CITY OF CLAYTON
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FINANCIAL SUSTAINABILITY COMMITTEE
REGULAR MEETING AGENDA

MONDAY, DECEMBER 1, 2025
4:00 PM
Hoyer Hall
6125 Clayton Road, Clayton, CA 94517

Committee Members
Frank Gavidia
Hank Stratford
Howard Kaplan
Brian Mayhew

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1. CALL TO ORDER AND ROLL CALL

a) Roll Call
b) Announcements

2. PUBLIC COMMENT ON NON-AGENDA ITEMS

3. MINUTES

(a) Approve the Minutes of the October 6, 2025 meeting of the Financial Sustainability Committee
(View)

(b) Approve the Minutes of the November 3, 2025 meeting of the Financial Sustainability Committee
(View)

4. BUDGET

(a) Receive a Report on the Revenue Needs, Options, and Possible Recommendations for Long-Term Financial Sustainability to the City Council at their next Meeting on December 2, 2025
(View)

(b) Quarterly Contracts Management Report (this item will be continued to a future meeting).
(View)

5. RESERVES AND INVESTMENTS

(a) Quarterly Investment Report (this item will be continued to a future meeting).
(View)

6. FUTURE TOPICS

7. ADJOURNMENT

Please visit www.claytonca.gov for information on the next regularly scheduled meeting of the Financial Sustainability Committee.

Meeting Information and Access

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review in City Hall located at 6000 Heritage Trail and on the City's website at www.claytonca.gov
- 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.claytonca.gov
- 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 and is available for review on the City's website at www.claytonca.gov
- If you have a physical impairment requiring special accommodation to participate, please call the City Clerk's office at least 72 hours (about 3 days) before the meeting at (925) 673-7300.
- E-mail Public Comments: Public comment may also be sent to the City Clerk at cityclerk@claytonca.gov by 12:00 p.m. on the day of the meeting. All e-mailed public comments will be forwarded to the entire committee and made part of the official meeting file.

Each person attending the meeting who wishes to speak on an agendized or non-agendized matter (within the council's jurisdiction), shall have a set amount of time to speak as determined by the Mayor.

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STAFF REPORT

TO: FINANCIAL SUSTAINABILITY COMMITTEE

FROM: Leticia Miguel, City Clerk

DATE: December 1, 2025

SUBJECT: Approve the Minutes of the October 6, 2025 meeting of the Financial Sustainability Committee

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ATTACHMENTS
Att A - MIN FSC 2025-10-06 DRAFT.pdf

CITY OF CLAYTON

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DRAFT – MEETING MINUTES
SPECIAL MEETING
FINANCIAL SUSTAINABILITY COMMITTEE

Monday, October 06, 2025 4:00 PM

1. CALL TO ORDER

The meeting was called to order at 4:01 PM at Hoyer Hall, in the Clayton Community Library, 6125 Clayton Road, Clayton, California

COMMITTEE MEMBERS PRESENT:
Committee Member Hank Stratford
Committee Member Howard Kaplan
Committee Member Frank Gavidia

COMMITTEE MEMBERS ABSENT:
Committee Member Brian Mayhew

Staff Present:
Administrative Services Director, Dennis Bozanich

2. PUBLIC COMMENT ON NON-AGENDA ITEMS

No public comment was received.

3. MINUTES

(a) Approval of the Minutes of the September 17, 2025 Financial Sustainability Committee Special Meeting

No public comment was received.

A motion was made by Committee Member Stratford, seconded by Chair Gavidia to approve the Financial Sustainability Committee Special Meeting Minutes for September 17, 2025.
The motion carried by the following vote:
Aye: 3 – Stratford, Kaplan, Gavidia
Absent: 1 – Mayhew

4. BUDGET

(a) Review Draft Fiscal Year 2025-26 Budget and Finance Calendar

Administrative Services Director, Dennis Bozanich, presented the item and responded to questions from the Financial Sustainability Committee.

No public comment was received.

The committee reviewed and clarified dates scheduled on the FY 2025-26 Budget Finance Calendar and requested that both quarterly report updates and budget revisions be presented to the Financial Sustainability Committee.

Received and Filed.

5. RESERVES AND INVESTMENTS

~~a.~~ Provide Suggestions on Improving a Draft Quarterly Investment Report Template Per Section XIII of the May 2023 Council-Approved Investment Policy

Administrative Services Director, Dennis Bozanich, presented the item and responded to questions from the Financial Sustainability Committee.

No public comment was received.

The committee discussed the Draft Quarterly Investment Report Template and provided the following comments:

a. The committee recommended adding an earnings column for both the quarterly and year-to-date figures.
b. The committee recommended, from an internal controls standpoint, that an additional staff member reconcile the investment report numbers with the financial statements.

Received and Filed.

6. FUTURE TOPICS

The committee recommended that topic proposals follow the City Council's format, requiring all requests to be submitted in writing to the Chair, who will then forward them to staff for discussion.

Public comment was received by Lauren Kendorf.

7. ADJOURN

There being no further business to come before the Financial Sustainability Committee, Committee Member Stratford moved, seconded by Chair Gavidia, and carried by a vote of 3 to 0 (Mayhew absent) to adjourn the meeting until 4:00 P.M. on Monday, November 03, 2025 in Hoyer Hall, in the Clayton Community Library, 6125 Clayton Road, Clayton, California

Meeting adjourned at 4:51 P.M.

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STAFF REPORT

TO: FINANCIAL SUSTAINABILITY COMMITTEE

FROM: Leticia Miguel, City Clerk

DATE: December 1, 2025

SUBJECT: Approve the Minutes of the November 3, 2025 meeting of the Financial Sustainability Committee

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ATTACHMENTS
Att A - MIN FSC 2025-11-03 DRAFT.pdf

CITY OF CLAYTON
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DRAFT – MEETING MINUTES
SPECIAL MEETING
FINANCIAL SUSTAINABILITY COMMITEE

Monday, November 03, 2025 4:00 PM

1. **CALL TO ORDER**
   The meeting was called to order at 4:04 PM at Hoyer Hall, in the Clayton Community Library, 6125 Clayton Road, Clayton, California

   COMMITTEE MEMBERS PRESENT:
   Committee Member Hank Stratford
   Committee Member Brian Mayhew
   Committee Member Frank Gavidia

   COMMITTEE MEMBERS ABSENT:
   Committee Member Howard Kaplan

   Staff Present:
   Administrative Services Director, Dennis Bozanich
   City Clerk, Leticia I. Miguel
   Project Manager, Skyler Aitken

2. **PUBLIC COMMENT ON NON-AGENDA ITEMS**
   Public comment was received by James Killoran.

3. **MINUTES**
   No items scheduled.

4. **BUDGET**
   (a) Review and Refer to the City Council the Contract Management Project Report -FY2025-26 First Quarter

   Administrative Services Director, Dennis Bozanich and Project Manager, Skyler Aitken presented the item and responded to questions from the Financial Sustainability Committee.

   Public comment was received by James Killoran.

   The committee reviewed the Contract Management Project Report -FY2025-26 First Quarter and provided the following comments:

a. The committee recommended adding the fiscal year then using the relevant prior quarter and match that against the current year and then do roll year to dates.
b. The committee recommended restructuring report to display the start date, end date, contracted amount, previous 12 months, and year-to-date actuals. And suggested moving the project description and the budgeted amount as a side line.

Received and Filed.

5. RESERVES AND INVESTMENTS

(a) Receive, Review and Refer the Calendar Year 2025 First/Second Quarters and Calendar Year 2025 Third Quarter Investment Reports

Administrative Services Director, Dennis Bozanich, presented the item and responded to questions from the Financial Sustainability Committee.

No public comment was received.

The committee discussed the Calendar Year 2025 First/Second Quarters and Calendar Year 2025 Third Quarter Investment Reports and provided the following comments:
The committee requested that reporting be revised to ensure compliance with investment reporting requirements and state code regulations.

Received and Filed.

(b) Discuss Possible Review on the Investment Policy (May 2023)

Administrative Services Director, Dennis Bozanich, presented the item and responded to questions from the Financial Sustainability Committee.

No public comment was received.

The committee discussed the Investment Policy and provided the following comments:
The committee requested clarification from staff and asked them to consider updating the Investment Policy.
The committee is willing to provide staff a marked- up version of the document.

Received and Filed.

6. FUTURE TOPICS

There were no future topics to discuss.

7. ADJOURN

There being no further business to come before the Financial Sustainability Committee, Gavidia adjourned the meeting until 4:00 P.M. on Monday, December 1, 2025 in Hoyer Hall, in the Clayton Community Library, 6125 Clayton Road, Clayton, California

Meeting adjourned at 5:35 P.M.

STAFF REPORT

TO: **FINANCIAL SUSTAINABILITY COMMITTEE**

FROM: **Dennis Bozanich**

DATE: **December 1, 2025**

SUBJECT: **Receive a Report on the Revenue Needs, Options, and Possible Recommendations for Long-Term Financial Sustainability to the City Council at their next Meeting on December 2, 2025**

RECOMMENDATION

Staff recommends that the Financial Sustainability Committee:

1. Receive the report summarizing the City's General Fund (GF) needs, LMD renewal requirements, and long-term revenue options.

2. Discuss and provide direction regarding the combination of revenue and policy actions the Council wishes to evaluate further to ensure long-term financial stability.

3. Direct staff to develop refined scenarios, timelines, and outreach strategies based on Council feedback for presentation in early 2026.

BACKGROUND

The mission of the Financial Sustainability Committee is to act in an advisory capacity to the City Manager and City Council and shall make recommendations on the annual budget and financial matters related to the City's operation but shall not have any direct spending or operational authority.

During the latter half of 2025, the City Council has examined Clayton's long-term fiscal challenges and potential tools to address them. Attachment A (Revenue Needs & Options Discussion and Possible Recommendation) and the broader "Future Revenue Options" project series provide the analytical basis for this report.

The analysis incorporates:

- The General Fund structural revenue gap,

- Salary competitiveness goals (85% of median),

- Pavement Condition Index (PCI) funding needs,
- Landscape Maintenance District (LMD) renewal requirements, and
- Available revenue options, including parcel taxes, sales taxes, utility user taxes, documentary transfer taxes, and cannabis agreements.

This report consolidates those analyses for the Committee's consideration ahead of potential recommendation to the City Council on the sustainable financial options available to the City of Clayton.

DISCUSSION

1. General Fund Needs and Aspirational Goals

Attachment A (Slide 2) identifies the City's core funding needs:

- GF structural gap:
  - ~$700,000 in FY 2027, growing to ~$1.1 million by FY 2036–37.
- Salary competitiveness:
  - To maintain 85% of median compensation across positions, additional costs rise from $99,000 in FY 2027 to $128,000 in FY 2037.
- Pavement network reinvestment (PCI goal):
  - Maintaining a "status-quo-ish" condition requires ~$2.1 million annually starting in FY 2027.
  - Even +$1M annually only slows pavement decline to ~2–2.5 PCI points per year (current rate is 3–4 points).

The 10-Year GF Forecast chart (Slide 3) shows that under current trends, GF uses outpace sources significantly, resulting in an estimated $3.5 million annual gap by FY 2037.

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2. Revenue Options Under Consideration

Attachment A (Slide 4) provides a summary of revenue tools aligned with the revenue models built in the "Future Revenue Options" series:

Revenue Source	Estimated Annual Revenue	General or Special	Approval Path
Parcel Tax ($400/parcel)	~$1.7M	Special	Council → Voters

Revenue Source	Estimated Annual Revenue	General or Special	Approval Path
Documentary Transfer Tax	$60K–$824K	Either	Charter + Voter Approval
Sales Tax (1%)	~$1.0M	Either	Council → Voters
Utility User Tax	~$1.0M	Either	Council → Voters
Cannabis Retail Development Agreement	$500K–$750K	General	Council

Key insights from the multi-year projections:

- No single revenue option fully closes the structural funding gap in conjunction with the City Council's aspirational goals.
- Sales tax, parcel tax, documentary transfer tax and cannabis revenues provide meaningful contributions but are not sufficient on their own.

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3. Landscape Maintenance District (LMD) Renewal

The LMD funds landscape, open space, medians, tree maintenance, and trails. Currently, the LMD FY 2025–26 budget is balanced at $1,409,003, with reserves of $336,188. The LMD sunsets June 30, 2027 per Measure H unless renewed by voters.

Renewal Options

1. Re-establish the Year-One rate based on April 2026 CPI + estimated April 2027 CPI.
2. Add a 5% or 10% one-time increase to build a capital reserve for long-term maintenance and replacement of trails, bridges, trees, etc. A 10% bump costs ~$30 per household in Year One and generates ~$127K in new revenue beginning in FY 2028.
3. Modify renewal frequency, base rate, or governance.

The ten-year LMD revenue table demonstrates that the 10% one-time increase provides the most stability while maintaining CPI-based growth thereafter.

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4. Discussion Considerations for Council

Staff suggests the following key questions to guide the Committee at arriving at a recommended course of action:

- What combination of revenue actions best addresses the GF structural gap and capital needs?

- What timeline aligns with the November 2026 ballot window?
- What stakeholder engagement plan will maximize transparency and community understanding?

Based on all modeling completed to date, staff identifies the following considerations:

1. Structural stability requires both GF and LMD action.
2. Early direction (Q1–Q2 2026) is needed to meet ballot preparation deadlines for the November 2026 ballot.
3. Within the General Fund, a combination of actions yields the only scenario that supports the current levels of operations, competitiveness, and PCI stabilization into the future.
4. LMD renewal is required to avoid service-level reductions beginning in FY 2027–28.

FISCAL IMPACT

A recommendation by the Committee to the Council will not have a direct financial impact on the adjusted FY2025-26 budget.

ATTACHMENTS

Att A - Revenue Needs & Options Discussion and Possible Recommendation.pdf

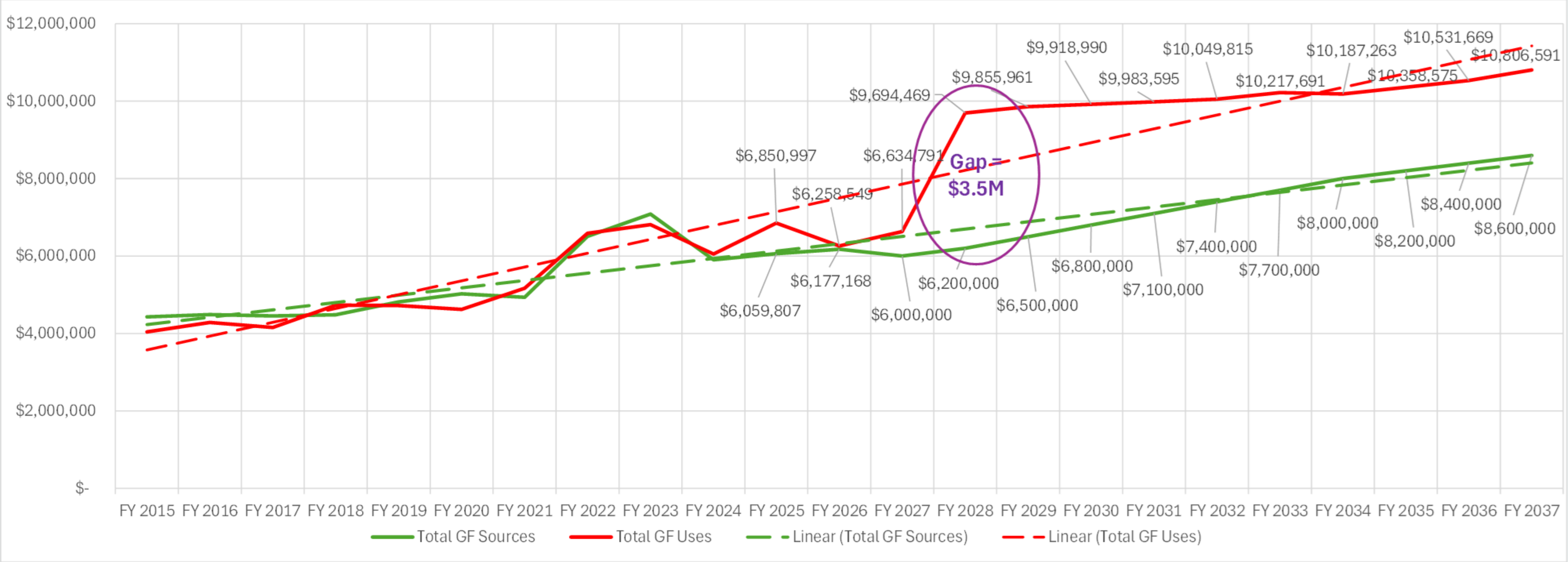
Revenue Needs & Options Discussion and Possible Recommendation

Financial Sustainability Committee
City of Clayton
December 1, 2025

City’s GF Needs & Aspirational Goals in Discussion

- General Fund (GF) Revenue/Expenditure Gap
  - $700K in 2027$$ to $1.1M annually by FY2036-37
  - Budget balancing for FY2025-26 done largely with 1x cuts
- Salary Costs
  - Aspirational goal of 85%/median per position
  - Additional budget cost of $99K in FY27 to $128K in FY37
- PCI
  - Aspirational goal of Status quo-ish requires an additional ~$2.1M (in 2027$$)
  - Even +$1M slows the decline in PCI to 2-2.5 points; Current decline 3-4 points

10-Year GF Budget Forecast with Needs & Goals



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Revenue Options in Discussion

Revenue Source	Estimated New Revenue	General or Special Purpose	Path to Approval
Parcel Tax	$1.7M @ $400 per Parcel	Special	Council, then Voters
Documentary Transfer Tax	$60,000 - $824,000	General or Special	Council, then Voters for Charter + Tax
Sales Tax	$1,000,000	General or Special	Council, then Voters
Utility User Tax	$1,000,000	General or Special	Council, then Voters
Cannabis Retail DA	$500,000 - $750,000	General or Special	Council

LMD Renewal

- LMD revenue and expenditures are balanced this FY at $1,409,003
- LMD is anticipating a FY25-26 year-end reserve fund balance of $336,188
- Tax collection for the LMD is sunsetting on June 30, 2027 per Measure H, unless extended by the voters
- LMD renewal options:
  1. Maintain the District purpose and set new “Year-One” Rate based on April 2026 CPI plus an estimated April 2027CPI, OR
  2. Options for one time + 5% or 10% more to current base to create a LMD Reserve fund for replacement/enhancement of trails, trees, bridges., etc. Estimated cost to taxpayer would be $30 Year-One (w/10% 1x bump) would generate $127K net new revenue district-wide starting in 2028; CPI would be the same for following years, AND/OR
  3. Change renewal frequency, and/or Change fiscal oversight structure, and/or base rate

LMD Revenue Options w/ Ten-Year Projection

	Individual Property Owner			District Wide		
	Status Quo	One Time 5% +2% CPI	One Time 10% +2% CPI	Status Quo	One Time 5% +2% CPI	One Time 10% +2% CPI
FY2026	$309.00	$324.45	$339.90	$1,273,389	$1,337,058	$1,400,728
FY2027	$315.18	$330.94	$346.70	$1,298,857	$1,363,800	$1,428,742
FY2028	$321.48	$337.56	$353.63	$1,324,834	$1,391,076	$1,457,317
FY2029	$327.91	$344.31	$360.70	$1,351,331	$1,418,897	$1,486,464
FY2030	$334.47	$351.20	$367.92	$1,378,357	$1,447,275	$1,516,193
FY2031	$341.16	$358.22	$375.28	$1,405,924	$1,476,221	$1,546,517
FY2032	$347.98	$365.38	$382.78	$1,434,043	$1,505,745	$1,577,447
FY2033	$354.94	$372.69	$390.44	$1,462,724	$1,535,860	$1,608,996
FY2034	$362.04	$380.14	$398.25	$1,491,978	$1,566,577	$1,641,176
FY2035	$369.28	$387.75	$406.21	$1,521,818	$1,597,909	$1,674,000
FY2036	$376.67	$395.50	$414.34	$1,552,254	$1,629,867	$1,707,479
FY2037	$384.20	$403.41	$422.62	$1,583,299	$1,662,464	$1,741,629

Discussion/Recommendation Development

- Considering Clayton’s identified fiscal needs and the full range of available revenue and expenditure options, what specific combination of actions does this Committee believe represents the most responsible and effective course of action for long-term financial sustainability?
- What concrete steps, timelines, and stakeholder engagement strategies should the City pursue to successfully implement this recommended course of action?
- What is the Committee’s recommendation to the City Council for presentation at the December 2nd City Council meeting?

Recommended Actions

- Receive an update on the Revenue Options and Needs discussions by the City Council
- Consider recommending a financially sustainable course of action and essential next steps for successful competition of that course of action to the City Council at their December 2, 2025 meeting

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STAFF REPORT

TO: FINANCIAL SUSTAINABILITY COMMITTEE

FROM: Dennis Bozanich

DATE: December 1, 2025

SUBJECT: Quarterly Contracts Management Report (this item will be continued to a future meeting).

RECOMMENDATION

Staff recommends that the Committee continue the discussion on the Quarterly Contracts Management Report to a future meeting

Agenda Item: 5.a

CITY OF CLAYTON
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STAFF REPORT

TO: **FINANCIAL SUSTAINABILITY COMMITTEE**

FROM: **Dennis Bozanich**

DATE: **December 1, 2025**

SUBJECT: **Quarterly Investment Report (this item will be continued to a future meeting).**

RECOMMENDATION
Staff recommends that the Committee continue the discussion on the Quarterly Investment Report to a future meeting

CEQA
Not an action under CEQA

FISCAL IMPACT
No fiscal impact