

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

TUESDAY, November 19, 2013

1. **CALL TO ORDER & ROLL CALL** – The meeting was called to order at 7:00 p.m. by Vice Mayor Stratford in Hoyer Hall of the Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Pierce (arrived during Closed Session), Vice Mayor Stratford, Councilmembers Diaz and Geller. Councilmembers absent: Councilmember Shuey. Staff present: City Manager Gary Napper, City Attorney Mala Subramanian, Finance Manager Merry Pelletier, and City Clerk Laci Kolc.
2. **PLEDGE OF ALLEGIANCE** – led by Vice Mayor Stratford.
3. **CONSENT CALENDAR**- It was moved by Councilmember Geller, seconded by Councilmember Diaz, to approve the Consent Calendar as submitted (Passed; 3-0).
 - (a) Approved the minutes of the regular meetings of November 5, 2013
 - (b) Approved Financial Demands and Obligations of the City.
 - (c) Authorized the closure of the Clayton Community Library on three (3) holiday-related Sundays in calendar year 2014.
4. **RECOGNITIONS AND PRESENTATIONS** – None.
5. **REPORTS**
 - (a) Planning Commission- No meeting held.
 - (b) Trails and Landscaping Committee – No meeting held.
 - (c) The City Manager stated he made a conditional offer of employment to a new Finance Manager. He noted current Finance Manager Merry Pelletier is retiring on December 31, 2013. He stated the new Finance Manager is a CPA and has done auditing work for local governments and cities for the last five years and is expected to start on December 9th. Next, he stated this is City Clerk Laci Kolc's last meeting as she has accepted a position with the City of American Canyon as the Human Resources Manager. He thanked Mrs. Kolc for 7 years as City Clerk/HR Manager.
 - (d) City Council

Councilmember Geller attended the Mayors' Conference and sent research data to PMC for the Housing Element.

Councilmember Diaz attended the Clayton Business group mixer, Oktoberfest wrap up meeting, and the Morgan Fire town hall meeting. He also attended the Woman's Club Boutique and the ad-hoc budget sub-committee meeting to review the audit.

Vice Mayor stated the "Do the Right Thing" trait of November and December is "Kindness. He also stated he attended the ad-hoc budget sub-committee meeting to discuss the audit.

- (e) Other – None.

6. PUBLIC COMMENTS

Richard Taylor reported the 33rd annual Clayton Ghost Walk was a success. He stated there was a well behaved crowd and he thanked the Clayton Police Department for their support and the use of their PA system. Lastly, he stated he appreciates the City Council's continued support to hold the Ghost Walk.

7. PUBLIC HEARINGS - None.

8. ACTION ITEMS

- (a) Presentation and approval of the City's Audited Financial Statement for Fiscal Year 2011-2012 prepared by Cropper Accountancy Corporation, Certified Public Accountants (CPA).

John Cropper stated on behalf of Cropper Accountancy Corporation he is here to present the June 30, 2012 Financial Statements. He stated he previously met with the ad-hoc budget sub-committee to discuss the audit. He stated the Manager on the audit was Paul Sas who will present the "State of the City" finance report tonight.

Mr. Sas started the presentation by stating this is an "unqualified audit". He stated this was a difficult year because of the dissolution of the Redevelopment Agency (RDA). He stated the City saw a loss of \$6.1 million by the RDA. He also stated expenses were down about \$4.1 million. He stated the General Fund is strong and has an annual net equity of \$182,671 and an unassigned fund balanced of \$4,913,879.

Mr. Sas stated over the last three years revenues have been steadily over expenditures. He stated the City wrote off some debt with the escheat recapture of \$53,930 which increased the fund balance. He stated there was difficulty with some of the other funds but Assistant Finance Manager Rich Sanders helped investigate the problems. He stated the fund balance was reduced because of transfers that were not made the last several years.

Councilmember Geller asked what made the prior year adjustment that reduced fund balance? Mr. Sas stated it was over several years going back to the setting up of many of the fiduciary funds (bridges, sewers, etc). He stated staff received bad advice from previous auditors on how to set these things up.

The City Manager asked if this is City-wide adjustment or to the General Fund? Mr. Cropper stated the corrections are in the fiduciary funds ("Agency Funds"), not general fund.

Mr. Cropper clarified these funds are similar to private purpose trust funds. Mr. Cropper stated the funds were fine but certain transfers did not happen that were supposed to. The City Manager added staff refers to these as Restricted Use Funds.

Mr. Cropper stated there was a auditor management letter and an auditor communication letter in the packet and he is happy to address any questions. He stated he reviewed City Management's response to the management letter and he is comfortable with that reply.

The City Manager noted this was a very challenging audit because there was a lot happening with software malfunctions and redevelopment agency dissolution. He complimented Mr. Cropper and Mr. Sas on working with staff to get this audit completed.

Mr. Cropper added the Finance Manager always had a smile and worked long hours in completing this audit.

Councilmember Geller thanked the auditors for their hard work.

Mrs. Sas noted they are well into the 2013 audit and are hoping to present it to the Council in early 2014.

Vice Mayor Stratford thanked the Finance Manager for her work on this audit.

No public comments were received.

It was moved by Councilmember Geller, seconded by Councilmember Diaz, to approve and accept the FY 2011-2012 Audited Financial Statement as submitted (Passed; 3-0 vote).

Vice Mayor Stratford stated the next item to discuss is the left over money (\$182,000) from the General Fund's annual net equity. He suggested using \$46,270 to pay for the Miscellaneous employees restoration of furloughs; \$54,151 to replenish the self-insurance fund, \$25,000 for the Capital Equipment Replacement Fund, and the remaining \$57,000 to use towards negotiations with the City Manager and the Clayton Police Officers Association.

Councilmember Geller stated he would like to table this discussion to a later Council meeting when the full Council is present.

After discussion the City Council decided to bring this decision back on a future Council agenda.

9. COUNCIL ITEMS

Councilmember Geller stated he would like to discuss on a future agenda putting an expanded stage at The Grove Park.

10. RECOGNITIONS AND PRESENTATIONS

Vice Mayor Stratford presented City Clerk Laci Kolc with a plaque in recognition of her service to the City of Clayton from 2006-2013 and thanked her for her hard work.

11. 7:45 p.m. RECESS-On call by Mayor Stratford the Council held a short recess.

12. 7:52 p.m. **CLOSED SESSIONS** – On call by Vice Mayor Stratford the Council adjourned into Closed Session for the following purposes:

(a) *Government Code Section 54957*
Public Employee Annual Performance Evaluation
Position Title: City Manager

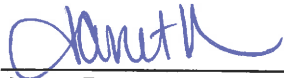
(b) *Government Code Section 54957.6*, Conference with Labor Negotiator
Instructions to City-designated Representative: Julie K. Pierce, Mayor
Unrepresented City Employee: Gary Napper, City Manager

8:21 p.m. **Reports out from Closed Session:** Mayor Pierce announced no reportable action was taken.

12. **ADJOURNMENT**– on call by Mayor Pierce the meeting adjourned at 8:22 p.m.

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Respectfully submitted,



Janet Brown, Interim City Clerk

APPROVED BY CLAYTON CITY COUNCIL



Julie K. Pierce, Mayor