

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

TUESDAY, June 5, 2012

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 7:02 p.m. by Mayor Geller in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Geller, Vice Mayor Medrano, Councilmembers Pierce, Shuey (arrived at 7:48 p.m.), and Stratford. Staff present: City Manager Gary Napper, City Attorney Mala Subramanian (arrived at 7:15 p.m.), Finance Manager Merry Pelletier, Community Development Director David Woltering, and City Clerk Laci Jackson.
2. **CLOSED SESSION** – None.
3. **PLEDGE OF ALLEGIANCE**- led by Mayor Geller.
4. **CONSENT CALENDAR**- It was moved by Councilmember Stratford, seconded by Councilmember Pierce, to approve the Consent Calendar as submitted (Passed; 4-0 vote).
 - (a) Approved the minutes of the City Council regular meeting of May 15, 2012.
 - (b) Approved the Financial Demands and Obligations of the City.
 - (c) Authorized the City Clerk to review the City's Conflict of Interest Code and to submit a notice to the City Council by no later than October 1, 2012 whether amendments are necessary or unnecessary.
 - (d) Approved the City's annual Housing Element Progress Report for Calendar Year 2011 for submittal to the California Housing and Community Development Department.
5. **RECOGNITIONS AND PRESENTATIONS** – None.
6. **REPORTS**
 - (a) Planning Commission – Commissioner Sandy Johnson reported on the May 22nd Planning Commission meeting. The Commission approved a Home Occupation Permit for a cosmetic business with amended conditions. The Commission also asked staff to research issue regarding protection of solar panel air space.
 - (b) Trails and Landscaping Committee – Chairman Jake Pauline reported on the May 21st meeting where the Committee approved the new Trails and Landscaping Committee brochure. He noted the negotiated bid for the Daffodil Hill project came in lower than expected. Lastly, he stated the Committee approved the FY 12-13 Landscape District budget submitted by staff.
 - (c) The City Manager had no report.
 - (d) City Council

Vice Mayor Medrano attended the Trails and Landscaping Committee meeting, the League of California Cities East Bay Division meeting, a Charter High School committee

meeting, and reminded everyone June 14th will be the first Thursday night Concert in The Grove.

Councilmember Stratford attended a budget sub-committee meeting. He reminded everyone the trait being emphasized this month is Courage in the Do the Right Thing program.

Councilmember Pierce attended a Transportation Authority meeting, a Contra Costa Council task force for transportation meeting, and the Memorial Day program. She also stated the 4th of July Parade needs volunteers.

Mayor Geller stated last Saturday's Concert in The Grove was successful, collected \$1,434 in donations from the community. He also attended the CBCA meeting and the Memorial Day service.

(e) Other – None.

7. **PUBLIC COMMENTS** – None.

8. **PUBLIC HEARINGS**– None.

9. **ACTION ITEMS**

(a) Introduction of the proposed City of Clayton Budgets for Fiscal Year 2012–2013 and the Capital Improvement Program (CIP) for Fiscal Years 2012-2017.

The City Manager presented the budget and stated the State of California has a \$16 billion budget deficit and it does not seem like the State ever corrects its problems. He stated there is a significant change in the City's budget because the Clayton Redevelopment Agency is no longer in existence. This is significant because the City is losing \$4.5 million in Redevelopment Agency Funds. He stated the General Fund is up 0.5% over last year's budget and the CIP project budget is healthy. He stated the Successor Agency can only fund debt service and contracts. The total budget has dropped to \$11.8 million. He stated expenditures mirror revenues.

The General Fund budget of \$3,670,702 includes the Police Department expenses which is 51% of the budget. He stated the revenues are the disappointing aspect of the budget because tax dollars have not kept up with inflation and the cities operations and expenses continue to rise. He stated most departments are solely funded by the General Fund. He stated this year the election costs in the Legislative Department will be around \$12,000 which accounts for its annual increase. He stated this budget is predicated on no increases for employees, and status quo including no holiday premium pay and furloughs. He stated even with that action the General Fund has an annual deficit of \$199,725. He stated this is due to the demise of the Redevelopment Agency with an already lean budget. He stated in talking with the Council sub-committee the recommendation is to fill the gap with General Fund reserves. He stated in FY 2009-10 the City Council approved a gap funding of \$155,000 from the Trust and Agency but that money was not needed at the end of the year. He stated in FY 2010-11 there was a smaller gap that did not need to be filled either. He stated he hopes when the dust all settles we won't need to use the reserve. He stated City Employees have saved the City \$310,294 per year for each of the last three years to help balance the budget. He stated at the time of this report staff thought for FY 2011-12 year-end there might have a gap of \$65,000 but yesterday the Finance Manager received a check from the County for

\$48,545 which is the City's 2% election pass through from the former RDA, so now the gap is down to around \$16,800.

He stated the reason the budget is in the red is because of the demise of the Redevelopment Agency. He stated to operate the Redevelopment Agency and pay for the overhead of the agency the City used to transfer \$400,000 to the General Fund; now the City will only receive \$250,000 which created a \$150,000 gap. Also, the City was further due money from the Redevelopment Agency. The first was for the misallocation of the 2% election fees which were paid to the Redevelopment Agency in error. Second, was for a loan incurred by the Redevelopment Agency to be paid back to the City by 2023 for the Fire Station property on Center Street. He stated the State Department of Finance rejected both of these payments because they were classified as prohibited statutory loans in the Dissolution Act.

The City Manager stated the Gas Tax includes CIP monies for the Neighborhood Street project. He noted Regency Drive would be repaved in spring 2013 with Federal Funds and the City would allocate \$6,000 for ADA ramp and sidewalks.

The City Manager stated the Landscape Maintenance District budget includes the Clayton Road Median Re-landscaping project, a portion of the Daffodil Hill Beautification project, and landscaping for the CVS terrace walls. He stated the Capital Equipment Replacement Fund the City will purchase a new police car and a riding mower with a mulching deck. He stated the Development Impact Fund for this year is primarily being pushed by impact fees paid by the new residential Diablo Estates at Clayton.

He stated the City is a member of the CalPERS pension system and has been since 1975. He stated the City is no different than the other cities and there is an unfunded liability. He stated Public Safety and Miscellaneous employees received an increased pension plan in 1999. He noted the current PERS rate pays down the unfunded liability. He stated the City is paying it down about \$98,000 per year. He stated the City does not pay into Social Security and there is no match for 457 or 401 plans. The premium increase the City expects to pay this year is \$45,083. The General Fund will pay \$39,779; of that amount, \$25,459 is for Police and \$14,320 is for Misc. employees.

The Council Budget Sub-committee discussed the proposed budget and is in agreement with it. Staff recommends the Council Introduce the Budget and set the Public Hearing for the June 19th meeting.

Councilmember Shuey stated if we do not know if we have a structural deficit, what else is needed to know that? The City Manager responded the City will likely receive more local property tax money from the demise of the Redevelopment Agency but it is not guaranteed and the amount is unknown because of the confusing formulas the state uses. The County Assessor has not released next year's assessed valuations and that is a major component of the City's budget. He stated for Clayton every dollar counts and if homes sell it depends on which homes whether it hurts or helps the budget. He stated on the positive side the City has increased franchise fees for garbage services. He stated given past practice, revenues come in higher and expenditures lower than projected in the adopted budget.

Councilmember Shuey stated he would like to see the annual premium increase trend for CalPERS.

Mayor Geller thanked staff for their work on the budget. He asked if the well water helps reduce costs? The City Manager stated the wells have helped The Grove

Park expenses. The Mayor also stated he is upset the State is not going to allow the payback of the \$1 million loans owed to the City. The City Manager stated repayment of the 2% Election was structured as a loan because the state was taking \$1.9 million from the RDA that year (SERAF). He stated he tried to challenge that finding by stating the liability was actually incurred in 1987 and therefore the City is owed the \$501,000. He stated there are challenges to the Department of Finance's application of the law and he has a call into special legal counsel.

Linda Santalo, Yosemite Circle resident, asked about the street paving project and how the streets are selected? The City Manager stated every two years the City contracts with a contractor and they do a field inspection of all of the streets in the City using an industry standard. He stated then the City Council approves a project to pave the worst streets. Ms. Santalo also asked why her street did not have street lights? Councilmember Pierce stated those homes were built to a county standard which did not include street lights or sidewalks, but through the Redevelopment Agency those homes received municipal sewers.

Councilmember Shuey asked how much we spend on gas and electricity and if we have looked at solar? The City Manager stated we talked conceptually about putting solar panels over parking lots but solar panels are an investment requiring capital upfront. Grant monies have generally disappeared for solar panel installations. He stated the City has been replacing some of the street lights with LED's.

Councilmember Stratford thanked staff for their work. In the sub-committee meeting they talked about whether this is a structural deficit or a one or two year type of situation. He stated the sub-committee did not want to just push the problem down the road but because there is so much uncertainty they agreed that possibly using the General Fund reserve would be appropriate for this year.

Vice Mayor Medrano wanted to thank all of the employees for the last several years they have given the concessions, pay cuts, no pay increase, and furlough days to keep the City on budget. He stated the City has to figure out a way to receive new revenue. He stated the City only receives \$250,000 year in total sales tax revenue so even if you add businesses that won't increase much. He stated the Council should plan for monies this year from the General Fund reserve since employees have been making the sacrifices.

Councilmember Pierce thanked city staff for their work on the budget. The only solution is to use the reserve but this is only for budgeting purposes. She stated we have cut and we have put money in the reserve. She reminded citizens much of the construction being done is funded from special funds and cannot be used for operations. She stated the employees have given to the community and the good news is the Transportation Authority is seeing sales tax increases countywide so people are beginning to spend money again.

Mayor Geller echoed the comments of the Council and thanked the Finance Manager and the City Manager for their work on the budget.

The City Manager noted when he arrived in 2001, the General Fund reserve was just about \$2 million; it is now up to \$5.2 million.

It was moved by Councilmember Pierce, seconded by Vice Mayor Medrano, to instruct the City Manager to prepare the City Budgets for Public Hearing and adoption at the June 19th City Council meeting (Passed; 5-0 vote).

- (b) *Action Item of City serving as Successor Agency to the former Clayton RDA*
Introduction of the proposed Successor Agency Budget for Fiscal Year 2012 – 2013.

The City Manager noted the Council is sitting as the Successor Agency for this agenda item. He presented the Successor Agency budget and stated essentially with the state's demise of redevelopment the Agency must retire its debt. He stated the budget for the coming year is \$1,038,794 approved by the State Department of Finance. He stated it pays for the debt and professional services. He noted in past years the Concerts in The Grove and the Farmers Market has been funded partially by the Redevelopment Agency but that opportunity no longer exists.

Mayor Geller asked for public comments. None were given.

It was moved by Councilmember Pierce, seconded by Vice Mayor Medrano, to instruct the City Manager to prepare the Successor Agency Budget for Public Hearing and adoption at its June 19th meeting (Passed; 5-0 vote).

- (c) Consideration of Resolutions related to the upcoming November 6, 2012 General Municipal Election for three (3) City Council elected offices (4-year terms).

City Clerk presented the staff report indicating that in order to consolidate the November elections with the County the following resolutions must be approved. She also stated the Council will need to adopt a resolution to determine a deposit fee for voluntary Candidates' Statements and to decide if the Local Filing Fee of \$25 would be imposed on candidates.

Vice Mayor Medrano recused himself from voting on this item because he may have a conflict of interest in that he may need to pay these costs from personal funds. Vice Mayor Medrano left the room (8:38 p.m.).

Councilmember Pierce and Mayor Geller stated they each will use campaign funds to pay for the candidate statement and filing fees, therefore they have no conflict of interest.

No public comments were received.

It was moved by Councilmember Shuey, seconded by Councilmember Stratford, to adopt Resolution 25-2012 calling the General Municipal Election of November 6, 2012, requesting and consenting to consolidation and handling of the election by the Contra Costa County Elections Office, and setting specifications of the election order (Passed; 4-0 vote).

It was moved by Councilmember Shuey, seconded by Councilmember Stratford, to adopt Resolution 26-2012 adopting a policy for voluntary Candidates' Statements printed in the November 6, 2012 Voters' Information Pamphlets (Passed; 4-0 vote).

Councilmember Pierce stated she would like to see the Council adopt a formal policy setting these election matters such that there would be no future conflicts when voting to consolidate the municipal general election with the County's November ballot.

- (d) Request by Vice Mayor for discussion on enforcement of the Council Rule for no blankets or chairs set up before 4:00 pm in The Grove Park on Concert days (selected Saturdays and Thursdays).

Vice Mayor Medrano stated at the first concert people were upset that the park was filled with blankets by 4 p.m. He stated instead of having people upset, maybe the Council could look at some type of enforcement. He suggested the Police Department drive by at 3 p.m. and again at 3:45 p.m. and have the Police Officer or a volunteer move blankets to the side. He stated if that happens for a couple of weeks it will get people back into the habit of not setting up early. He stated citizens cannot set their stuff down unless they sit in that spot.

Mayor Geller asked if Vice Mayor Medrano asked people to move their things when he saw them out in the park before 4 p.m.? He stated at the first concert 8 people in the band brought their family chairs which he allowed them to set up in order to make space for the other equipment near the stage.

Vice Mayor Medrano responded there were a lot of blankets being put out early. He stated he does not care who removes the blankets but he wants to ensure the rule is followed for citizens to have the same opportunity as everyone else to obtain a spot in the park.

Mayor Geller stated he tries to tell everyone who is there that they cannot put their blankets out and believes citizens are enforcing the rule well.

Councilmember Shuey stated there ought to be an emphasis and reminders to citizens.

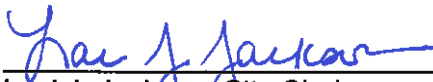
The City Manager noted City issued itself a Temporary Use Permit for the Concerts and this rule is one of the conditions.

By consensus the Council stated they each will try to re-enforce the rule if they are at the concerts and see people setting up before 4 p.m.

10. **COUNCIL ITEMS**- None.

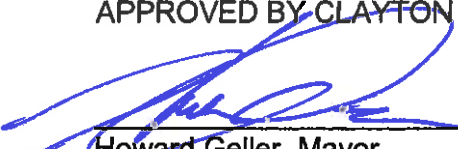
11. **ADJOURNMENT**- On call by Mayor Geller the meeting adjourned at 8:55 p.m.

Respectfully submitted,



Laci J. Jackson, City Clerk

APPROVED BY CLAYTON CITY COUNCIL



Howard Geller, Mayor