contract we will amend the contract to include the fee as quoted previously.

FISCAL IMPACT

Our current contract for all auditing services for FY 2008-09 totaled $17,990. The current RFP price received from Cropper Accountancy Group for the first year full service is $16,635 or a total savings of $1,355.

The cost of performing complete audit services by Cropper Accountancy is $16,635 per year for a three year total of $49,905. The Single Audit is not required every year, only in years when the City has Federal expenditures that exceed $500,000 during the fiscal year. We do not expect to have a Single Audit in this fiscal year. Should the City require a Single Audit in future years the cost will be $6,840 per audit.

Staff received a verbal verification from Thales Consulting Inc. to continue preparing the City and RDA Financial Statements as well as the State Controller's reports that will allow for greater separation of duties between the auditor and the financial reporting for the same cost of $6,300 per year for a three year total of $18,900.

The recommended contract package still creates a $1,355 nominal savings in contrast to the expiring arrangement ($22,935 v. $24,290).

The cost for these professional services will be shared between the City's General Fund and the Clayton Redevelopment Agency.

CONCLUSIONS

1. Authorize the City Manager to execute a consulting services agreement with Cropper Accountancy Corporation to provide audit services for FYs 2009-2012 excluding City and RDA Financial Statements as well as the State Controller's reporting for a total of $49,905.

2. Further, authorize the City Manager to execute a consulting services agreement with Thales Consulting Inc. for a total of $18,900. The total cost of all auditing and financial reporting services provided for a three year contract with 2 firms is $68,805.

Respectively submitted,

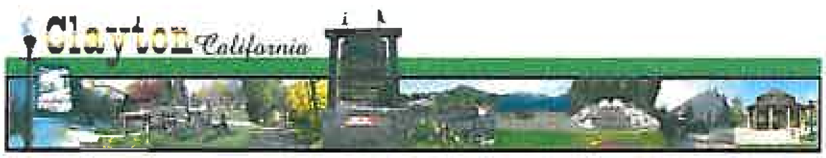
Merry Pelletier

Merry Pelletier
Finance Manager

Attachments: Cropper Accountancy Incorporation Audit Proposal

REQUEST FOR PROPOSAL

CITY OF CLAYTON, CALIFORNIA



AUDIT OF THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 – 2012

CROPPER ACCOUNTANCY CORPORATION
Certified Public Accountants

2815 Mitchell Dr, Suite 105
WALNUT CREEK, CA 94598
(925) 932-3860

February 16, 2010

PRIMARY CONTACT:
JOHN CROPPER, PRINCIPAL
(925) 209-8570
john@cropperaccountancy.com

TABLE OF CONTENTS

Cropper Accountancy Corporation
Certified Public Accountants

2977 Ygnacio Valley Road, #460
Walnut Creek, California 94598
Tel: (925) 932-3860
Fax: (925) 932-3862

February 16, 2010

Ms. Merry Pelletier, Finance Manager
City of Clayton
6000 Heritage Trail
Clayton, CA 94517-1250

Dear Ms. Pelletier:

We are pleased to submit this Request for Proposal to audit the City of Clayton's financial statements for the fiscal years ending June 30, 2010, 2011, and 2012, with the option to extend for an additional two years.

We are excited about the prospect of working with you. We want to be your public accounting firm and we are confident in our ability to provide quality services at competitive rates.

In this proposal, we describe in detail why we believe Cropper Accountancy Corporation (CAC) is the selection of choice. Those distinguishing reasons are highlighted as follows:

- *Qualifications of our people*. Each engagement team partner/manager has a minimum of fifteen years professional experience. We do not staff our audits with young, inexperienced personnel. We believe this staffing model is most efficient and value-added.
- *Extensive special districts and governmental audit expertise and experience*. We have extensive expertise and experience with special districts and governmental audits, which require compliance with Yellow Book standards and, as applicable, Single Audit requirements (i.e. OMB A-133).
- *Superior, proactive client service*. We take pride in our long-standing client relationships and in exceeding client expectations. We experience little client turnover – even in industries that routinely rotate auditors.

We acknowledge that we understand the requirements of your Request for Proposal and commit to performing the work within the stated time period. Our proposal is a firm and irrevocable offer for sixty days.

I look forward to hearing from you.

Sincerely,

John Cropper, Principal
Cropper Accountancy Corporation

Request for Quotation for Auditing Services

GENERAL

Cropper Accountancy Corporation (CAC) is a highly respected public accounting and consulting firm in Northern California, serving clients and growing with the greater Bay Area since 1980. We are a firm purposefully remaining small and less leveraged than other firms, in order to provide more personal and continuous service by highly qualified, experienced personnel. With our high level of principal involvement, you will receive the highest degree of service. You will feel the difference working with Cropper Accountancy Corporation. Questions are answered, direction is provided, and response time is quick.

In the initial year of client service, we do not employ inexperienced staff to perform audits or other services. Client service partners perform all work in order to gain a detailed understanding of the client's business, build strong working relationships with management, and ensure that all audit risks are properly addressed. In subsequent years, client service partners continue to "roll up their sleeves" and perform the work requiring greater expertise. As such, you will receive the personal attention from experienced professionals that other firms do not provide.

All of our firm's personnel have extensive experience in servicing governmental and not-for-profit organizations. We have the resources to properly staff the engagement to ensure effective and efficient service and to help with any needs as they arise throughout the year, not just during the audit.

You will be served by two key principals and CPAs in our firm, John Cropper and Bruce Cropper. As outlined further within the body of the quotation, our principals have both partnership and/or senior management experience with "Big Four" firms and in industry. They have worked "on the other side" and understand your operational challenges and competing priorities. Bruce Cropper, our founder, who was formerly a Principal at KPMG, will be the Technical Review Principal. With common and complementary skills sets, we make a great team.

We describe our practice and our professionals as responsive, creative, practical, and energetic. With these qualities, you, as a client, will enjoy timely, quality service and see immediate results. You will work with smart, eager professionals, and together we will find solutions to meet your financial needs.

Our audit approach is to not disrupt the smooth functioning of the business department, while conducting an efficient and effective audit. We are committed to providing appropriately trained and supervised audit staff to provide the most effective audit, while minimizing the disruptions to the business department. Therefore, we will bring to the initial planning meeting a comprehensive list of schedules, confirmations, and other information that will be necessary to complete the audit. Our sampling techniques rely on our experience and auditors' judgment and we are flexible enough to modify our techniques to fit every situation.

We are locally owned and operated with an office in Walnut Creek, California.

LICENSE TO PRACTICE IN CALIFORNIA

Cropper Accountancy Corporation and all principals and all assigned key staff, who will provide services to the City, are licensed to practice as certified public accountants in the State of California.

INDEPENDENCE

Cropper Accountancy Corporation and all related personnel are independent of The City of Clayton as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*. For the past five years, our firm has had no professional relationship with the City, which would constitute a conflict of interest relative to performing the proposed services.

FIRM QUALIFICATIONS AND EXPERIENCE

We believe the most important factor to ensure a quality audit and client satisfaction is the knowledge and experience of the audit professionals serving the The City of Clayton. Such knowledge and experience coupled with expertise in the required professional standards unique to a particular industry results in the most effective and efficient audit – as well as a higher level of client satisfaction.

Cropper Accountancy is a boutique firm specializing in government, special districts and not-for-profit organizations and is located in Walnut Creek, California. The firm is comprised of three principals, 3 staff accountants, and 2 administrative staff. All of our professionals have the requisite expertise to serve the The City of Clayton.

Our firm is a member of the American Institute of Certified Public Accountants Division of Firms. Membership requires us to adhere to rigorous quality control standards in our accounting and auditing practice and to submit to a review of our practice by our peers.

Over and above AICPA professional standards, Cropper Accountancy has been an SEC practice firm with even stricter regulatory standards. As part of those standards, we documented in detail our policies and procedures with respect to quality control. We would be happy to provide you with those manuals upon request.

We are committed to quality and have the technical expertise to enforce quality standards. It is significant to note that Bruce Cropper was selected to serve on quality control review engagements and serve on professional practice review committees during his tenure with "Big 4" CPA firms. Bruce Cropper also performed quality control reviews of other Big 4 firms.

We are proud of our peer review results and are pleased to share the results with you in the attachment. Our peer review included a review of at least one government engagement.

We have had no other desk or field reviews during the past three years. There has been no disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

SIMILAR ENGAGEMENTS AND OTHER GOVERNMENT ENTITIES

Engagement	Scope of Work	Ended	Hrs
City of Lafayette	Financial Audit	6/30/09	300
	Redevelopment Agency		
	Single Audit	6/30/09	
	TDA audit	6/30/09	

Contact: Gonzalo Silva, Finance Manager (925) 299-3213
Firm Principal: John Cropper (925) 932-3860

Engagement	Scope of Work	Ended	Hrs
City of Orinda	Financial Audit	6/30/09	200
	Single Audit	6/30/08	
	TDA Audit	6/30/09	

Contact: Emily Hobdy, Finance Director (925) 253-4224
Firm Principal: John Cropper (925) 932-3860

Engagement	Scope of Work	Ended	Hrs
Moraga-Orinda Fire District	Financial Audit	6/30/09	175

Contact: Sue Casey, Administrative Services Manager (925) 258-4530
Firm Principal: John Cropper (925) 932-3860

Engagement	Scope of Work	Ended	Hrs
Castro Valley Sanitary District	Financial Audit	6/30/09	200

Contact: Janette Stuart, Administrative Services Manager (510) 537-0757
Firm Principal: John Cropper (925) 932-3860

In addition, our principals are expert in the not-for-profit and governmental audit industries, which enhances the value we can provide. Such experience also includes extensive Single Audit (i.e. OMB A-133) work. A representative list of such audit experience is included below.

- City of Berkeley
- Town of Moraga
- City of Concord
- Crossroads Diversified Services (Single Audit)
- Legal Services of Northern California (Single Audit)
- New Connections (Single Audit)
- Vallejo Transit Authority

OTHER SERVICES

We can provide a full range of services including financial statement audits and reviews, accounting and consulting services (including Sarbanes-Oxley compliance and Internal Audit consulting and outsourcing), IT consulting, tax compliance and planning services, small business services (including bookkeeping, payroll and bill paying services).

PRINCIPAL, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

Engagement Principal – John Cropper, CPA, CGFM

John specializes in serving governmental entities, including special districts, having served as the Principal Auditor on the Town of Moraga, City of Orinda, Town of Corte Madera, City of Lafayette, Contra Costa Sanitary District, Oro Loma Sanitary District, Fairview Fire Protection District, Western Hills Water District, and numerous other governmental audits. He is a Certified Governmental Financial Manager.

John has obtained over 150 hours of continuing professional education in the past three years, including 24 hours of relevant governmental audit training each year as required by the Yellow Book.

John is a member of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CSCPA), Association of Government Accountants (AGA) and the California State Board of Accountancy.

He formerly served on a Measure A advisory committee, and as the Treasurer of a Contra Costa County PAC Committee. He is a former member of the CSCPA state GASB committee.

John received his B.S. degree from Brigham Young University in 1988 in Finance. His audit experience began at Deloitte & Touche where he received much of his initial training. He left Deloitte to join his father's firm, Parodi & Cropper, in 1991. In 1999, he formed Caporicci, Cropper & Larson, LLP, where he was the partner in charge of the Walnut Creek office.

John and his father, Bruce, formed Cropper Accountancy Corporation in 2002 after leaving a large regional accounting and consulting firm where John was the Partner-in-charge of the governmental practice.

Technical Review Principal – Alan Bruce Cropper, CPA, MBA, CGFM

Bruce has served governmental entities, including special districts, for the past 45 years. He was in charge of the KPMG governmental practice of Northern California for 10 years. He is a Certified Governmental Financial Manager.

Bruce has obtained over 150 hours of continuing professional education in the past three years, including 24 hours of relevant governmental audit training each year as required by the Yellow Book.

KPMG selected him to serve on quality control review engagements including review of insurance audit reports, national professional practice review committees and quality control review for other Big 4 firms. Bruce has also conducted courses on insurance accounting for the Insurance Accountants Statistical Association and the Insurance Industry Association.

In 1981, he left the "Big Eight" and formed Parodi & Cropper, CPA's, a small personal service accounting firm. In addition to his public accounting background, Bruce served with the Auditor General for the U. S. Air Force (a predecessor to the Defense Department Audit Agency), where he audited civilian contractors in the electronics industry relating to cost reimbursement and fixed fee defense contracts. He also spent time with Standard Oil Company of California (now Chevron Research) as a cost accountant.

Bruce is a member of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CSCPA), Association of Government Accountants (AGA) and the California State Board of Accountancy.

Audit Manager - Paul Sasse, CPA

Paul has over 25 years of experience in public accounting and industry, including work as the Director of Finance for a healthcare company. Paul began his career with Arthur Anderson & Co. (formerly a "Big 8" public accounting firm), and has worked as an audit manager with Armanino McKenna, LLP.

Paul is currently an audit manager in our audit and governmental practice and has worked on numerous of our governmental clients, including Central Contra Costa Sanitary District, Oro Loma Sanitary District, Castro Valley Sanitary District, the City of Orinda, and the City of Lafayette. He is a licensed Certified Public Accountant in the State of California and a member of the American Institute of Certified Public Accountants.

He formerly served as the Chairman of the Accounting Principles & Auditing Standards Committee for East Bay chapter of California Society of CPA's.

Paul received his B.S. degree in Accounting from Michigan State University. His audit experience began at Arthur Anderson where he received much of his training.

SPECIFIC AUDIT APPROACH

This section describes Cropper Accountancy Corporation's general engagement approach and the techniques we employ in servicing organizations such as the City. We will tailor the general approach outlined in this section to incorporate the unique tasks, methods, and procedures we will use to audit and analyze the financial position of the City.

Our firm has a strong record of completing audits on time, proceeding through the work plan in an organized and efficient manner, and working with City staff in a reasonable and harmonious relationship. We are a leader in the area of technology adoption to increase the efficiency of our audits. We prepare our work papers using an integrated audit software package. This software allows us to download our client's trial balance into Excel, receive all other client prepared documents in Excel or Word, and document our work without creating a mountain of paper. Finally, the software integrates seamlessly into the final financial statements so that adjustments to account balances can immediately be reflected in the financial statements and footnotes as required. Our peer reviewer recently commented that we operate as a model local CPA firm in our audit practices and procedures.

Our work relies heavily on analytical procedures to analyze the financial statements. Our wealth of experience with Cities allows us to recognize relationships among the financial statement amounts rather than simply test a sample of the large volume of transactions. That is why we staff our engagements with senior personnel. We expect to spend approximately 25% of our time on planning and preliminary fieldwork, 65% of our time on year-end fieldwork, and the remaining 10% of our time on finalizing the audit, meetings and reporting issues.

As a result of our extensive experience, we have developed a highly effective and efficient approach toward analyzing transactions during an audit. We will make inquiries, observations, and analyses of the City's significant systems and internal controls that produce financial statements. We will then focus our efforts primarily on efficient and cost-effective audit techniques that are truly tailored to your systems.

Our engagement approach can ordinarily be summarized into three phases: orientation, planning and fieldwork procedures.

I. ORIENTATION

Our previous experience with other Cities provides us with a sound foundation from which to plan our audit procedures. Through an orientation/planning meeting the City will have an opportunity to meet new team members with visits to the City's operating facilities.

II. PLANNING

The planning phase of the engagement will lay the foundation for the direction of our audit and is key to cost-effective completion. We invest in the planning phase knowing that the remaining phases will then flow smoothly and reduce the likelihood of any "surprises" in later phases. Our planning will focus on developing a more detailed understanding of the City's operations, identifying significant issues and new pronouncements that may be applicable, and designing efficient audit procedures. Specifically, we will:

1. *Obtain an understanding of the legal and fiscal environment by reviewing:*
    a. Existing cash flow projections and operating and capital improvement budgets.
    b. Debt and lease agreements.
    c. Key statistics and trends.
    d. Economic environment, especially locally.
    e. Current operations (internally produced financial statements).
    f. Prior year audit reports
    g. Additional documentation and reports available from the internal audit staff.
    h. Key risks

2. *Meet with City management to discuss the following:*
    a. New significant transactions or anticipated transactions
    b. Coordination of procedures and timing.
    c. Initial observations or areas of emphasis.
    d. Reporting requirements.
    e. Implications of new accounting pronouncements, if any.
    f. Fraud protocols and risk assessments
    g. Any other areas of concern to management

3. *Perform analytical reviews of financial data to identify other areas that might require significant attention.*

Based on our understanding of the City's operating environment, the analytical reviews, and the other planning procedures, we will highlight areas to be emphasized during our interim and final audit work. We will then define the engagement objectives, concentrating on the identified areas of concern and areas we know are important to management.

III. FIELDWORK PROCEDURES

The final phase of the engagement includes completion of all audit procedures to be performed. We will divide our efforts into two distinct segments: interim audit procedures and final audit procedures.

Interim Audit Procedures:
Interim audit procedures lay the foundation for an efficient and effective audit. We will strive to perform a significant portion of our procedures at interim to allow a more efficient completion of the audit in September. Specifically, at interim, we will document the City's financial reporting and other process risks, related controls, and its compliance requirements for federally-funded programs. If control reliance appears appropriate, we will typically make a random selection of 25 selections within each financial process and test the key controls we will rely upon. In certain circumstances, compliance supplements, which guide our compliance testing, will dictate a larger sample size. We also test controls over compliance with federal laws, regulations, and grant agreements, if any, during this phase. The identification and testing of risks and internal controls is subjective and critical to a quality audit.

We will be implementing the audit risk standards during our interim work. These standards focus on greater emphasis on risk identification, assessment, and relating controls to such risks. Experienced audit professionals are essential to a productive risked based audit.

During interim we will also review Council minutes, debt agreements, significant transactions, and prepare confirmations to be sent on selected balance sheet accounts.

Final Audit Procedures:
During our final fieldwork procedures in the Fall, we will complete our test work of the City's financial statement balances. Significant asset and liability accounts will be verified and tested through a combination of detailed vouching procedures and analytical techniques. We will perform analyses of various revenue and expenditure accounts through comparisons to budgets, ratios, and prior year amounts. Significant variances noted will be investigated further. We will also complete our evaluation of internal control and compliance objectives.

Commencing during the interim phase and continuing throughout final audit procedures, we will be preparing drafts of the financial statements, our auditors' report and management letter (detailing our observations and recommendations concerning internal accounting control and other matters). Both the financial statements and the management letter will be reviewed in detail with you and your staff as they are being drafted. We encourage you to provide us with feedback with respect to our Management Letter comments so that we may incorporate your comments into our letter.

Sampling Techniques Employed:
While we employ random sampling, we do not contemplate utilizing statistical sampling in our audit of the City's financial statements. Most samples will be selected based upon our judgment, utilizing our experience and knowledge of financial trends and patterns. If it is subsequently determined that statistical sampling can enhance the efficiency of our audit procedures, we will revise our preliminary plan to incorporate use of these techniques. We are very experienced in the use of various statistical sampling techniques (i.e., monetary unit sampling), and will utilize those techniques through specialized software when appropriate.

Concluding and Reporting
At the conclusion of our audit, we will meet with the Ms. Merry Pelletier, Finance Manager, and other staff as appropriate to discuss the results of the audit. We will also provide periodic progress reports to the Ms. Pelletier during the audit. Any suspected fraudulent or illegal acts will be brought to the attention of management or the Council, as appropriate, immediately. We will also provide a presentation to the City Council on the audit process and findings when the final report is presented to them.

As part of our examination, we will make a study and evaluation of the City's system of internal accounting control to the extent we consider necessary to plan our audit as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements, and to assist the auditor in planning and performing his examination of the financial statements.

The areas audited will be subject to review of procedures and policies, in order to determine the effectiveness of existing accounting and operational systems and controls. We will make recommendations for revision or modifications where necessary. Our recommendations will be based on the concept that the cost of a system of internal accounting controls should not exceed the benefits derived.

Management Letters:
Letters to management on internal controls and recommendations ("Management Letters") are one of our principal means of communicating with our clients relative to the results of our annual audits and reviews. The overriding goal of our letters is to assist management in reaching its internal control objectives and to provide suggestions and other guidance on operational matters. Comments will touch on safeguarding of assets, strengthening cash flow, improving operational efficiency, and establishing and maintaining reliable financial records. The Management Letter will be reviewed in detail with you and your staff to verify its factual accuracy before being issued in final form.

WORK PLAN

Date	Work to be Performed	Time Estimates (Hours)	Staff Level
April 2010	➢ Prepare client acceptance.	1	John Cropper, Principal
June 2010	➢ Review predecessor audit workpapers.	3	John Cropper, Principal
June 2010	➢ Planning activities (audit plan, schedule request, and other planning documents as required by professional standards). ➢ Preliminary conference with designated City officials to plan timing of audit work.	21 3	John Cropper, Principal
June 2010	<u>Interim Fieldwork</u> ➢ Risk Assessment and mitigating internal controls including fraud protocols and controls (cash receipts, cash disbursements, payroll, fixed assets, financial reporting). ➢ Governing board minutes review. ➢ Legal expense review. ➢ Prepare preliminary drafts of all required reports for discussion with City management. ➢ Progress conferences on results of interim audit procedures and significant observations. Coordinate final audit procedures, dates, and client-prepared schedules.	56	John Cropper / Paul Sasse / Staff member
September 2010 **October 2010**	<u>Final fieldwork procedures</u> ➢ Entrance conference with City staff to coordinate fieldwork procedures. ➢ Final audit procedures performed on all City funds and entities. ➢ Report preparation and technical review ➢ Delivery of drafts of required reports and draft management letter for City review. ➢ Financial Statements delivered	140	John Cropper, Principal Paul Sasse, Manager Staff member Bruce Cropper, Senior Principal
October, 2010	➢ Presentation of financial statements, management letter and signed audit reports to the City.	4	John Cropper, Principal

POLICY REGARDING EQUAL EMPLOYMENT OPPORTUNITY

Cropper Accountancy Corporation is an equal opportunity employer. Our commitment to providing equal opportunity to all is a primary consideration in the successful operation of our business. Through fair and equal treatment of all people, the firm will continue to protect the interests of our staff, our clients and our principals.

Our goal is to maintain a culturally diverse work force, which reflects the diversity of the various communities in which we conduct business.

The firm will act affirmatively to:

a. Recruit, hire and promote for its job classifications without regard to race, creed, color, national origin, religion, sex, age, disability, special disabled or Vietnam Era veteran status.

b. Base its employment decisions solely on an individual's qualification and interest in the position being filled.

ESTIMATED FEES AND EXPENSES

As a firm, we are committed to providing our clients with excellent service at a reasonable and fair fee. As a local firm, we do not have to support costly national offices and bureaucracies, which allows us to charge reasonable hourly rates for our people. In addition, due to the senior Principals performing the audit, we do not have layers of management time included within our time estimates, and we are able to serve our clients with a significantly more experienced team than our competitors, resulting in greater audit efficiency.

While we typically incur 25% more hours in the first year of an audit, those hours are not reflected herein. We consider those additional hours start-up costs and an investment in the relationship and subsequent audits.

Appendix A is a detailed estimate of the hours, rates, and extrapolated costs for the audit of the City for fiscal 2010 (including expenses).

Based upon this estimate, and our estimates of future increases in hourly rates, our maximum annual cost for the professional services is as follows:

Service	2010	2011	2012
City and RDA Audit	$16,200	$16,200	$16,200
Single Audit (if applicable)	$6,840	$6,840	$6,840
Appropriations Limit	$435	$435	$435

Progress billings will be made as time is incurred.

ACCEPTANCE OF CITY'S PROFESSIONAL SERVICES AGREEMENT

We accept the general language of the City's Professional Services Agreement.

****

We would like to express our appreciation for your consideration of Cropper Accountancy Corporation for your professional services. We are confident that we can provide the high quality professional services that you are seeking at a reasonable fee.

Attachment A

Schedule of Professional Fees and Expenses

Supporting Schedule for the City of Clayton Audit Report (w/GASB 34 entries)

For the Period Ending June 30,

	Hours	Hourly Rate	2010	2011	2012	Total
Partner	48	100	4,800	4,800	4,800	14,400
Manager	60	80	4,800	4,800	4,800	14,400
Staff	80	60	4,800	4,800	4,800	14,400
Clerical	40	45	1,800	1,800	1,800	5,400
	228		$ 16,200	$ 16,200	$ 16,200	$ 48,600

Schedule of Professional Fees and Expenses

Supporting Schedule for the City of Clayton Single Audit Report, if required

For the Period Ending June 30,

	Hours	Hourly Rate	2010	2011	2012	Total
Partner	24	100	2,400	2,400	2,400	7,200
Manager	24	80	1,920	1,920	1,920	5,760
Staff	24	60	1,440	1,440	1,440	4,320
Clerical	24	45	1,080	1,080	1,080	3,240
	96		$ 6,840	$ 6,840	$ 6,840	$ 20,520

Schedule of Professional Fees and Expenses

Supporting Schedule for testing of Appropriation Limit Compliance

For the Period Ending June 30,

	Hours	Hourly Rate	2010	2011	2012	Total
Partner	1.00	100	100	100	100	300
Manager	1.00	80	80	80	80	240
Staff	2.00	60	120	120	120	360
Clerical	3.00	45	135	135	135	405
	7.00		$ 435	$ 435	$ 435	$ 1,305

Attachment B

Audit Work Cost Proposal Form

Service	2010	2011	2012
City Audit Excluding Report	13,200	13,200	13,200
Revelopment Audit excluding Report	3,000	3,000	3,000
City and RDA Audit subtotal (see Appendix A)	**16,200**	**16,200**	**16,200**
Single Audit Report	6,840	6,840	6,840
GANN Limit review Report	435	435	435
Annual State Controllers Report	2,000	2,000	2,000
Annual State Controllers Report-Redevopment	1,750	1,750	1,750
Audits Excluding Report	**$ 27,225**	**$ 27,225**	**$ 27,225**

City Audit Including Report	21,200	21,200	21,200
Redevelopment Audit including Report	7,000	7,000	7,000
Single Audit Report	6,840	6,840	6,840
GANN Limit review Report	435	435	435
Annual State Controllers Report	2,000	2,000	2,000
Annual State Controllers Report-Redevopment	1,750	1,750	1,750
Audits Including Reports	**$ 39,225**	**$ 39,225**	**$ 39,225**

RICHEY MAY & CO.

To The Shareholders
Cropper Accountancy Corporation
Walnut Creek, California

We have reviewed the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation (the firm) in effect for the year ended March 31, 2007. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

RICHEY, MAY & CO., LLP ▪ CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS
9605 S. KINGSTON CT. ▪ SUITE 200 ▪ ENGLEWOOD, COLORADO 80112 ▪ 303/721-6131 ▪ FAX 303/721-6232

In our opinion, the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation in effect for the year ended March 31, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Richey, May & Co.

Englewood, Colorado
August 3, 2007

My CPE Tracker

John A. Cropper ,

ADD COURSE

MODIFY COURSE

Listed below are the CalCPA/Education Foundation events for which you have successfully earned CPE credit. In addition, any non-CalCPA or Foundation events you have added (NOT VERIFIED) will appear. If your records are different, please contact customer service at **custserv@calcpa.org** or (800) 922-5272.

CPE REPORT DATE RANGE

Please enter the date range for the report

Starting Date: (mm/dd/yyyy) 02/16/2008

Ending Date: (mm/dd/yyyy) 02/16/2010

SUBMIT

CPE CREDITS

For the reporting period 2/16/2008 - 2/16/2010

Date	Title	Subject Code	Method of Presentation	A&A	Ethics	Fraud	Gov	Credit Hours Earned
1/20/2010	Practical Financial Accounting and Auditing Update	A/F	L	8.0		2.0		8.0
1/7/2010	Financial Statement Disclosures: Common Problems and Solutions	A	L	8.0				8.0
7/13/2009	GASB Basic Financial Statements for State and Local Governments	A/F	L	8.0		2.0	8.0	8.0
7/8/2009	Advanced Auditing of HUD-Assisted Projects	A	L	8.0			8.0	8.0
7/18/2008	Governmental Accounting and Auditing Update	A	L	8.0			8.0	8.0
7/16/2008	Applying A-133 to Not-for-Profit and Governmental Organizations	A	L	8.0			8.0	8.0
7/15/2008	Nonprofit Auditing and Accounting Update	A	L	8.0			8.0	8.0
7/2/2008	Financial Statement Disclosures: Review and Update - Online	A	I	12.0				12.0
TOTAL CALCPA / EDUCATION FOUNDATION SPONSORED COURSES				81.0	8.0	17.0	53.0	89.0

Date	Title	Subject Code	Method of Presentation	A&A	Ethics	Fraud	Gov	Credit Hours Earned
7/1/2008	Audit Standards Update: The New Audit Risk Assessment Standards - Online	A/F	I	13.0		13.0	13.0	13.0
5/30/2008	Ethical and Legal Standards for CPAs	E	L		8.0			8.0
	TOTAL CALCPA / EDUCATION FOUNDATION SPONSORED COURSES			81.0	8.0	17.0	53.0	89.0

Date	Title	Provider	Subject Code	Method of Presentation	A&A	Ethics	Fraud	Gov	Credit Hours Earned
12/9/2008	HUD Multifamily Financial Conference	AHACPA	A	L	16.0				16.0
7/20/2008	Checkpoint: Researching the New FASB Codification System	Thomson Reuters	A	P	1.0				1.0
	TOTAL CPE CREDITS FROM OTHER PROVIDERS				17.0	0.0	0.0	0.0	17.0

	A&A	Ethics	Fraud	Gov	Credit Hours
GRAND CPE CREDIT TOTAL	98.0	8.0	17.0	53.0	106.0

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Licensed California CPAs are required, as a condition of renewing their license in an active status, to complete at least 80 hours of qualifying CPE as described in Sec. 88 of the California Board of Accountancy Regulations in the two-year period immediately preceding license expiration and meet the requirements in Sec. 89(a).

A licensee who engages in planning, directing, performing substantial portions of the work or reporting on an audit, review, compilation or attestation service, shall complete 24 hours of Accounting and Auditing CPE and 8 hours of CPE related to detection or reporting of fraud in financial statements.

All licensees renewing a license in an active status after Dec. 31, 2009 will be required to complete the following as part of the total 80-hour CE requirement:

- Four hours of ethics education in course subject matter pertaining to the following: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity and consumer expectations.
- A two-hour CBA-approved Regulatory Review course if more than six years have lapsed since the licensee last completed a CBA-approved Profession Conduct and Ethics (PC&E) course.

NOTE: The CBA-approved PC&E course requirement is discontinued. Licensees may continue to claim credit for completion of a CBA-approved PC&E course to fulfill the ethics education or Regulatory Review course requirements, provided the course is completed prior to Jan. 1, 2011 and reported to the CBA prior to January 1, 2012.

A licensee renewing a license in an active status after Dec. 31, 2011, shall have completed a minimum of 20 hours in each year of the two-year license renewal period, with a minimum of 12 technical hours of the required 20 hours in subject areas as described in Sec. 88(a)(1).

Additionally, licensees converting a license from an inactive to an active status on or after Jan. 1, 2010 also will be required to complete the following as part of the total 80-hour CE requirement:

Home › My membership › My CPE transcript

My CPE Tracker

Alan B. Cropper

ADD COURSE
MODIFY COURSE

Listed below are the CalCPA/Education Foundation events for which you have successfully earned CPE credit. In addition, any non-CalCPA or Foundation events you have added (NOT VERIFIED) will appear. If your records are different, please contact customer service at custserv@calcpa.org or (800) 922-5272

CPE REPORT DATE RANGE

Please enter the date range for the report

Starting Date (mm/dd/yyyy) 07/31/2007

Ending Date (mm/dd/yyyy) 07/31/2009

SUBMIT

CPE CREDITS

For the reporting period 7/31/2007 - 7/31/2009

Date	Title	Subject Code	Method of Presentation	A&A	Ethics	Fraud	Gov	Credit Hours Earned
5/15/2009	Governmental Accounting and Auditing Conference	A	L	8.0		2.0	8.0	8.0
5/15/2009	Optional CPE Session: GASB Codified Implementation Guide	A	L	1.0			1.0	1.0
12/5/2008	Risk-Based Auditing - Part 2: Audit Planning Workshop	A/F	L	8.0		8.0	8.0	8.0
12/4/2008	Risk-Based Auditing - Part 1: Effective Procedures	A/F	L	8.0		8.0	8.0	8.0
12/3/2008	Everyday Ethics: Doing Well by Doing Good	E	L		8.0			8.0
12/2/2008	Dealing with Venture Capitalists	A	L	8.0				8.0
12/1/2008	New Financial Accounting Standards	A	L	8.0				8.0
10/27/2008	Audits of HUD-Assisted Projects	A	L	8.0			8.0	8.0
5/30/2008	GASB Basic Financial Statements for State and Local Governments	A/F	L	8.0		2.0	8.0	8.0
2/4/2008	Yellow Book Standards 2007 Revision	A	L	8.0			8.0	8.0
1/21/2008	Internal Control Essentials for Financial Managers, Accountants and Auditors	A/F	L	8.0		8.0		8.0
1/18/2008	Accounting and Auditing Update	A	L	8.0				8.0
TOTAL CALCPA / EDUCATION FOUNDATION SPONSORED COURSES				81.0	8.0	28.0	49.0	89.0

	A&A	Ethics	Fraud	Gov	Credit Hours
GRAND CPE CREDIT TOTAL	81.0	8.0	28.0	49.0	89.0

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Board of Accountancy Format

Licensed California CPAs are required to complete at least 80 hours of qualifying CPE as described in Section 88 of the California Board of Accountancy Regulations in the two-year period immediately preceding license expiration. A licensee who engages in planning, directing, performing substantial portions of the work or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of Accounting and Auditing CPE and 8 hours of CPE related to detection and/or reporting of fraud in financial statements.

Additionally, California CPAs within six years preceding the license expiration date complete a continuing education course

CITY OF CLAYTON
Founded 1857 . Incorporated 1964

Agenda Date: 3/2/10

Agenda Item: 9c

Approved:

Gary A. Napper
City Manager/Executive Director

STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: MAINTENANCE SUPERVISORS

DATE: MARCH 2, 2010

SUBJECT: APPROVE LANDSCAPE PLANS FOR TOWN CENTER DAFFODIL HILL AND CVS/PHARMACY RETAINING WALL AREAS

RECOMMENDATION

Approve the landscape plans for the recently-improved Town Center Daffodil Hill and for the retaining walls on Clayton Road south of the CVS/Pharmacy parking lot.

BACKGROUND

The Town Center Entry Sign Improvement Project was approved and the bid awarded by the City Council at its April 5, 2009 Council meeting. At that time portions of the winning bid were eliminated for various reasons, including any new landscape plantings due to the drought restrictions placed by the Contra Costa Water District. At the time of this bid, the retaining walls located along the new trail next to Clayton Road and the CVS/Pharmacy parking lot were not included since the scope of work was only addressing the jointly-funded project between the City and the Clayton Business & Community Association (CBCA).

After award of the contract the retaining wall area was considered as another location that should be landscaped to help soften the walls appearance by using planting material. This area would be planted at a future date at City expense after the CCWD drought restriction is lifted. During the new Trail construction, a change order was made to the original scope of work in the Town Center Entry Sign project to add a mainline irrigation pipe and control wires from the Town Center Entry Sign location (Daffodil Hill) to the retaining wall location. This installation now enables an easier connection for an irrigation system when planting occurs since a mainline will not need to be trenched along the new walking trail.

During the past year some concerns were raised by members of the CBCA Daffodil Hill Committee about the types of plants that were selected for the Town Center Entry Sign location.

PROPOSED LANDSCAPE PLANS

Since the approval and construction of the Town Center Entry Sign Improvement Project, Staff has drawn up a landscape/Irrigation plan for the wall area by CVS parking lot using drought tolerant and low maintenance plants. The types of plants selected are consistent with the existing plant types found within the City that are known to thrive well in our micro-climate.

Staff was able to meet with the CBCA Daffodil Hill Committee members Jim & Shannon Seven and Susan Fossan to review the final plants selected for Daffodil Hill. Their concerns have been addressed and they are now satisfied with the plant selections made for this area. The plants selected for these locations are also drought tolerant and have a proven record of growing well within the City. When these plants reach full maturity they will be low maintenance needing little water or trimming.

Since last year some new issues have come up pertaining to water and plant usage. The first one is these sites can be irrigated using City well water near the Library or metered water from CCWD. In recent conversations with CCWD it looks like the drought restriction may be lifted by May 2010 to allow for historical water usage only instead of the harsh 45% cut back from our historical usage which City landscaping endured over the past year. Therefore, the prohibition for new planting may be lifted shortly and the City could move ahead and landscape these sites. The second change is the State of California passed new law on Water Efficient Landscape that every jurisdiction in the state must abide by. This became effective on Jan 1st of this year with the goal of a 20% overall reduction in water usage over the next ten years. At this time the City is working with other local jurisdictions into writing a local ordinance consistent with the State regulations. Staff believes both proposed landscaping plans meet all requirements mandated by the new State law for water efficient landscape.

FISCAL IMPACT

The fiscal impact is unknown at this time since the project has not gone out to bid. Staff looked at the original winning bid for the Town Center Entry Sign project and the costs that were associated with planting this area. The figure on the bid breakdown was $6,165.00 for planting out of a total bid price for the entire project of $199,000. Since this price is not a stand alone bid price for planting but part of a over all project bid it is not the best indictor of what the cost would be now to have a company come out and perform just this scope of work (loss of economies of scale).

Staff estimates the cost for planting just the Town Center Entry Sign (Daffodil Hill) area and meet all City planting specification per plan would be roughly $12,000 to $14,000. This price includes labor, plants, berm and drainage construction for each plant, weed control, and bark.

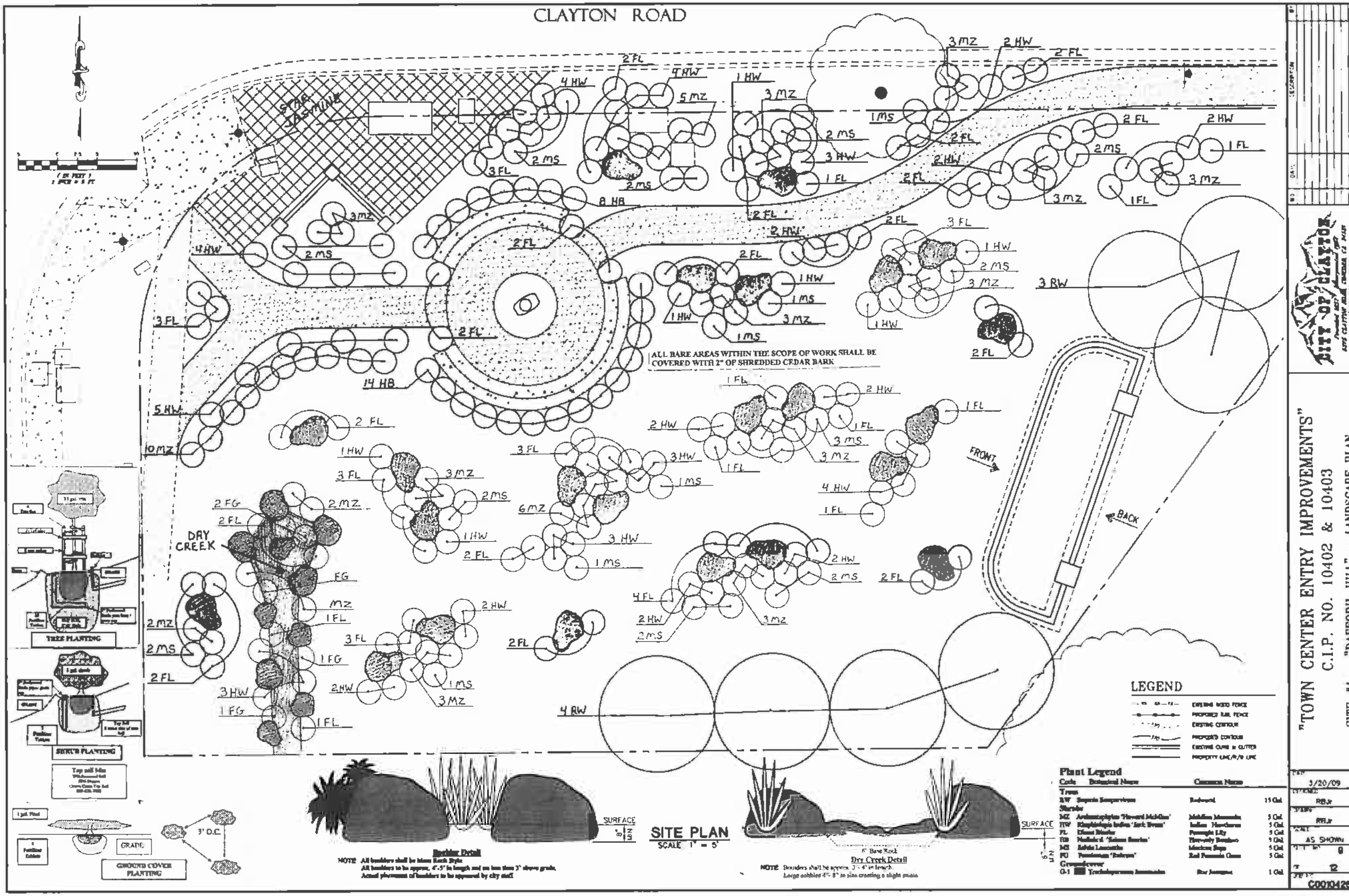
The retaining wall area south of the CVS/Pharmacy parking lot would need plants and the irrigation system installed. Staff estimates the price for the installation of this area per City plans at between $13,000 and $16,000. It would make sense to bid both projects at the same time to obtain some reductions in price for economy of scale. The savings could run from a few thousand dollars or more depending on how motivated companies are for work in the present economy.

RECOMMENDATION

Approve the Landscape Planting plans for both the Town Center Entry Sign (Daffodil Hill) and the retaining wall area south of the CVS/Pharmacy parking lot. No monies are requested for appropriation at this time. It remains Staff's assumption that CBCA still intends to pay for the final beautification element (plants) on Daffodil Hill.

When CCWD lifts the new planting restriction currently in effect, staff will contact CBCA to determine continued commitment to fund the Daffodil Hill improvements. Upon receipt of an affirmative reply with assured funding, staff will resurrect this Project for competitive bidding and then place the recommended award of contract on the Clayton Redevelopment Agency agenda for approval and allocation of necessary funds for the retaining wall area from the Downtown Economic Development Fund (CIP No. 10400) due to proximity of the sites to the Clayton Town Center.

Attachments: 1. Daffodil Hill landscape plan [1 pg.]
2. Plant List for both sites [1 pg.]
3. Retaining Wall landscape and irrigation plans [2 pp.]



CLAYTON ROAD
STAR JASMINE
DRY CREEK
ALL BARE AREAS WITHIN THE SCOPE OF WORK SHALL BE COVERED WITH 2" OF SHREDDED CEDAR BARK
FRONT
BACK
LEGEND
Plant Legend
SITE PLAN
SCALE 1" = 5'
SURFACE
Boulder Detail
Dry Creek Detail
TREE PLANTING
SHRUB PLANTING
GROUND COVER PLANTING
GRADE
3' O.C.
CITY OF CLAYTON
"TOWN CENTER ENTRY IMPROVEMENTS"
C.I.P. NO. 10402 & 10403
SITE #1 - "DAFFODIL HILL" - LANDSCAPE PLAN
3/20/09
AS SHOWN
12
C0010429

PLANT LIST

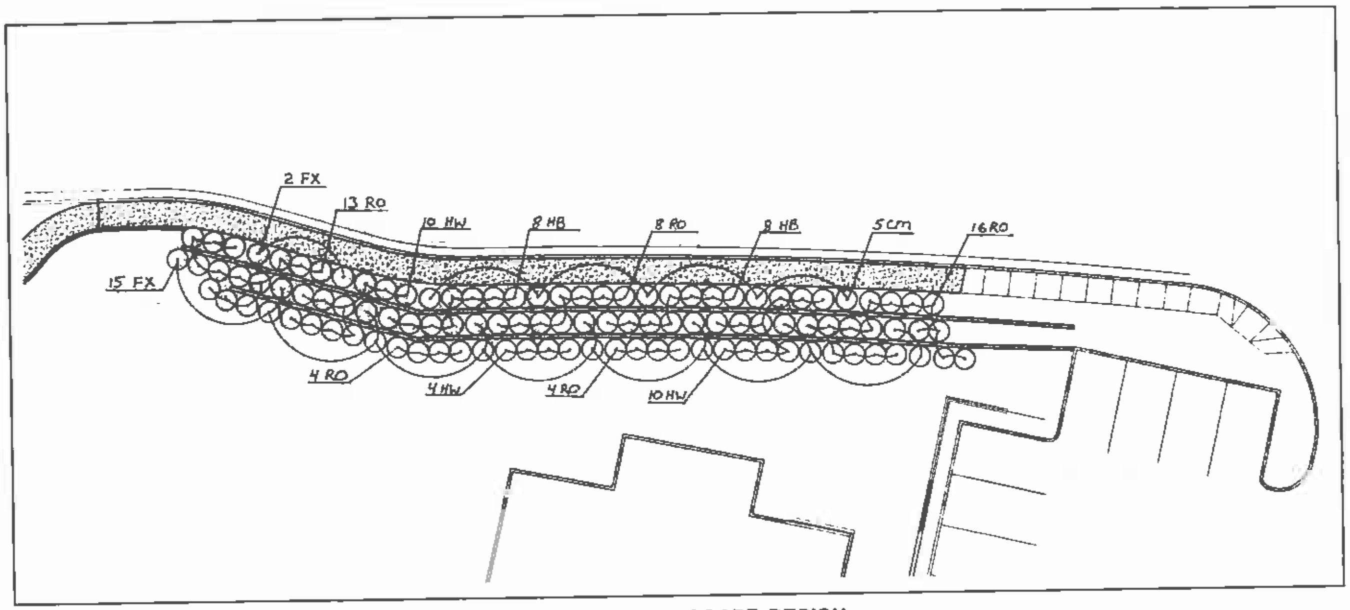
TOWN CENTER ENTRY SIGN

Code	Botanical Name	Common Name	
Trees			
RW	Sequoia Sempervirens	Redwood	15 Gal
Shrubs			
MZ	Archtostaphylos 'Howard McMinn'	McMinn Manzanita	5 Gal
HW	Rhaphiolepis Indica 'Jack Evans'	Indian Hawthorne	5 Gal
FL	Dietes Bicolor	Fortnight Lily	5 Gal
HB	Nadinia d. 'Seinna Sunrise'	Heavenly Bamboo	5 Gal
MS	Salvia Leucantha	Mexican Sage	5 Gal
FG	Pennisetum 'Rubrum'	Red Fountain Grass	5 Gal
Groundcover			
G-1	Trachelopermum Jasminodes	Star Jasmines	1 Gal

RETAINING WALL

Trees			
CM	Lagerstroemia Indica 'Catawba'	Crape Myrtle	!5 Gal
Shrubs			
RO	Rosmarinus officinalis 'Huntington carpet'	Rosemary	5 Gal
HW	Rhaphiolepis Indica 'Jack Evans"	Indian Hawthorne	5 Gal
FX	Phormium Tenax 'Rubrum'	New Zealand Flax	5 Gal
HB	Nadinia d 'Seinna Sunrise'	Heavenly Bamboo	5 Gal

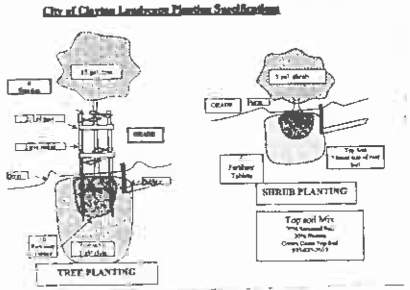
"RETAINING WALL LANDSCAPE PLAN"



RETAINING WALL LANDSCAPE DESIGN

- PLANTS -

City of Clayton Landscape Planting Specifications

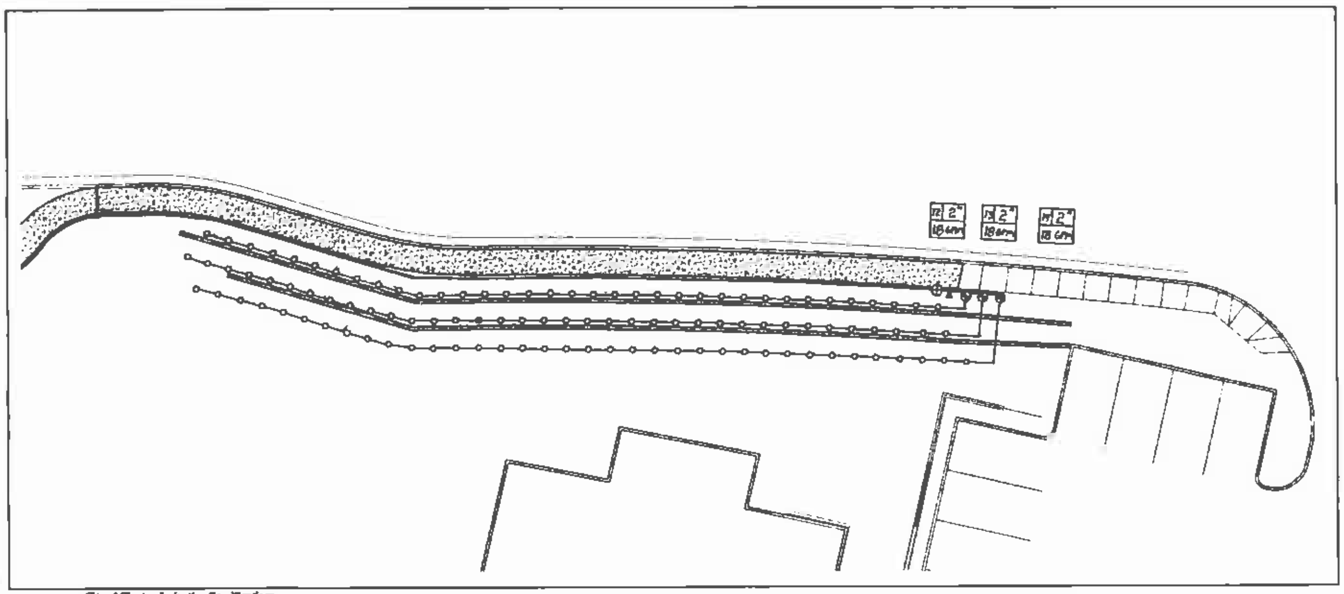


Plant Legend

Code	Botanical Name	Common Name	
Trees			
CM	Lagerstroemia Indica "Catawba"	Crape Myrtle	15 Gal
Shrubs			
RO	Rosmarinus officinalis "Huntington carpet"	Rosemary	5 Gal
HW	Rhaphiolepis Indica 'Jack Evans'	Indian Hawthorne	5 Gal
FX	Phormium Tenax "Rubrum"	New Zealand Flax	5 Gal
HB	Nandina d. 'Sienna Sunrise'	Heavenly Bamboo	5 Gal

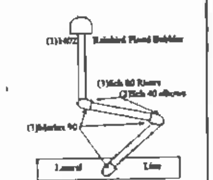
AS SHOWN

"RETAINING WALL LANDSCAPE PLAN"

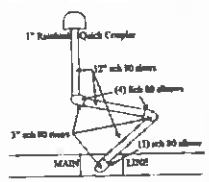


RETAINING WALL LANDSCAPE DESIGN

IRRIGATION SYSTEM

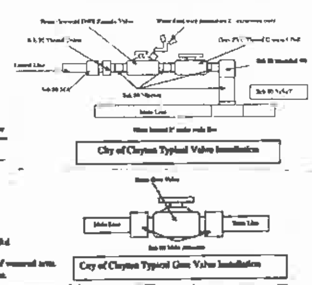


City of Clayton Typical Bubbler Installation



Typical Quick Coupler Installation

City of Clayton Irrigation Specifications



City of Clayton Typical Valve Installation

City of Clayton Typical Gate Valve Installation

IRRIGATION NOTES

Connect to existing 2 1/2" main line.
Contractor responsible for proper irrigation adjustment and function.

0 4 8 12 20
(IN FEET)
1 inch = 10 ft

LEGEND

- Control Valves
- Gate Valve
- Quick Coupler
- Main Line
- Lateral Line
- 1402 Rainbird bubblers
- 1. Control Valve Number
- 2. Control Valve Size
- 3. Gallons per minute

AS SHOWN
1
1

Agenda Date: 3/2/10

Agenda Item: 3a RDA

MINUTES
OF THE
REGULAR MEETING

CLAYTON REDEVELOPMENT AGENCY

February 16, 2010

1. **CALL TO ORDER & ROLL CALL** - the meeting was called to order at 8:18 p.m. by Chairman Medrano in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Boardmembers present: Chairman Medrano, Vice Chairperson Pierce, Boardmembers Geller, Shuey and Stratford. Staff present: Executive Director Napper, Secretary Jackson, and General Counsel Adams

2. **PUBLIC COMMENTS** – None.

3. **CONSENT CALENDAR- It was moved by Boardmember Shuey, seconded by Vice Chairperson Pierce to approve the Consent Calendar as submitted (Passed; 5-0 vote).**

(a) Approved the minutes of the regular meeting of February 2, 2010.

4. **PUBLIC HEARING** – None.

5. **ACTION ITEMS**

(a) Consider adoption of a Resolution acknowledging an unpaid "2% election" payment of $501,898.64 due the City of Clayton since inception of the Agency and establishing a 4-year plan for repayment of the debit obligation.

The Executive Director presented the staff report and indicated during the required 5-Year Implementation Plan the Agency's consultant discovered during the original adoption of the Redevelopment Agency, the City had designated a 2% election payment of the Agency's tax increment cap to be paid to the City (General Fund). From 1987 until this year this payment was never made each year, and when questions the County had no recording of receipt of the Resolution showing this election. From 1988 through FY 2008-09 the Agency owes the City $501,898.64. Staff suggests the Agency set a repayment schedule to pay back the City over the next 4 fiscal years to ensure the Agency can meet its obligation within the tax increment cap. The Agency does have an obligation to inform the City of where the money will come from starting next fiscal year and should the City experience a more difficult fiscal plight there is an option to accelerate the payment schedule. The County has agreed to make the FY 09-10 2% election payment this fiscal year (approx. $45,000).

No public comments were received.

It was moved by Vice Chairperson Pierce, seconded by Boardmember Stratford to adopt Resolution 02-2010 (Passed: 5-0 vote).

(b) Consider adoption of a Resolution authorizing the Clayton Redevelopment Agency to be the Project Applicant of a mixed use commercial project proposal for new development of public lands located at 1005 & 1007 Oak Street in the Clayton Town Center, and appropriation of $67,000 from the Agency's transfer of funds in CIP No. 10400 – Downtown Economic Development Fund for completion of the land use entitlement process.

The Executive Director presented the staff report and stated in January 2008 after solicitation of proposals from developers for redevelopment of the blighted buildings on Oak Street, the City Council invited a developer to move forward to build a mixed use (ground floor retail/ second floor residential) building. In summer 2009, the financial capacity of the developer came into question. Staff discovered while processing the proposed project the developer had not been replenishing the account set up to pay for the processing of the application. Absent a cure, the Sub-committee met with the developers design team and discovered they had not been paid either. The project at this point is 65-70% through the entitlement process and the project still has merit for the Town Center. At this time staff recommends the Agency become the Project Applicant and move the application forward to entitlement hearing at a cost of $67,000.

No public comments were received.

It was moved by Vice Chairperson Pierce, seconded by Boardmember Shuey to adopt Resolution 03-2010 authorizing the Clayton Redevelopment Agency to be the Project Applicant of a mixed use commercial project proposal for new development of public lands located at 1005 & 1007 Oak Street in the Clayton Town Center, and appropriation of $67,000 from the Agency's transfer of funds in CIP No. 10400 – Downtown Economic Development Fund for completion of the land use entitlement process (Passed; 5-0 vote).

6. BOARD ITEMS – None.

7. ADJOURN – on call by Chairman Medrano the meeting adjourned at 7:53 p.m.

Respectfully submitted,

Laci J. Jackson, Secretary

Clayton Redevelopment Agency Board

Joseph A. Medrano, Chairman

CITY OF CLAYTON
Founded 1857 Incorporated 1964

Agenda Date: 3/2/10

Agenda Item: 3b RDA

Approved:

Gary A. Napper
City Manager/Executive Director

AGENDA REPORT

TO: HONORABLE CHAIR AND BOARD MEMBERS

FROM: DAVID WOLTERING, COMMUNITY DEVELOPMENT DIRECTOR DW

DATE: March 2, 2010

SUBJECT: SALE OF 272 STRANAHAN CIRCLE - AFFORDABLE HOUSING UNIT

RECOMMENDATION

It is recommended the Board of Directors grant authorization for the Executive Director to sign the attached Agreement of Purchase and Sale and Joint Escrow Instructions (Affordable Housing Program) and any other necessary documents for sale of the residence at 272 Stranahan Circle (APN 119-620-037) on behalf of the Clayton Redevelopment Agency to Carol M. Newton for $175,000, with the appropriate covenants and restrictions required by California Redevelopment Law.

BACKGROUND

On December 11, 2009, the Clayton Redevelopment Agency purchased the single-family residence at 272 Stranahan Circle for the appraised market-value price of $425,000 using Redevelopment Agency Low-Moderate Affordable Housing restricted funds. The intent for this purchase by the Agency was to use these funds to preserve this home as part of the City's affordable housing stock and to support the goals and requirements of the following: the City's Regional Housing Needs Allocation (RHNA), the City's Redevelopment Plan housing requirements, and provisions of the City's State-certified Housing Element. This home has been an affordable housing unit at the moderate-income level, but there was not a deed restriction in place to assure the affordability of this home over 45 years.

AGENCY RESALE OF UNIT

Following the purchase of this home in December 2009, later that month staff prepared a flyer advertising the availability of the home to eligible low- and moderate-income households. The availability of the home was noticed in the Clayton Pioneer and the Contra Costa Times newspapers, at the property with a for sale sign, and on the City's website. Four applications were received. All four of these applications were in the low-income category. This can be explained by the circumstance that moderate-income households can compete for market-rate entry homes without deed restrictions in this housing market, given current reduced property values.

Staff evaluated the applications received based on the following criteria: total household income and anticipated ability to satisfy payment obligations, size and composition of household, present residency in the City of Clayton, current employment in Clayton, and attendance of household members in Clayton schools. Based upon this evaluation, staff is recommending Ms. Newton's application as the one that best satisfies the criteria considered. This application not only satisfied the base initial criteria of household income and anticipated ability to satisfy payment obligations and household size, this applicant has been working in Clayton for the past 15 years, currently resides with family members in Clayton, and her children have and continue to attend Clayton area schools.

Ms. Carol Newton has received and signed the Redevelopment Agency's Borrower Disclosure Statement and Agreement of Purchase and Sale and Joint Escrow Instructions to purchase the residence at 272 Stranahan Circle for $175,000 (see **Attachments**). The determined sales price was based on various factors including the total household income and applicable affordable housing requirements of California Redevelopment Law, including that not more than 30% of the total household income can be used for base housing costs.

In order to assure this home remains affordable for 45 years in accordance with California Redevelopment Law, Ms. Newton must sign a Resale Restriction Agreement as well as a deed of trust and promissory note. The Resale Restriction Agreement stipulates that the homeowner and Agency are to share any equity appreciation in the future value of the residence. The sharing of equity would be in proportion to the respective parties' investment in the home's market value established at the time the Agency purchased the unit from the prior owners. The Agency's purchase price was $425,000. Assuming a re-sale price of $175,000, the Agency's investment in the property following the sale will be $250,000 or 59% of the Agency's purchase price. Ms. Newton's investment will be $175,000 or 41% of the Agency's purchase price. Consequently, the sharing of future equity growth above the base sale price would be 41% for Ms. Newton and 59% for the Agency.

The proportional sharing of equity will allow homeowners to possibly realize a small financial gain from homeownership and facilitate homeowners who want to move to market rate housing to have funds toward a down payment.

FISCAL IMPACT

Proceeds from this sale of the housing unit will be returned to the Agency's Low-Moderate Affordable Housing fund. Funds in this account are restricted by law for the provision of affordable housing within the Agency's Project Area.

Attachments:

1. Location Map that depicts 272 Stranahan Circle
2. Agreement of Purchase and Sale and Joint Escrow Instructions between the Redevelopment Agency and Ms. Newton
3. Borrower Disclosure Statement

Attachment 1

272 Stranahan Circle

REVISED	CHANGE	BY
03-20-95	T7887(PCL.01-59)	IB
03-20-95	P6066(POR TO RD)	IB

Attachment 2

AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS

This **AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS** (this "Agreement") is made as of the _______ day of February 2010 by and between the Redevelopment Agency of the City Of Clayton ("Seller"), and Carol M. Newton ("Buyer").

RECITALS

A. **WHEREAS**, Seller is the owner of certain land and improvements located in the City of Clayton, County of Contra Costa, State of California, commonly known as 272 Stranahan Circle, Clayton, California and legally described on Exhibit "A," attached hereto (the "Land"), together with all improvements thereon and appurtenances thereto ("Improvements"). (The Land and Improvements are hereinafter collectively referred to as the "Property.")

B. **WHEREAS**, Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, all on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

1. PURCHASE AND SALE.

Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the terms and conditions hereinafter set forth in this Agreement.

2. PURCHASE PRICE.

The total purchase price ("Purchase Price") for the Property shall be one hundred and seventy-five thousand dollars (\$175,000), payable by Buyer to Seller with Promissory note(s) secured by deed(s) of trust deposited in Escrow by Buyer prior to Close of Escrow.

3. CONDITION OF TITLE TO PROPERTY.

3.1 Title to the Property shall be conveyed to Buyer upon the Close of Escrow.

3.2 Title to the Property shall be conveyed to Buyer by Grant Deed (on the Title Company's standard form Grant Deed), free and clear of all liens except for (i) liens securing real property taxes and assessments (which constitute liens not yet due and payable); (ii) the Resale Restriction Agreement and Option to Purchase recorded in conjunction with this purchase; (iii) any deed of trust securing a promissory note which is executed in conjunction with this purchase; and (iv) such other exceptions shown on a Preliminary Title Report ("Preliminary Report") issued by Placer County Title ("Title Company") which are approved by Buyer. (All exceptions to title permitted pursuant to this Paragraph 3.2 are referred to in this Agreement as "Permitted Exceptions.") Seller agrees to furnish Buyer with copies of the Preliminary Report within five (5) business days after the opening of escrow. Buyer shall have five (5) days after receipt of the Preliminary Report within which to notify Seller in writing of Buyer's disapproval of any exceptions set forth in the Preliminary Report. In the event of Buyer's disapproval of the Preliminary Report, Seller, at its sole election (to be exercised by written notice to Buyer in five (5) days after receipt of Buyer's said notice of disapproval), shall have five (5) days after Buyer's said disapproval within which to remove or otherwise remedy the disapproved exceptions. If Seller cannot eliminate or otherwise remedy the disapproved exceptions within said five

(5) day time period, this Agreement shall thereupon terminate and all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same. Failure of Buyer to provide written disapproval of the Preliminary Report within the above time period shall be deemed approval.

3.3 Title to the Property shall be evidenced by the commitment of the title company to issue a standard Placer County Title policy of title insurance with liability in the amount of the Purchase Price showing title to the Property vested in Buyer and, if applicable, insuring Seller's purchase-money lien as evidenced by the purchase-money Deed of Trust subject only to the Permitted Exceptions.

4. CONTINGENCIES.

4.1 Buyer's obligation to purchase the Property is subject to the following contingencies described in subparagraphs (a) through (d), below in this Paragraph 4.1 ("Contingencies"). Each and all of the following Contingencies are for the sole benefit of Buyer and may be waived or deemed satisfied by Buyer in Buyer's sole and absolute discretion.

(a) Buyer's obtaining one or more loans within thirty (30) days of the approval of this Agreement (secured by Deed(s) of Trust encumbering the Property) totaling not more than one hundred and seventy-five thousand dollars ($175,000), for a term of not less than thirty (30) years, at interest rates not to exceed seven percent (7.0%) per annum, with customary loan fees and costs.

(b) Buyer's review and approval of the Preliminary Report as described in Paragraph 3.2 above.

(c) Buyer's inspection and examination of the physical condition of the Property. Buyer shall have access to the Property at reasonable times and shall have a right to conduct, at Buyer's expense, soil tests, environmental investigations, and such other studies with respect to the physical condition of the Property as Buyer may desire. Buyer shall have fourteen (14) days after approval of this Agreement to conduct such tests and studies, and to give written notice to Seller of any conditions unacceptable to Buyer. Buyer shall hold and save Seller harmless from and against any and all loss, cost, damage, liability, injury or expense, arising out of or in any way related to damage of property, injury to or death of persons, or the assertion of lien claims caused by such entry, inspection and implementation of soil tests, environmental investigations and other studies with respect to the physical condition of the Property. If Buyer elects to terminate this Agreement by reason of failure of the Contingency set forth in this subparagraph (c), Buyer shall promptly upon such election deliver to Seller all written reports, studies and information prepared by third parties for Buyer which pertain to the physical condition of the Property.

(d) Buyer's determination that zoning, the Resale Restriction Agreement and Option to Purchase, and other governmental regulations affecting the use of Property are satisfactory for Buyer's intended use. Buyer shall have fourteen (14) days after approval of this Agreement to make such determination and to give written notice to Seller of any zoning, Resale Restrictions, or governmental regulations which are unacceptable to Buyer.

If Buyer disapproves of the satisfaction of any Contingency within the applicable time period provided above, Buyer's sole remedy shall be to terminate this Agreement and Seller shall have no obligation to remedy any Contingency which Buyer disapproves. If this Agreement terminates as a result of the failure of the satisfaction of any of the Contingencies, all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same.

4.2 If Buyer fails to give written notice to Seller of its disapproval of any Contingency within the respective applicable time limit(s) set forth above in Paragraph 4.1, it shall conclusively be deemed that Buyer has waived such Contingency shall conclusively be deemed satisfied.

5. REPRESENTATIONS AND WARRANTIES BY SELLER.

5.1 Seller makes the representations and warranties in this Paragraph 5, each and all of which shall survive any and all inquiries and investigations made by Buyer and shall survive the Close of Escrow and recordation of the Grant Deed.

5.1.1 Seller is a public body, corporate and politic, and is duly organized, validly existing and in a good standing under the laws of the State of California, and has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. Seller and the specific individual parties signing this Agreement on behalf of Seller represent and warrant that the parties signing this Agreement on behalf of Seller have the full legal power, authority and right to execute and deliver this Agreement.

5.1.2 Neither the entering into this Agreement nor the performance of any Seller's obligations under this Agreement will violate the terms of any contract, agreement or instrument to which Seller is a party.

5.1.3 To the best of Seller's knowledge, the Property is zoned Planned Development (PD) District.

5.1.4 Seller has not actually received any formal written notice of nor does Seller contemplate any pending widening, modification or realignment of any street or highway contiguous to the Property or any existing or proposed eminent domain proceeding which would result in taking of all or any part of the Property.

5.1.5 Seller has not actually received any formal written notice that any of the easements, covenants, conditions, restrictions or agreements to which the Property is subject interferes with or is breached by the use or operation of the Property as presently used and operated as a residence.

5.1.6 Seller has not been served (by means of formal, legal service of process as required by law) with any litigation, and no arbitration proceedings have been commenced, which do or will affect any aspect of the Property or Seller's ability to perform its obligations under this Agreement.

5.1.7 Seller has not actually received any formal written notice of any presently uncured violation of any law, ordinance, rule or regulation (including, but not limited to, those relating to zoning, building, fire, health and safety) of any governmental, quasi-governmental authority bearing on the construction, operation, ownership or use of the Property.

5.1.8 There are not any written commitments to, or written agreements with, any governmental, quasi-governmental authority or agency materially affecting the Property which have not been heretofore disclosed by Seller to Buyer in writing, or are listed in this Agreement.

5.1.9 Seller has not been served (by means of formal, legal service of process as required by law) or formally notified in writing by any governmental, quasi-governmental authority (i) that the Property or any adjoining property, contains or may contain any "Hazardous Materials" in violation of any "Environmental Regulations" (as those terms are defined in Paragraph 5.1.10, below); or (ii) that the Seller has stored, used or maintained Hazardous Materials or suffered, permitted, allowed or acquiesced in any storage, use or maintenance of Hazardous Materials on, in or under the Property in violation of any Environmental Regulations. In addition, to the best of Seller's knowledge, but without any specific investigation therefore, there are no Hazardous Materials in any way relating to all or any portion of the Property or the area surrounding the Property.

5.1.10 As used in this Agreement, the terms "Environmental Regulations" and "Hazardous Materials" shall have the following meanings:

(a) "Environmental Regulations" shall mean all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, including, without limitation: (i) all requirement, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, whether solid, liquid or gaseous in nature; and (ii) all requirements pertaining to the protection of the health and safety of employees or the public.

(b) "Hazardous Materials" shall mean (i) any flammables, explosive or radioactive materials, hazardous wastes, toxic substances or related materials including, without limitation, substances defined as "hazardous substances", "hazardous materials", "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq.; and in the regulations adopted and publications promulgated pursuant to said laws; (ii) those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) those substances defined as "hazardous wastes", "hazardous substances", or "toxic substances" in any similar federal, state or local laws or in the regulations adopted and publications promulgated pursuant to any of the foregoing laws or which otherwise are regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States of America, the State of California or any political subdivision thereof, (iv) any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials, or substances within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standard of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended; (v) petroleum or any by-products thereof; (vi) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. Sections 2011 et seq., as amended, and in the regulations adopted and publications promulgated pursuant to said law; (vii) asbestos in any form or condition, and (viii) polychlorinated biphenyls.

5.1.11 Seller has neither engaged nor dealt with any real estate broker or finder in connection with the sale contemplated by this Agreement.

5.1.12 Seller will not alter the physical condition of the Property from and after the date of this Agreement, reasonable wear and tear excepted. If, through no fault of Seller, the physical condition of the Property is different on the date scheduled for the Close of Escrow as of the date of this Agreement, the terms and conditions of Paragraph 5.2, below shall apply.

5.1.13 To the extent required by law, Seller shall provide Buyer with copies of the natural hazard zone disclosure report, real estate transfer disclosure statement, federal lead-based paint disclosure, sex offender disclosure, and any other disclosure statements required by law arising from the Seller's purchase of the Property on 272 Stranahan Circle.

5.1.14 To the extent required by law, Seller shall install smoke detectors and water heater bracing.

5.2 If, prior to the Close of Escrow, new events have occurred which were beyond the control of Seller and which render any previously true representation or warranty untrue, Seller shall, within three (3) days upon learning thereafter, disclose those matters by written notice to Buyer. Buyer shall have ten (10) days after the earlier of (i) such disclosure; or (ii) Buyer's independent discovery that such representation or warranty has become untrue, to elect, in its sole and absolute discretion, and as its sole remedy, by written notice to Seller within said ten (10) day period, whether (i) to purchase the Property or (ii) terminate this Agreement. If Buyer elects to terminate this Agreement pursuant to this Paragraph 5.2, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Agreement and all sums and documents deposited in Escrow shall be returned to the parties who deposited the same. If Buyer fails to notify Seller and Escrow Holder of its election to terminate this Agreement within said ten (10) day time period provided above, Buyer shall be deemed to have accepted the modified representations and warranties and elected to purchase the Property.

5.3 Other than those express representations and warranties contained in this Agreement, Seller makes no warranty or representation, express or implied, including but not limited to, implied warranties or merchantability and fitness for a particular purpose.

5.4 Except to the extent Seller has made a specific representation and warranty with respect thereto, no document or information provided by Seller to Buyer shall constitute a representation as to the completeness or accuracy of such documents or information.

6. REPRESENTATION AND WARRANTIES BY BUYER.

6.1 Buyer makes the following representation and warranties in this Paragraph 6, each and all of which shall survive any and all inquiries and investigations made by Seller and shall survive the Close of Escrow and recordation of the Grant Deed.

6.1.1 Each and all of the information and any financial statement delivered by Buyer to Seller is true and correct.

6.1.2 Buyer has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Agreement.

6.1.3 Buyer has or will make its own investigation concerning the physical condition of the Property, condition of title or any other matter pertaining to the Property; and, other than specific representations and warranties made by Seller pursuant to this Agreement. Buyer is not relying on any representations, warranties or inducements of Seller with respect to the physical condition of the Property, condition of title to the Property, or any other matter pertaining to the Property, as the property is being offered "as is." Accordingly, except for those specific representations and warranties of Seller set forth in this Agreement. Buyer is purchasing the Property and each and every aspect thereof in an "as is" condition, and Seller makes no express or implied representation concerning (i) the status of title to the Property; (ii) the current or future real estate tax liability, assessment or valuation of the Property; (iii) the compliance of the Property in its current or future state with applicable laws or any violations thereof, including without limitation, those relating to access for the handicapped, environmental or zoning matters, or the ability to obtain a change in the zoning of the Property; (iv) the nature and extent of any right-of-way, lease, lien, encumbrance, license or reservation; (v) excepting any financing provided by Seller, the availability of any financing for the purchase, alteration or operation of the Property from any source, including, without limitation, any governmental authority or lender.

7. INDEMNIFICATION.

7.1 Subject to any other provisions of this Agreement to the contrary, each party ("Indemnitor") agrees to indemnify and hold the other party ("Indemnitee") harmless from and against any claim, loss, damage or expense, including any reasonable attorney fees (including attorney fees on appeal), asserted against or suffered by the Indemnitee resulting from:

(a) Any breach by the Indemnitor of this Agreement;

(b) The inaccuracy or breach of any of the representations, warranties or covenants made by the Indemnitor.

7.2 Indemnitee shall submit any claim for indemnification under this Agreement to Indemnitor in writing within a reasonable time after Indemnitee determines that an event has occurred which has given rise to a right of indemnification under this Paragraph 7 and shall give Indemnitor a reasonable opportunity to investigate and cure any default of Indemnitor under this Agreement and eliminate or remove any claim by a third party. Notwithstanding the foregoing, if the nature of Indemnitor's default or the third party claim is such that it would be impractical or unreasonable to give Indemnitor an opportunity to investigate and cure such default and remove such a claim, Indemnitee need not give Indemnitor such opportunity.

7.3 If such claim for indemnification relates to a claim or demand presented in writing by a third party against Indemnitee, Indemnitor shall have the right to employ counsel reasonable acceptable to Indemnitee to defend any such claim or demand and Indemnitee shall make available to Indemnitee, or its representatives, all records and other materials in its possession or under its control reasonably required by Indemnitor for its use in contesting such liability. If Indemnitor does not elect to defend any such claim or demand, Indemnitee may do so at its option, but shall not have any obligation to do so.

8. ASSUMPTION OF LIABILITIES.

8.1 Effective as of the Close of Escrow, Buyer shall be deemed to have assumed all obligations and liabilities of Seller pertaining to the Property, except all obligations and liabilities with respect thereto which arise prior to the Close of Escrow or which arise as a result of events which occur prior to the Close of Escrow. Except for the foregoing assumption of obligations and liabilities by Buyer, Buyer does not assume and shall not be liable for any of the obligations or liabilities of Seller of any kind or nature affecting or otherwise relating to Seller, the Property, the Leases, the Other Contracts, or otherwise.

8.2 Seller shall, prior to the Close of Escrow, timely perform and discharge all obligations and liabilities of every kind whatsoever to be discharged prior to the Close of Escrow and arising from or relating to (i) the Property, including, but not limited to the use and ownership of the Property; and (ii) the operation of the Property.

9. LIQUIDATED DAMAGES.

IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTYAS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, IT IS AGREED THAT THE DEPOSITS ACTUALLY MADE PURSUANT TO THIS AGREEMENT SHALL BE NON-REFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSITS WHICH AMOUNTS SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 *ET SEQ*. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH 10, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

BUYER: ____ **SELLER:** ____

10. MEDIATION OF DISPUTES.

IF ANY CLAIM OR DISPUTE ARISES UNDER THIS AGREEMENT, THEN THE PARTIES SHALL, BEFORE THE FILING OF ANY LAW SUIT, FIRST ATTEMPT IN GOOD FAITH TO RESOLVE THE DISPUTE THROUGH MEDIATION BY A MEDIATOR AGREEABLE TO THE PARTIES. IF THE PARTIES CANNOT AGREE UPON A MEDIATOR, THEN THEY SHALL APPLY TO THE JUDICIAL ARBITRATION AND MEDIATION SERVICE OR SOME SIMILAR ENTITY FOR THE APPOINTMENT OF A MEDIATOR TO CONDUCT THE MEDIATION.

BUYER: ____ **SELLER:** ____

11. ESCROW AND CLOSING.

11.1 As soon as possible after the full execution of this Agreement, Buyer and Seller shall open an escrow for the purpose of consummating the purchase and sale contemplated by this Agreement ("Escrow") by depositing an executed copy of this Agreement with Placer Title, 1981 North Broadway, Walnut Creek, 94596 California ("Escrow Holder"). This Agreement shall constitute escrow instructions to Escrow Holder. Seller and Buyer shall, promptly upon request by Escrow Holder, execute such additional escrow instructions as may be reasonably required by Escrow Holder, including Escrow Holder's standard printed conditions and stipulations with respect to escrows concerning the purchase and sale of real property; provided, however, that if there is any conflict between the provisions of this Agreement and the provisions of any such additional instructions, the provisions of this Agreement shall prevail. Upon delivery to Escrow of a fully executed copy of this Agreement by both parties, Escrow shall be deemed opened on the terms and conditions set forth in this Agreement.

11.2 Escrow shall close, and the Grant Deed shall be recorded in the Office of the County Recorder of Contra Costa County, California, within sixty (60) days of the approval of this Agreement ("Close of Escrow").

11.3 Within the time set forth below, or if none is specified, prior to the Close of Escrow, Seller shall deliver to Escrow Holder, or if so indicated, to Buyer, the following documents and items:

(a) At least one (1) day prior to the Close of Escrow, the duly executed and acknowledged Grant Deed.

(b) To Buyer, at the location of the Property, at Close of Escrow, all keys to the Property, adequately and properly labeled.

(c) To Buyer, within five (5) business days after the approval of this agreement, the prior December 3, 2009 termite and pest control reports prepared by a California licensed pest exterminator showing accessible areas of the Improvements to be free of visible infestation caused by wood destroying insects, fungi and dry rot. The reports identify those areas where infestation or infection were evident (i.e., Section 1) and those areas where conditions are likely to lead to infestation or infection (i.e., Section 2). The Buyer is responsible for work recommended to correct the Section 2 conditions listed in the reports, if such work is requested by the Buyer. The Buyer is responsible for any additional work identified in any subsequent termite and pest control reports prepared by a California licensed pest exterminator as part of this escrow.

(d) To Buyer, a twelve (12) month home warranty policy which is fully paid and provides coverage of major built-in appliances.

11.4 Buyer shall deliver to Escrow Holder prior to the Close of Escrow a sum sufficient to cover Buyer's closing costs as set forth in Paragraph 11.7.2, below.

11.5 On the Close of Escrow, the Escrow Holder shall record the Grant Deed and shall deliver the monies and instruments to which each party is entitled pursuant to this Agreement, only when the Title Company is in a position to issue its CLTA (or, if applicable, ALTA) policy of title insurance subject only (i) to the Permitted Exceptions; and (ii) Title Company's standard pre-printed exceptions, with liability in the amount of the purchase price, showing title to the Property vested in Buyer ("Title Policy").

11.6 Upon Close of Escrow, possession of the Property shall be delivered to Buyer subject to the Permitted Exceptions and the following items, documents and monies shall be delivered to the parties by Escrow Holder as set forth below:

(a) To Seller: the cash portion of the Purchase Price as set forth in Paragraph 2 as adjusted pursuant to this Agreement and reduced by the amount of Seller's closing costs as set forth in paragraph 11.7.1, below; the executed Resale Restriction Agreement and Option to Purchase; and the executed deed of trust and promissory note in favor of the Seller.

(b) To Buyer: the Title Policy, and copies of the Resale Restriction Agreement and Option to Purchase, deed of trusts, and promissory notes.

11.7 Upon Close of Escrow, Escrow and title charges shall be paid in the manner provided below.

11.7.1 Seller shall:

(a) Pay all County documentary transfer taxes.

(b) One-half of the expense of all usual and customary Escrow Fees.

(c) Provide a twelve (12) month home warranty policy from the date of the Close of Escrow.

11.7.2 Buyer shall pay:

(a) The cost of the Title Policy.

(b) All recording fees.

(c) One-half of the expense of all usual and customary Escrow Fees.

(d) All costs, fees, or expenses associated with Buyer's procurement and placement of any lending or financing to purchase title.

11.8 If Escrow fails to close as a result of the default of this Agreement by a party, the defaulting party shall pay all title and escrow charges; provided, however, that nothing in this Paragraph 11 shall be deemed to limit, and the provisions of this Paragraph 11 shall be in addition to, all other rights and remedied of the non-defaulting party.

11.9 Escrow Holder is authorized and instructed to debit Seller for Seller's closing costs as set forth in Paragraph 11.7.1, above.

12. PRORATIONS.

12.1 Prorations shall be made as of the Close of Escrow. All prorations shall be made on the basis of a thirty (30) day month and shall be paid in cash to Seller if it is entitled thereto, or shall be credited against the case portion of the Purchase Price if Buyer is entitled thereto. Such prorations shall be made by Escrow Holder on the basis of a statement(s) approved by Buyer and Seller and deposited into the Escrow prior to the Close of Escrow. The date used for prorations is hereinafter referred to as the "Proration Date".

(a) All real estate taxes and all personal property taxes due and owing as of the Proration Date, and all penalties and interest thereon, shall be paid by Seller. Current real estate taxes, special assessments and personal property taxes which are not yet due and owing shall be prorated based upon the most recent tax bill, so that the portion of current taxes allocable to the period from the beginning of such tax year through the Proration Date shall be charged to and paid by Seller and the portion of the current taxes allocable to the portion of such tax year from the Proration Date to the end of such tax year shall be charged to and paid by Buyer. Proration of taxes and assessments shall be final as of the Proration Date, regardless of the amount of taxes or assessments that actually are, or subsequently become, due.

(b) Expenses of operating the Property (other than insurance premiums, taxes and utility charges) which were prepaid by Seller for a period beyond the Proration Date.

12.2 Buyer shall be responsible for obtaining and paying for utility services from and after Close of Escrow.

13. DAMAGE OR DESTRUCTION PRIOR TO CLOSE OF ESCROW.

If the Property, or any portion thereof, is damaged or destroyed prior to the Close of Escrow from any cause whatsoever, whether an insured risk or not, including but not limited to, fire, flood, accident or other casualty which, according to the Buyer's and Seller's best estimate, would cost more than Five Thousand Dollars ($5,000.00) to repair, Buyer shall have the option, upon written notice to Seller, to either (i) terminate this Agreement, or (ii) purchase the Property. If Buyer elects to terminate this Agreement, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate and Escrow Holder shall thereupon promptly return all documents, items and monies in its possession to the party who shall have deposited same with Escrow Holder. If Buyer elects to purchase the Property, Buyer shall be entitled to, and Seller shall assign to Buyer, all insurance proceeds covering such damage or destruction and, in addition, Seller shall pay Buyer the amount of any deductible (which can be paid by Seller by means of a credit against the Purchase Price). In the event that Buyer's and Seller's best estimate of the cost of repair is Five Thousand Dollars ($5,000.00) or less, Buyer shall purchase the Property and be entitled to, and Seller shall assign to Buyer, all insurance proceeds covering such damage or destruction. In addition, the difference between the amount of insurance proceeds available and the cost of repair shall be deducted from the case portion of the Purchase Price. Should any damage or destruction occur prior to the Close of Escrow, the date scheduled for the Close of Escrow shall be extended for a period of time not to exceed thirty (30) days, for the purpose of allowing Buyer and Seller sufficient time to estimate the cost of repair. If Buyer fails to notify Seller of its election under this Paragraph 15, Buyer shall be deemed to have elected to purchase the Property.

14. SURVIVAL OF CLOSE OF ESCROW.

All representations, warranties, covenants, conditions, agreements and obligations contained in or relating to this Agreement shall survive the Close of Escrow and the recordation of the Grant Deed and shall not merge therein unless specifically stated otherwise in this Agreement.

15. NOTICES.

All notices to be given pursuant to this Agreement shall be either (i) personally delivered; (ii) sent via certified or registered mail, postage prepaid; (iii) overnight courier (such as Federal Express, DHL, etc.); or (iv) by fax transmittal. If sent via certified or registered mail, receipt shall be deemed effective forty-eight (48) hours after being deposited in the United States mail. If sent via fax transmission, a confirming copy shall be sent to the sender, and receipt of the fax transmittal shall be deemed made twenty-four (24) hours after the sending thereof. If sent via overnight courier, receipt shall be deemed effective twenty-four (24) hours after the sending thereof. All notice to be given pursuant to this Agreement shall be given to the parties at the following respective address.

To Seller:

Gary A. Napper, Executive Director
Clayton Redevelopment Agency
6000 Heritage Trail
Clayton, CA 94517
Fax 925/672-4917

To Buyer:

Carol M. Newton
5616 Bettencourt Drive
Clayton, CA 94517

To Escrow Holder: Kathy Warner
Vice President – Special Projects
Senior Escrow Officer
Placer Title
1981 North Broadway, #100
Walnut Creek, CA 94596
Fax 925/939-9206

16. ENTIRE AGREEMENT.

This Agreement, and the Exhibits attached hereto, represent the entire Agreement between the parties in connection with the transactions contemplated hereby and the subject matter hereof and this Agreement supersedes and replaces any and all prior and contemporaneous agreements, understandings and communications between the parties, whether oral or written, with regard to the subject matter hereof. There are no oral or written agreements, representations or inducements or any kind existing between the parties relating to this transaction which are not expressly set forth herein. This Agreement may not be modified except by a written agreement signed by both Buyer and Seller. Without limiting the foregoing, Buyer and Seller expressly acknowledge and agree that they have not relied on any written or oral statements made by the other party's representative(s) in entering into this Agreement.

17. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, administrators, successors in interest and assigns. Buyer may not assign this agreement and any rights thereunder without the express written consent of Seller.

18. WAIVER.

No waiver by any party at any time of any breach of any provision of this Agreement shall be deemed a waiver or a breach of any other provision herein or a consent to any subsequent breach of the same or another provision. If any action by any party shall require the consent or approval of another party, such consent or approval of such action on any one occasion shall not be deemed a consent to or approval of such action on any subsequent occasion or a consent to or approval of any other action.

19. CAPTIONS AND HEADINGS.

The captions and paragraph numbers appearing in this Agreement are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of this Agreement.

20. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.

21. GOVERNING LAW.

This Agreement has been prepared, negotiated and executed in, and shall be construed in accordance with, the laws of the State of California. Any action or proceeding relating to or arising out of this Agreement shall be filed, if a State action, in the Superior Court of the State of California for the

County of Contra Costa, or if a Federal action, in the United States District Court for the Northern District of California.

22. ATTORNEYS FEES.

If either party named herein brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action (or proceeding), on trial or appeal, shall be entitled to its reasonable attorneys' fees and costs, including costs of experts and consultants, to be paid by the party not prevailing as fixed by the Court (or if applicable, the arbitrator).

23. TIME OF ESSENCE.

Time is of the essence with respect to all matters contained in this Agreement.

24. DATE OF AGREEMENT.

All references in this Agreement to "the date of this Agreement" or "the date hereof" shall be deemed to refer to the date set forth in the first paragraph of this Agreement.

25. INVALIDITY OF ANY PROVISION.

If any provision (or any portion of any provision) of this Agreement is held by a court of competent jurisdiction or, if applicable to the Agreement, "by an arbitrator" to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, the legality, validity and enforceability of the remaining provisions (of the balance of each provision) shall not be affected thereby.

26. NO RECORDATION.

Buyer shall not record this Agreement, any memorandum of this Agreement, any assignment of this Agreement, or any other document that would cause a cloud on the title of the Property.

27. DRAFTING OF AGREEMENT.

Buyer and Seller acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsperson.

28. NO THIRD PARTY BENEFICIARY RIGHTS.

This Agreement is entered into for the sole benefit of Buyer and Seller, No other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

29. INCORPORATION OF EXHIBITS.

Each and all of the exhibits attached to this Agreement are incorporated herein as if set forth in full in this Agreement.

30. NO JOINT VENTURE, PARTNERSHIP OR OTHER RELATIONSHIP CREATED.

The relationship between Buyer and Seller is that solely of a seller and buyer and no joint venture, partnership or other relationship is created or implied by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph of this Agreement.

"SELLER"

Redevelopment Agency of the City Of Clayton

____

Gary A. Napper, Executive Director

"BUYER"

Carol M. Newton

Carol M. Newton

Newton\Purchase Agreement

Exhibit "A"
Legal Description of Land

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF CONTRA COSTA, CITY OF CLAYTON, AND IS DESCRIBED AS FOLLOWS:

Lot 37, as shown on Subdivision 7887, filed December 20, 1994, in Book 377 of Maps, at Pages 1 through 9, Contra Costa County Records.

APN: 119-620-037-0

BORROWER DISCLOSURE STATEMENT

REDEVELOPMENT AGENCY OF THE CITY OF CLAYTON (AFFORDABLE HOUSING PROGRAM)

The Redevelopment Agency of the City of Clayton (the "Agency") manages a limited Affordable Housing Program designed to assist Low and Moderate Income households purchase certain homes in the City of Clayton. The home you are purchasing has been made affordable by the Agency's affordable housing program requirements.

As a condition of purchasing the home, the Agency will require you to sign an Agency Promissory Note, a Deed of Trust, and a Buyer's Occupancy and Resale Restriction with Option to Purchase Agreement (the "Resale Restriction Agreement"). **The Deed of Trust and the Resale Restriction Agreement will be recorded against your property**.

This Disclosure Statement explains the major provisions of the Agency Note, the Deed of Trust, and the Resale Restriction Agreement to help you understand their requirements. **You should, of course, read all of the Agency loan documents and become completely familiar with them**[1]

A. REQUIREMENTS IN EFFECT FOR FORTY FIVE-YEAR TERM

The requirements contained in the Resale Restriction Agreement apply for forty five (45) years from the date escrow closes.

B. PRIMARY RESIDENCE AND LEASING YOUR HOME

Under the terms of the Agency documents, this home must be your primary place of residence. This means you must live in your home no less than ten (10) months out of each calendar year. Each year, you must sign a statement for the Agency that certifies that you are living in your home as the main place in which you live. In addition, you cannot lease or rent out your home. If you violate these requirements, the Agency may sue to enforce them, and you will owe the Agency any rental proceeds you have collected. The Agency may also declare the amounts owed under the Promissory Note and the Deed of Trust immediately due and payable or exercise the other default provisions further explained in Section K of this Disclosure Statement.

Additionally, the acquisition by the Buyer of another residential property or any interest in another residential property shall be considered a default pursuant to Section 14 of the Resale

[1] Numerical examples are included in this Disclosure Statement to help you better understand the concepts, terms and provisions of the Resale Restriction and related documents. Please be aware that these are simply to show how things work and they are not intended to represent your specific situation. If you follow along with a calculator, you may not get exactly the same answers. Any small differences may be due to how your calculator "rounds-off" numbers. Please note further that if there is an inconsistency between this document and your resale Restriction Agreement or related documents, the language in the latter documents prevails.

Restriction Agreement and entitle the Agency to exercise its purchase option granted pursuant to Section 16 of the Resale Restriction Agreement.

C. MAINTAINING YOUR HOME/ PROPERTY INSURANCE

By signing the Resale Restriction Agreement, you agree to keep your home and landscaping in good repair and in neat, clean, and orderly condition and to prevent deterioration of the home. You also agree to keep a standard homeowner's insurance policy, with the Agency named as an additional insured. The insurance policy shall be in an amount equal to the replacement value of the home. A copy of your homeowner insurance policy shall be filed with the Agency, including all renewals thereof, and the policy shall contain a 30-day cancellation notice to the Agency. Every five (5) years, the replacement value will be reviewed and adjusted as needed, if requested by the Agency.

D. NOTICES TO AGENCY

1. Notice of Intent to Vacate, Sell, Assign or Transfer.

If you decide to move from your home, or to sell, assign or transfer your home or any partial interest in your home, or if you record a mortgage or deed of trust against your home (for example, you refinance your first mortgage), you must promptly let the Agency know in writing.

2. Delivery of Required Notices.

Any notice you must give to the Agency under the terms of the Agency documents must be sent by U.S. certified mail, return receipt requested, or express delivery service with a delivery receipt. Notices are considered effective as of the date received or the date delivery was refused.

E. AGENCY HAS OPTION TO PURCHASE

When you agreed to purchase your home, you agreed that if you transfer, sell, or move from your home at any time, the Agency holds an option to purchase your home at a restricted sales price to keep the house affordable. In other words, the Agency has the first opportunity to buy your home before anyone else. Instead of buying the home itself, the Agency can also give its right to buy your home to an eligible moderate or low income household like yourself or to another agency or nonprofit corporation. The Agency does not have the option to purchase your home, however, in the case when a transfer is to an existing husband, wife, or domestic partner, to a husband, wife, or domestic partner who then becomes a co-owner of the home, to a husband or wife as part of a marriage or a divorce, to a husband, wife, or domestic partner upon death of the borrower, or to an inter vivos trust in which you are the beneficiary or upon refinancing of the mortgage on the home if the refinancing is in accordance with the terms of the Resale Restriction. In addition, the Agency does not have the option to purchase your home, if whoever inherits your home, qualifies as an eligible moderate or low income household under the Agency

Affordable Housing Program requirements and complies with Section 6 of the Resale Restriction Agreement.

1. Time Limits.

If the Agency decides to use (or assign) its option to buy your house, it shall notify you within sixty (60) days after it receives your notice of intent to sell, transfer or move from the home. The purchase of your house under the Agency option shall take place within ninety (90) days of the date it notifies you that it (or its designee) will exercise the option to buy your home.

2. Preparing Home Upon City Exercise of Option.

If the Agency exercises (or assigns) its option on your home, you are responsible for putting the home in good condition for sale. You must take the steps set forth in Section 7 of the Resale Restriction Agreement to prepare the home for sale.

F. SALES PRICE OF HOME IS RESTRICTED: DETERMINATION OF MAXIMUM SALES PRICE

The Agency's Affordable Housing Program made it possible for you to purchase your home at a substantially reduced price. The Agency also wants to make sure that others like you get the same chance. Therefore, in connection with the purchase of your home, you have entered in to the Resale Restriction Agreement. The Resale Restriction Agreement limits the sales price of your house if you sell during the term of the Resale Restriction Agreement. The maximum sales price that you can receive is the **lower** of the Restricted Future Sales Price, as described in section (1) below, and the Fair Market Value, as described in section (2).

1. Restricted Future Sales Price. The Restricted Future Sales Price is calculated as follows:

(a) The purchase price that you paid for your home at the time you entered into the Resale Restriction Agreement, which is referred to in the Resale Restriction Agreement as the "Original Purchase Price".

(b) Increased by the percentage increase in the median income for Contra Costa County (from the date of you entered into the Resale Restriction Agreement to the date the Agency received the notice to sell). Median income figures are published yearly by the California Department of Housing and Community Development ("HCD"). Agency calculations involving area median income will be based on the HCD figures.

Plus

(c) If you made substantial structural improvements or permanent fixed improvements to the home that were approved by the Agency in advance, constructed in accordance with all applicable building codes, and whose initial cost exceeds one percent (1%) of the Original Purchase Price may be increased by the amount that the improvements increase the appraised value of the home at the time of the notice to sell.

<u>The Actual Sales Price You Receive May Be Considerably Less Than Restricted Future Sales Price</u>. The sales price you actually get for the home may be significantly less than the Restricted Future Sales Price because of conditions in the housing market. The Restricted Future Sales Price is the <u>maximum</u> price that you could receive for the home. It is <u>not</u> a guaranteed amount and you should not count on receiving that amount. If the Fair Market Value of your home is less than the Restricted Future Sales Price, then you will receive the Fair Market Value as the sales price of your home.

The Example below shows how the Restricted Future Sales Price formula works.

EXAMPLE 1 You sell your house after having lived in it for eight (8) full years. The Original Purchase Price of your home at the time you entered into the Resale Restriction Agreement was Four Hundred Thousand Dollars ($300,000). The median income for a family of four when you purchased your home was Seventy-Five Thousand Dollars ($75,000), as published by HCD. Median income at the time of sale has increased to $82,500. While you lived in your home, you have kept your home in good condition and repair but you have not done any structural or permanent improvements.

[i]	Owners Base Price of Home	$ 300,000
	MULTIPLIED BY	
[ii]	Median Income Increases 10% over the eight years $82,500 - $75,000/$75,000= 10%	.10%
	EQUALS	$ 30,000
	RESTRICTED FUTURE SALES PRICE (Original Purchase Price plus 10%)	$330,000

2. <u>Fair Market Value</u>. The Resale Restriction Agreement allows the Fair Market Value to be determined in one of two ways. First, it can be established by an appraisal done by a real estate appraiser chosen by you, the owner. If the appraisal is used in connection with a sale, you are responsible for the full cost of the appraisal (except when the appraisal is obtained from the new purchaser who has already paid or is going to pay for the appraisal). If the appraisal is used in connection with a refinancing you will bear the full cost of the appraisal.

The Resale Restriction Agreement also includes a second way to determine the Fair Market Value of your home. You and the Agency can mutually set the amount of the Fair Market Value. Both you and the Agency would have to agree on this particular method (instead of hiring an appraiser) and to the Fair Market Value amount. If you and the Agency fail to agree on the Fair Market Value, either one can require use of the appraisal method.

G. SELLING YOUR HOME

Under the terms of the Resale Restriction Agreement, when you go to sell your home within the forty-five (45)-year term, there are three (3) different ways that the sale can take place:

- You sell the home at a restricted sales price to someone who meets specific income requirements like you had to meet. This buyer is called an "Eligible Purchaser" in the Resale Restriction Agreement.

- The Agency chooses to use its option to purchase your house at the restricted sales price or assigns the option to a third party who purchases the house at the restricted sales price.

- You sell your home at an unrestricted (market) sales price to a "Market Purchaser". A Market Purchaser is a buyer with an income too high to qualify as an "Eligible Purchaser". You must pay the Agency any "Excess Sales Proceeds" that may result from this type of sale.

These three cases are described below.

1. SALE TO AN "ELIGIBLE PURCHASER" AT THE RESTRICTED SALES PRICE

When you decide to sell your home, you must let the Agency know in writing before you contact a real estate broker or lender and before you list the home in the Multiple Listing Service. This notice is called the "Owner's Notice of Intent to Transfer." The Owner's Notice of Intent to Transfer must be sent in a particular way and must include specific information as detailed in Section 7 (Notice of Intended Transfer; Preparation of Home for Sale) of the Resale Restriction Agreement. If you fail to send the Agency this notice, you will be in default under the Resale Restriction Agreement and the sale of your home may be delayed.

The Agency will then let you know in a notice called the "First Agency Response Notice" whether or not it will use its option to purchase. See Section 8 (Agency Response to Owner's Notice of Intended Transfer) and Section 9 (Owner Acknowledgment of Agency Response Notice) of the Resale Restriction Agreement for details on what you must do once you receive the First Agency Response Notice.

If the Agency does not choose to buy your home, you have a sixty (60)-day "Marketing Period" in which to find an Eligible Purchaser to buy the home at the restricted sales price which the Agency will provide in the First Agency Response Notice. An Eligible Purchaser is a first time homebuyer individual or household who owns no other real estate or otherwise meets the Agency's Program for a first time homebuyer, who will live in the home, and whose income is equal to or less than one hundred twenty percent (120%) for moderate income or equal to or less than eighty percent (80%) for lower income of the area median income adjusted for household size. The Agency will provide you with the current income limits when you sell your home. See Section 8.B (Owner Sale at Restricted Sale Price to Eligible Purchaser) and Section 12 (Sale of Home By Owner If Agency Does Not Exercise Agency Option to Purchase) of the Resale Restriction Agreement.

You are responsible for putting the home in good condition for its sale. Once you have sent the Owner's Notice of Intent to Transfer, you must take the steps to prepare the home for sale as described in Section 7 (Notice of Intended Transfer; Preparation of Home for Sale) of the Resale Restriction Agreement.

Once you find a potential Eligible Purchaser, you will refer the proposed buyer to the Agency so that the Agency or its designee can determine if in fact he or she meets the requirements of an Eligible Purchaser. You and the proposed buyer must give specific information and documents to the Agency as described in Section 12 (Sale of Home By Owner If Agency Does Not Exercise Agency Option to Purchase) of the Resale Restriction Agreement.

When the sale of your home to the Eligible Purchaser is completed, you must submit to the Agency the information and documents listed in Section 12.D of the Resale Restriction Agreement.

2. AGENCY EXERCISES ITS OPTION TO PURCHASE YOUR HOME

The second way that the sale of your house can take place is that the Agency decides to use its option to purchase (or assigns this right) and the Agency or an Agency designee buys the home at the restricted sales price. The Agency will let you know that it wants to buy your home and provide the restricted sales price amount in the First Agency Response Notice. The purchase by the Agency shall take place within ninety (90) days of the date the First Agency Response Notice is sent to you. As in Section G.1 above, you are responsible for putting the home in good condition for its sale.

3. SALE TO A "MARKET PURCHASER;" PAYMENT OF "EXCESS SALES PROCEEDS" TO AGENCY

It may be the case that you are unable to locate an Eligible Purchaser within the sixty (60)-day Marketing Period following the Agency's receipt of your Notice of Intended Transfer. You may ask the Agency to extend the Marketing Period so that you can find an Eligible Purchaser, or you can send a written notice to the Agency called the "Owner's Notice of Failure to Locate Eligible Purchaser". See Section 12.A (Marketing Period), Section 12.E (Failure to Locate Eligible Purchaser; Unrestricted Sale) in the Resale Restriction Agreement.

When you send the Agency the Owner's Notice of Failure to Locate Eligible Purchaser, the Agency is again given the opportunity to use its option to purchase your home. The Agency will let you know in the "Second Agency Response Notice" if it will buy your home or assign its right to purchase the home to another party or if it will allow you to sell the house at an unrestricted sales price to a Market Purchaser.

If the Second Agency Response Notice permits the sale to a Market Purchaser at an unrestricted price, you will be required to give the Agency specific documents and information as described in Section 12.E (Failure to Locate Eligible Purchaser; Unrestricted Sale) of the Resale Restriction Agreement.

The unrestricted sales price at which you sell the house to the Market Purchaser must be supported by an appraisal as described in Section 11.B (Fair Market Value) of the Resale Restriction Agreement. You will also need to repay the Agency loan as described in Section H below.

When the sale of your home to the Market Purchaser is completed, you must submit to the Agency the information and documents listed in Section 12.E(5) (Failure to Locate Eligible Purchaser; Unrestricted Sale) of the Resale Restriction Agreement.

H. REPAYMENT OF AGENCY ASSISTANCE.

The Agency has assisted you in the purchase of your home by significantly reducing the purchase price of your home from what would have been the fair market price. The Agency views the difference between the purchase price you paid for the home and the fair market value of the home at the time of purchase as a loan. The loan is a deferred loan. You do not need to pay it back until the earliest of (i) forty-five (45) years from the date of the recordation of the Resale Agreement, (ii) the date you sell or transfer your home, or (iii) the date that you violate any of your obligations under the Resale Agreement, Promissory Note, or Deed of Trust.

The Agency charges no interest for the loan. However, if you transfer the home to a Market Purchaser at an unrestricted sales price or in violation of the Resale Restriction you must pay back the original principal amount. Additionally, when you sell the home to the Agency or an Eligible Purchaser you must pay the Agency a share of the appreciation of your home, if there is any. "Shared Appreciation" is described in the next section.

1. SHARED APPRECIATION.

Shared Appreciation replaces normal interest on the Agency loan. It is contingent upon an increase in the value of your home. The Agency wants to help low and moderate income persons and families who would not be able to buy homes in the City without Agency funds. Agency resources, however, are limited, and Shared Appreciation ensures that the Agency is repaid in proportion to the benefit that you have received. That is why the Agency has included "Shared Appreciation" in your loan repayment.

Shared Appreciation is the amount you owe the Agency based on the percentage figured by dividing the difference between the Original Purchase Price of the Home and the fair market value of the home at the time of purchase by the fair market value of the home at the time of purchase. For example, if Original Purchase Price for the Home was 80% of the fair market value of the home at the time of purchase then, when you transfer the home the Agency would receive 20% of the difference between the Original Purchase Price and the Maximum Sales Price as Shared Appreciation. The appreciation amount, in most situations, is the difference between the Original Purchase Price you paid for your home and the price at which you sell it. Example 2 sets this out with numbers.

EXAMPLE 2 You sell your house at the end of eight (8) years. You purchased your home for $300,000. At the time of purchase the Fair Market value of the home was $500,000.

Shared Appreciation Percentage: $500,000 - $300,000 ÷ $500,000 = 40%

This means that the Agency will receive 20% of the appreciation on your home, which is the difference between the Fair Market Value of your home when you purchased it and the actual price you paid for it, with certain adjustments. If we use the Maximum Restricted Resale Price of $330,000, the following would result:

Resale Price	$330,000
Original Purchase Price	-300,000
Closing Costs (example estimate)	-2,000
Total Appreciation Amount	28,000
Agency Share of Appreciation (40% of $28,000)	$ -11,200
Share of Appreciation That You Keep	$16,800
SHARED APPRECIATION YOU OWE AGENCY	$11,200

In cases where transfer of your home to another person is by means other than sale (with the exception of a creditor taking title), the appreciation is the difference between the original purchase price and the Fair Market Value of the home at the time of transfer, minus the value of capital improvements, plus the cost of Deferred Maintenance. If you transfer your home to another person in violation of the Resale Agreement, you owe the Agency Excess Sales Proceeds and Shared Appreciation.

2. **REDUCTION IN SALES PRICE OF HOME**.

Example 2 above shows what would happen if you sell your home and the price you receive is greater than the original purchase price you paid for the home. In other words, Example 2 shows what would occur when your home appreciates in value. If the opposite were to happen, however, and the price that you receive for your house is less than the original purchase price, instead of an "appreciation amount," there would be a "depreciation amount." For example, if the purchase price was $300,000 but you were only able to sell your house at a price of $250,000, the shared depreciation amount would be less than zero (a negative number) and equal to $20,000.

If your house is sold at a price below the original purchase price resulting in a depreciation amount, the Agency will not receive any Shared Appreciation upon sale of the Home.

I. REFINANCING FIRST MORTGAGE LOAN; NEW JUNIOR LOANS

The Resale Restriction Agreement allows you to refinance your first mortgage loan but places restrictions on the amount received by you from the refinancing. Following refinancing of your first mortgage, the principal amount of the refinanced Mortgage plus closing and escrow costs related to the refinance cannot exceed eighty percent (80%) of the Maximum Restricted Resale Price (see F. above for determination of Maximum Resale Price). Additionally, any subordination that the Agency may agree to execute in connection with a refinance must include notice and cure rights deemed adequate by the Agency.

J. INHERITANCE. If your heir qualifies as an eligible moderate or low income household and otherwise complies with Section 6 of the Resale Restriction Agreement, he or she may occupy the home, provided that he or she signs a new resale restriction agreement, note and deed of trust to the Agency which shall apply only for the amount of time remaining under the term of the documents you executed. If your heir does not qualify as an Eligible Purchaser, he or she must transfer the home to the Agency or an Eligible Purchaser for the Maximum Sales Price in compliance with Section 6 of the Resale Restriction Agreement.

K. DEFAULT PROVISIONS

When you purchase the home at the reduced price, you agree to meet all of the conditions of the Agency documents. If you violate any provisions of the documents, you are considered to be in default under the Resale Restriction, Note and Deed of Trust. Also, if you default under any other loan on the home, such as the first mortgage, you would also be considered to be in default under the Resale Restriction, Note and Deed of Trust. If you do not correct the violation, the Agency could exercise its option and buy your home for the restricted price. The Agency could also go to court and get a court order to enforce the provisions of the Agency documents, which may result in a foreclosure on your home. In addition, if you sell your home for greater than the restricted price, you shall be liable to the Agency for "Excess Sales Proceeds" as defined in Section 13 of the Resale Restriction Agreement, the amount by which the gross sales proceeds received by you from the new purchaser exceed the restricted price for the home).

L. DATABASE OF AFFORDABLE HOUSING

Because the Agency is reporting your property as an affordable housing unit, State law requires that your property be listed on a database that must be made available to the public on the internet. The listing will include the following information about your property: street address; assessor's parcel number; number of bedrooms; the year in which it was built or substantially rehabilitated; the date on which these restrictions expire; and information about the Notice of Affordability Restrictions on Transfer of Property that will be recorded.

* * * * * * * * * * * * * *

Please sign the enclosed copy of this Borrower Disclosure Statement in the space provided below and return it to the Agency, Attention: Executive Director, at 6000 Heritage Trail, Clayton, CA 94517.

I have read and understand the above Borrower Disclosure Statement.

By: Carol Newton Dated: 2-24-10

Signature of Borrower

Carol Newton

Print Name of Borrower

Agenda Date: 3/2/10
Agenda Item: 5a RDA

CITY OF CLAYTON
Founded 1857 Incorporated 1964

STAFF REPORT

Approved:

Gary A. Napper
City Manager/Executive Director

TO: HONORABLE CHAIRMAN AND BOARD MEMBERS

FROM: RICK ANGRISANI, CITY ENGINEER

DATE: MARCH 2, 2010

SUBJECT: ENDEAVOR HALL PATIO EXPANSION – DIRECTION TO STAFF

RECOMMENDATION

Provide direction to Staff regarding proposed patio expansion at Endeavor Hall.

BACKGROUND

In looking for ways to increase the City's revenues during these bleak economic times, the City Council expressed the concern that the rental opportunities of Endeavor Hall have been adversely affected by a shortage of usable outdoor area as compared to the area within the building. That is, the size of the groups wishing to use Endeavor Hall was being limited by the space available for gathering and/or seating. Therefore, the City Council wished to consider the expansion of the patio area and the installation of other improvements, such as patio shades, lighting and heating, to make the outdoor areas more usable on a year round basis. The City Council formed a subcommittee, consisting of Board Members Geller and Medrano, and directed Staff to prepare alternative plans for the committee's consideration.

At a kickoff meeting with the subcommittee, Staff was directed to look at expanding the patio area eastward into the municipal parking lot. In addition, Staff was to evaluate the installation of shades or tenting, additional lighting, heating, electrical circuits, gas barbeque facilities and the construction of a storage building for equipment, tables, chairs, etc.

In January, Staff met again with the subcommittee and presented three alternative layouts. Since the patio expansion was limited by the location of the existing drive aisle in the adjoining parking lot, the patio layouts varied only slightly depending upon the desirability of perimeter landscaping within the patio area. The subcommittee felt it was more important to provide usable hardscape and directed the planting areas be reduced as much as possible. Several storage building sizes and orientations were presented and the subcommittee decided that a 10' x 20' (200 square foot) building would suffice. It was directed that this building be located in the southeast corner of the fenced area in order to minimize its encroachment into usable patio area.

Staff believes the plan being presented tonight responds to all of the direction received from the subcommittee.

Patio Area

The existing patio has approximately 1,300 sf of usable area between the building and Center Street (not including the six foot walkway from the gate to the building) and approximately 210 sf along the east side of the building for a total of 1,510 sf of usable hardscape area. However, the portion of usable area along the east side of the building is connected to the primary area by a 6' wide walk and does not really appear to be a part of the patio. From a marketing standpoint, the only usable area is the 1,300 sf in the front.

The proposed patio expansion would incorporate the east side hardscape and increase the total usable area to approximately 3,900 sf. The expansion will cause the loss of five public parking spaces (valued at $56,500 – land at $6,700 per space for land plus design/construction cost of $4,600 per space) in the adjoining lot. As shown on the plan, we would retain the existing brick trim which would become a decorative pattern in the colored concrete slab area. The existing arbor structure would be relocated to the northeast corner of the patio area in order to provide an outdoor stage area for events such as weddings, while minimizing its impact on the usable patio area. The expansion of the patio area would also require minor modifications to the existing storm drain system.

Storage Building

From a cost standpoint and for ease of construction, Staff recommends the installation of a prefabricated building such as that shown in the attachment to this report. The building would be 216 sf in size (12' x 18') and would include lighting. The double door opening would be 5' wide allowing easy access for storage of larger items such as collapsible tables. The wall panels come preassembled and all other parts are pre-cut and ready to be assembled.

If it is decided to construct the storage building, it will be necessary go through the design review process with the Planning Commission.

Shades/Tent

Staff investigated the installation of a tent structure or shades for the patio area. The committee had suggested the use of Shade Sails which can be custom sized and are set at an angle for a pleasing appearance. After discussion, the subcommittee agreed with Staff's recommendation that neither feature be included in this project for the following reasons:

1) The State Fire Code also limits canopies (either individual or multiple) to a total coverage area of 700 sf unless there is a 12' wide fire break between covered areas;
2) In addition, there must be a minimum of 12' of clearance from any structure;
3) It would be impossible to anticipate the best location for permanent supports for either feature that would not impact the usability of the patio area;
4) The use of a canopy or Shade Sail would require significant time and effort from City staff for installation and removal for individual events, not to mention the storage area required and the cost of maintaining the materials.

All things considered, Staff felt that if individual parties wished to have the patio area covered for an event, it would be easier for that party to rent a temporary party tent.

Lighting/Heating/Electrical Improvements

Assuming the Council accepts the subcommittee's recommendation to forego the tent and/or canopy installation, heating becomes problematic as it would be impossible to locate specific service points (either electrical or gas) that would work for any occasion. Staff recommends that new electrical outlets be provided around the patio area that would allow users to locate rented electrical heaters wherever they deem appropriate. It will be necessary to install a new electrical panel in Endeavor Hall that would be dedicated to the outdoor lighting and heating circuits.

Staff is recommending the installation of 7 new pole lights in a style similar to the street lights used in the downtown area (see attached picture). These lights would include electrical outlets that could also be used for heaters.

Barbeque

While not a primary concern, the subcommittee was interested in the possibility of providing a gas barbeque for use during events. We have shown such a barbeque on the site plan near the storage building. Rather than using propane gas which would require the supplying and storage of gas cylinders, a natural gas barbeque is proposed. The existing gas service for Endeavor Hall is located at the rear of the building approximately 35 feet away from the barbeque. Connecting and extending a gas line to the barbeque would be a simple task.

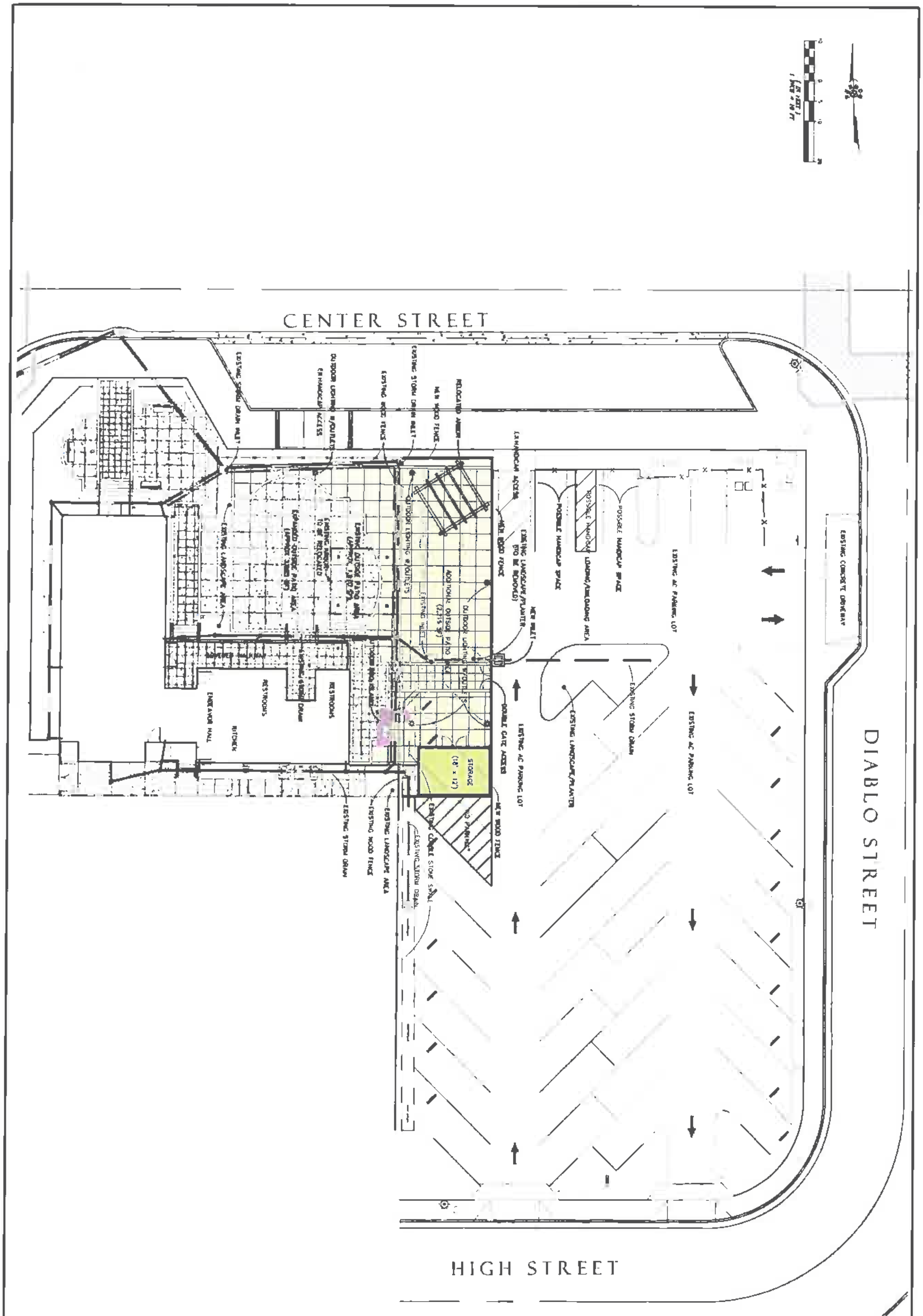
FISCAL IMPACT

Staff has estimated the total project cost for everything excluding the barbeque to be approximately $135,000 (see attached estimate). If the City Council should decide to proceed with this work, a funding source will need to be designated. Staff recommends transferring the necessary funds from the Downtown Economic Development Project, CIP No. 10400.

CONCLUSION

Staff will proceed however directed by the Council.

Attachments: Overall site plan
Patio area enlarged plan
Storage building
Lighting fixture
Cost estimate



DATE	DESIGNED	DRAWN	SCALE	SHEET NO	JOB NO
2/24/10	RBJr	RBJr	1"=5'	1 of 1	C00100443

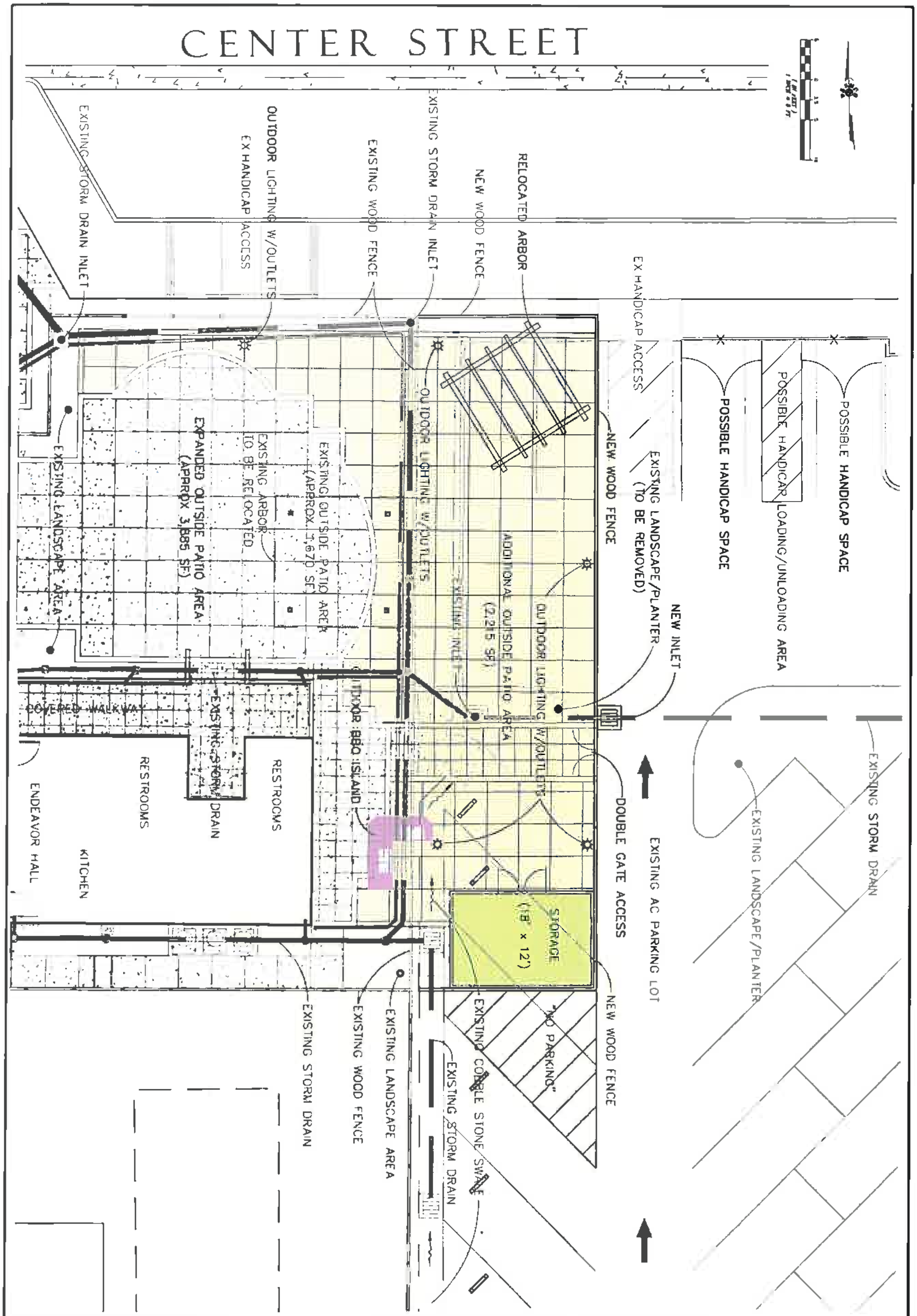
ENDEAVOR HALL

"EXPANDED OUTSIDE PATIO AREA"

CLAYTON, CONTRA COSTA COUNTY, CALIFORNIA

CITY OF CLAYTON

NO	DATE	DESCRIPTION	BY



DATE	DESIGNED	DRAWN	SCALE	SHEET NO.	JOB NO.
2/24/10	RBJr	RBJr	1"=5'	1 of 1	C00043

ENDEAVOR HALL

"EXPANDED OUTSIDE PATIO AREA"

CLAYTON, CONTRA COSTA COUNTY CALIFORNIA

CITY OF CLAYTON

NO.	DATE	DESCRIPTION	BY


Align Evenly


Photocell
Outlet

City of Clayton

Endeavor Hall Patio Expansion
Construction Cost Estimate

NO.	ITEM	UNIT	QUAN.		UNIT PRICE		TOTAL COST
	DEMOLITION						
1	Remove Existing AC Parking Lot/Incl. Sawcut	SY	414	$	6.28	$	2,599.92
2	Remove Existing Concrete Entry at Gate	SF	34	$	8.80	$	299.20
3	Remove Existing Wood Fencing W/Gate	SF	504	$	3.00	$	1,512.00
4	Remove Ex. River Rock, Landscaping & Irrigation	SF	910	$	2.00	$	1,820.00
5	Trucking & Disposal	CY	20	$	100.00	$	2,000.00
		DEMOLITION SUBTOTAL				$	8,231.12
	GRADING						
6	Finished Grading for Expanded Area W/Minor Excavation	SF	2,215	$	1.00	$	2,215.00
7	3" CL II AB	Ton	15	$	126.00	$	1,940.40
		GRADING SUBTOTAL				$	4,155.40
	CONCRETE						
8	6" Concrete Slab for 12' x 18' Storage Building	SF	216	$	15.00	$	3,240.00
9	4" Colored Concrete for Expanded Patio Area	SF	2,215	$	7.00	$	15,505.00
10	Perimeter/Retaining Curb	LF	90	$	20.00	$	1,800.00
		CONCRETE SUBTOTAL				$	20,545.00
	STORM DRAIN						
11	2' x 2' Inlet at Grade over Ex. SD Line at Fence.	EA	1	$	3,500.00	$	3,500.00
12	Replace Existing Grate with solid cover at Grade	EA	1	$	440.00	$	440.00
13	Replace Existing Area Drain Grates W/cover at Grade	EA	2	$	150.00	$	300.00
		STORM DRAIN SUBTOTAL				$	4,240.00

	STORAGE BUILDING & ARBOR						
14	12' x 18' Pre-Fabricated Storage Bldg.	LS	1	$	15,000.00	$	15,000.00
15	Unload/assemble and finish	LS	1	$	10,000.00	$	10,000.00
16	Electrical Wiring for Lighting in Storage Bldg.	LS	1	$	1,500.00	$	1,500.00
17	Relocate existing arbor	LS	1	$	4,000.00	$	4,000.00
		BUILDING & ARBOR SUBTOTAL				$	30,500.00
	LIGHTING						
19	Lantern Fixture & Pedestal Post W/GFI Outlet	EA	5	$	400.00	$	2,000.00
20	Installation of Pole Lighting	EA	5	$	800.00	$	4,000.00
21	Installation of Electrical Wiring for all Lighting & Outlets	LS	1	$	5,000.00	$	5,000.00
22	Installation of New Panel or Upgrade Ex. Panel	LS	1		$3,000.00	$	3,000.00
		LIGHTING SUBTOTAL				$	14,000.00
	MISCELLANEOUS						
23	6' Wood Fence (Without Gate)	LF	122	$	30.00	$	3,660.00
24	Wood Double Gated Entry	EA	1	$	500.00	$	500.00
25	New Parking Space Striping W/Symbols	LS	1	$	500.00	$	500.00
26	Remove Ex. Striping & Symbols	LS	1	$	500.00	$	500.00
		MISCELLANEOUS SUBTOTAL				$	5,160.00
		CONSTRUCTION SUBTOTAL				$	86,831.52
		20% CONTINGENCY				$	17,366.30
	GRAND TOTAL CONSTRUCTION ESTIMATE					$	104,197.82
	Design, inspection and administratoin (30%)					$	31,259.35
	TOTAL PHASE I PROJECT COST					$	135,457.17
	PHASE II						
27	BBQ Grill & Service Island	LS	1	$	6,000.00	$	6,000.00
28	Set up and installation	LS	1	$	1,000.00	$	1,000.00
29	New Gas Service from Existing Service(Approx. 65LF)	LF	65	$	30.00	$	1,950.00
		PHASE II SUBTOTAL				$	8,950.00
		20% CONTINGENCY				$	1,790.00
	GRAND TOTAL PHASE II CONSTRUCTION ESTIMATE					$	10,740.00