

**Minutes of the Regular Joint Meeting of the Oakley City Council/
Oakley City Council Acting as the Successor Agency to the Oakley
Redevelopment/Oakley Public Financing Authority
Tuesday, November 8, 2016**

1.0 OPENING MATTERS

Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency/Oakley Public Financing Authority

1.1 Call to Order and Roll Call of the Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency/Oakley Public Financing Authority

Mayor Kevin Romick called the meeting to order at 6:30pm in the Oakley City Council Chambers located at 3231 Main Street, Oakley, California. In addition to Mayor Kevin Romick, Vice Mayor Sue Higgins and Councilmembers Doug Hardcastle, Vanessa Perry and Randy Pope were present.

1.2 Pledge of Allegiance to the Flag led by Delta Vista Middle School Student, Reece Greeson

Delta Vista Middle School Student Reece Greeson led the Pledge of Allegiance. The City Council thanked her.

1.3 Update from Contra Costa Transportation Authority-Citizens Advisory Committee Appointee Michael Dupray

Michael Dupray was not in attendance.

Mayor Romick announced his update will be provided at a later date.

2.0 PUBLIC COMMENTS

Public Comment Cards

Teri House, Affordable Housing and Federal Grant Consultant for the City of Antioch and Contra Costa Interagency Council on Homelessness Advisory Board Vice Chair, announced recognition of Homeless Awareness Month and National Homeless Week (November 12-20). She mentioned the Council on Homelessness is sponsoring a tool kit which can be found online, sponsoring events, and providing information in upcoming months regarding how the County is transforming the system of care. She mentioned in 2016 a time and count study indicated that there are 1,700(+) homeless each night in Contra Costa County which is a 33% increase in East County in the past year; however, there has been a 26% decrease in homeless in the entire County in the past 5 years, a

28% decrease in homeless families, a 33% decrease in Veterans since last year (due to the County's initiative to house homeless Veterans), and a 90% increase in homeless seniors in the past few years. She requested the City's help in identifying housing units and encouraged everyone to use the various drives offered to give to homeless and provide protein-rich foods, but not money.

Online Comment Forms

None.

3.0 CONSENT CALENDAR

Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency/Oakley Public Financing Authority

- 3.1 Approve the Minutes of the Regular Joint Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency Meeting and Special Meeting of the Oakley Public Financing Authority held October 25, 2016 (Libby Vreonis, City Clerk)**

Oakley City Council

- 3.2 Accept Report Out of Closed Session Memo (Derek Cole, City Attorney)**
- 3.3 Adopt Resolutions Approving the Subdivision Improvement Agreement, the Subdivision Annexation and Assessment Authorization Deferral Agreement and Parcel Map for Minor Subdivision MS 16-979 (Southwest Corner of Laurel Road and Empire Avenue) (Kevin Rohani, Director of Public Works/City Engineer)**
- 3.4 Accept Quarterly Investment Report (1st Quarter Fiscal Year 2016-2017) (Deborah Sultan, Finance Director)**

Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency

- 3.5 Accept Quarterly Investment Report (1st Quarter Fiscal Year 2016-2017) (Deborah Sultan, Finance Director)**

Public Comment Cards

None.

Online Comment Forms

None.

It was moved by Councilmember Hardcastle and seconded by Councilmember Perry to approve the Consent Calendar. Motion was unanimous and so ordered. (5-0)

4.0 PUBLIC HEARINGS-None

Oakley City Council

4.1 Duarte Ranch Subdivision 9027 Design Review (DR 16-16) (Ken Strelo, Senior Planner)

Senior Planner Ken Strelo presented the staff report. He mentioned one correction on the staff report is that it mentioned Plan 1 is larger than Plan 2, which is incorrect; Plan 1 is larger at 2,144 sq. feet. He added that staff received a comment from a property owner within the subdivision, Margie deFremery, and staff discussed four items with her: 1) storm water run-off, 2) driveways to the property, 3) the subdivision name, and 4) a masonry wall around the west and south sides of the property.

Councilmember Hardcastle inquired about the name change of the subdivision and if the previous property owner was made aware.

Mr. Strelo explained that the plans submitted by the applicant in 2007 showed the "Duarte Ranch" name and the plans submitted recently show the revised name "Tirage". He added he has not had a chance to speak with the previous property owner as he was just made aware of the name change late this afternoon.

Vice Mayor Higgins inquired if a decision should be made before the name is addressed.

Dana Owyong, Senior Architect for Discovery Builders on behalf of the applicant, commented the request is to retain the name "Tirage at Duarte Ranch".

Mayor Romick inquired if the name "Duarte" could appear more prominent on the proposed signage for the subdivision.

Mr. Owyong responded that Discovery could work on the name and there would be no problem with the masonry wall along the Duarte property. He added that Discovery is happy to be working in Oakley again and building homes for families.

Councilmember Perry inquired if the different subdivisions in the same general area being built would be called different names and why the applicant is using two different names for this subdivision.

Mr. Owyong responded that all of the subdivisions will be built by the same developer. He explained that two names are proposed for this subdivision because "Tirage" is the instrument used to draw wine from a wine barrel which provides homage to the vineyard that existed on the property prior to preparation for the subdivision and "Duarte" is the family name of the previous property owner.

Councilmember Hardcastle commented the homes are beautiful and he encouraged the applicant to work with the previous owners to incorporate the family name, "Duarte".

Councilmember Pope commented that in reviewing the contract, the applicant agreed to incorporate the family name, "Duarte Vineyards", into the subdivision. He encouraged the applicant to work with the previous owners to incorporate the family name and commented that he does not want to impair the contract by allowing a name that is different than agreed upon in writing. He commented that the homes are beautiful and he looks forward to future frontage improvements along Laurel Road to provide traffic relief.

Public Comment Cards

Margie deFremery commented that she had not heard of the name "Tirage" being incorporated in the subdivision name until reading the recent staff report for this meeting. She added that the "Duarte" name is important to her family heritage; the Duarte's have been in Oakley for five generations (since 1900). She mentioned her dad, Joe Duarte, was told before his death that there would be a sign at the intersection of Rose Avenue and Laurel Road with the Duarte name for the subdivision. She expressed concern regarding the masonry wall on the south-west portion of the property and requested the wall be constructed at 8-feet as set forth in the contract between Duarte and Discovery. She also expressed concern with the masonry wall along Laurel Road having only one opening and requested two openings as set forth in the contract between Duarte and Discovery, at 277 Laurel Road to accommodate the circular driveway and another at 401 Laurel Road.

Online Comment Forms

None.

Vice Mayor Higgins commented that she hesitates to approve the application before the name and wall are resolved and she is not excited about the name of the subdivision.

Special Counsel William Galstan advised that he is not aware that the application requests the City to approve the sign; it is a design review request; therefore, the sign detail could come back to the City Council at a later date for review.

Councilmember Pope inquired if the contract between the applicant and previous owner for an 8-foot masonry wall conflicts with the City's code regarding wall height restrictions and if it is in conflict, if the City's code supersedes the contract between the parties.

Mr. Strelo responded that the maximum height for fences is 7 feet between two residential parcels; however, the masonry wall on Laurel Avenue can be 8 feet as it is a sound wall providing environmental mitigation.

Mr. Strela and Mr. Galstan confirmed that the City's code supersedes the contract between the parties.

It was moved by Councilmember Hardcastle to adopt the resolution as amended to address the concerns with the sign (it will come back for Council approval) and masonry wall and seconded by Councilmember Pope.

Vice Mayor Higgins inquired if the applicant would be held accountable for the driveways.

Mr. Strela explained that while he cannot speak on behalf of the property owners, there is currently one driveway proposed for the property although the contract between the parties indicate two driveways. He recommended that it be reviewed by a traffic engineer at the time Laurel Road is improved.

Vice Mayor Higgins inquired how the property owners feel about not accessing their circular driveway.

Mr. Strela explained that the property owners will have two access areas to each parcel, Laurel Road and within the subdivision.

City Manager Bryan Montgomery commented that staff will evaluate the ingress/egress access and believes the preferred access for the property owners would be through the subdivision rather than onto Laurel Road into traffic. He mentioned staff will continue discussion with the applicant regarding the sign and bring it back to the Council for approval. He also mentioned the City cannot impede the contract between the parties; however, the City code prevails over the contract. He explained that the second driveway onto Laurel Road is not related to the design review presented before the City Council this evening and while a second driveway may serve access for a short period of time, it may look awkward once the subdivision is complete.

Motion was unanimous and so ordered. (5-0)

Oakley City Council/Oakley Public Financing Authority

4.2 Authorize 2016 Lease Revenue Bonds (Deborah Sultan, Finance Director)

Finance Director Deborah Sultan presented the staff report. She introduced the financing team: Bob Gamble, Financial Advisor with Public Financial Management, Inc., Ralph Holmes, Managing Director with Stifel Financial Corp., the bond underwriter, and Juan Galvan, Bond Counsel with Jones Hall.

Councilmember Perry inquired how much of a difference the item could fluctuate before the item would have to return for a vote.

Ms. Sultan responded 10%, at least 3% savings, which can fluctuate quite a bit.

Councilmember Perry also inquired if the amounts on the PowerPoint slides show a 10% or 3% savings and what the amount is if it is only 3%.

Ms. Sultan responded that they reflect 10% savings, but would go no lower than 3%.

City Manager Bryan Montgomery commented that there could be greater than 10% savings.

Councilmember Perry inquired if the refinance would take the bonds from the years 2032-2041 and if the refinance is 100% fixed rate.

Bob Gamble commented that the refinance is 100% fixed and while he does not have an exact number, the City could have 100 basis points upward and still have 3%.

Councilmember Perry commented that it is \$80,000(+) currently to get 10% savings, but if it is only 3%, she inquired of the number.

Mr. Montgomery commented that staff's best educated guess is that the Federal Reserve may raise rates in early December; therefore, this may be the best time to refinance.

Councilmember Perry requested the worst case scenario.

Mr. Gamble replied it would be a \$50,000-\$60,000 potential additional cost over the \$80,000.

Mr. Montgomery commented that the City is hitting a good window of opportunity at this time with interest rates; the worst case scenario is approximately \$130,000 of additional debt service; the City would be able to exchange \$130,000 of debt service for \$4 million in improvements; the City does not see this type of opportunity often; there is no other debt to refinance, even at \$130,000; therefore, he would recommend it.

Vice Mayor Higgins commented that the PowerPoint slide says \$4 million goes to the Recreation Center, not the General Fund, and inquired if the only way to structure the refinance is to have the money go into the General Fund.

Ms. Sultan responded that the funds will sit in a trustee account for the Recreation Center project and the City must show continuous construction costs (invoices) to draw from it.

Mr. Montgomery added that almost all of the repayment is from the public facilities impact fee; therefore the funds cannot be used for other purposes, only for the capital construction of the building.

Councilmember Hardcastle inquired who is named as the trustee, the interest rate, and how there is a 10% savings on the interest rate.

Ms. Sultan responded that U.S. Bank is the trustee, a small interest rate will be paid and over the life of the bonds, the City will see a savings of \$680,000 from what is remaining on the 2006 bonds.

Mr. Montgomery added that currently there is \$550,000 debt service and \$500,000 is the estimated future debt service amount with the rate.

Mr. Gamble added that the 2.6% interest rate is for a shorter life on the refunding bonds; therefore, it provides a substantial reduction from the 4% interest rate.

Mr. Montgomery explained that it makes sense to refinance to obtain the savings with the rate being so low, even if it were not in conjunction with adding debt for the Recreation Center; there is no additional tax increase to residents and the repayment is almost all being provided from public facilities impact fees.

Councilmember Hardcastle inquired if the rate is set.

Mr. Gamble commented that the rate is set when the bonds are sold.

Councilmember Pope inquired where public facilities impact fees are derived from and what they can be used toward.

Mr. Montgomery explained that every new home in Oakley pays approximately \$3,000 for the public facilities impact fees and a fee study conducted approximately 12 years ago provided a list of eligible projects that the funds may be used toward, including the Civic Center, Library, Community/Recreation Center and facilities maintenance yard; anything beyond the existing list would require a revision to the fee study.

Councilmember Pope commented the funds cannot be reallocated for fire as they are restricted funds.

Special Counsel William Galstan confirmed Councilmember Pope's understanding is correct.

Councilmember Pope inquired what the amount would be if the City refinances the bonds, but doesn't add the \$4 million.

Mr. Gamble responded that it would create a flat savings through the end of 2032 when the existing bonds are retired and the City would see approximately \$650,000 savings over the life of the bonds.

Ms. Sultan added that it would be approximately \$65,000-\$70,000 per year savings just on the refunding of the bonds.

Councilmember Pope suggested it may be possible to refinance the existing bonds and not have any existing debt at 2032 then save revenue from the public facilities impact fees toward constructing the Recreation Center.

Mr. Montgomery explained it would be an exchange of \$650,000 for \$4 million and that the cost of construction should be factored as it increases about 3% every year. He compared the Recreation buildings to purchasing a home and explained most people would never be able to save enough to purchase a home outright because inflation typically exceeds savings; therefore most people borrow funds.

Ms. Sultan added that the City may not have more time to save money for the Recreation Center as the current modular buildings will not last long without extensive, costly repairs or replacing the buildings.

Councilmember Perry inquired how much money the City receives annually in the public facilities impact fees account and the current balance in the account.

Mr. Montgomery explained there is almost \$600,000 in annual revenue to that account, about the same amount as the current debt service.

Councilmember Perry inquired if residents would make up the difference if the City adds new money to the existing debt.

Mr. Montgomery replied that residents would not likely have to make up the difference because there is an increase in the number of homes being built which increases funds to the public facilities fees impact account, but the General Fund would ultimately be responsible for any shortfall.

Councilmember Perry inquired if funds are drawn from the General Fund if the number of homes falls short of providing the amount of public facilities impact fees needed.

Ms. Sultan responded that any public facilities impact fees will accumulate if there is more money in the account than needed.

Mr. Montgomery added that staff would recommend the City structure a loan from the General Fund to the public facilities impact fees account in that scenario which would be managed by a subcommittee.

Mr. Galstan inquired if a provision would be included to let the bond holders know what the bond proceeds can be used toward.

Juan Galvan commented that while the bond funds are somewhat limited in use, they can include a provision in the bond documents to provide some flexibility, for example, if the City wants to use the funds for a Recreation Center or perhaps a library/community center.

Mr. Galstan commented that a library can have a community center component in which the funds would be eligible for use.

Mr. Galvan confirmed that the bond funds would permit for other facilities to be financed.

Councilmember Hardcastle inquired if the City Council would decide where the funds are spent.

Mr. Montgomery replied that the City Council will decide; however, the funds will have to be applied toward a public facility listed in the Public Facilities Impact Fee study and the recreation center is listed.

Mr. Galstan explained that the intent is to refinance to provide funds for the Recreation Center; however, he wants the City Council to have a level of comfort during its future meeting discussions that the funds can be used for other public facilities if desired.

Mayor Romick added that the City Council will have flexibility in future meeting discussions when receiving public input, but it will know its options (what it can and can't do).

Mr. Montgomery commented that staff will place information on Engage in Oakley to obtain public input.

Councilmember Hardcastle inquired if the General Fund would have to make up the difference if housing declines.

Mr. Montgomery confirmed the General Fund would have to make up the difference in that scenario; however, to put things in perspective, 77 was the lowest number of new homes built in Oakley during the recession.

Mayor Romick inquired if the City had to draw from the General Fund during the recession.

Mr. Montgomery confirmed the City had to draw slightly from the General Fund during the recession.

Public Comment Cards

None.

Online Comment Forms

Mayor Romick announced there were 8 online comment forms submitted, 6 in favor of the refinance and 2 opposed. He mentioned the comments will be entered into the record.

Marife Abellon commented that a permanent recreation center in the community promotes a sense of belongingness to be in one community and gives residents a sense of trust and confidence that activities offered are safe, educational, appropriate

and affordable. She encouraged residents to hold gathering and events in the local facility if approved.

Melissa Diamond requested the City Council consider a larger recreation facility as the current facility is too small to accommodate the growing number of students in karate class.

Morgan Henderson commented she supports a recreation center to bring the community together in a place that is family friendly and to provide a beneficial place for youth to gather after school.

Claudia Franco commented there are many beneficial factors to a new recreation facility: it increases City revenue, it is a place for local families to host events and it is a place for community to come together.

Dan Trojanowski commented a new recreation center would provide more space for him and his son and others in the future to take classes with ample space.

Jeanette Newman commented that no changes are needed; the current set up is fine and convenient.

Simon Mendez commented a recreation center is needed to bring youth together in one place to play sports, have teen conferences, concerts and different events; it provides a place for teens to become involved in the community and it is a comfortable place for them to go.

Paul Seger suggested the City Council look to the spirit of the General Plan, Strategic Plan and Parks Master Plan and invite the public to participate. He indicated the item should be tabled until public participation and input is obtained. He commented the public has yet to be invited to participate meaningfully in the discussion regarding this project and it appears that a funding scheme has already been created to earmark bond proceeds for a community center, ball field, parking and street improvements on the Moura property without public input. He inquired how much room there will be for change in the project map and theme once the public has the opportunity to provide input.

Vice Mayor Higgins commented she is in favor of the refinance and inquired if the City Council has to indicate "recreation facility" in the wording of the bond documents or if it can just refer to impact fees.

Mr. Galvan inquired if the intent is to provide more flexibility.

Vice Mayor Higgins confirmed it is to provide more flexibility; it would be tying the City's hands to say it can only be a recreation facility.

Mr. Galvan responded that as long as the funds are used for a public facility, he believes more flexible language will satisfy Federal tax laws. He mentioned he can

double-check the documents and add the language if the City Council desires it to be broader.

Mayor Romick commented that it would provide more flexibility during the public approval process.

Mr. Montgomery commented staff will share this information with the public. He mentioned the current buildings may only last for another 5-7 years and the City has no other location to accommodate recreation classes.

Councilmember Hardcastle added the Recreation Center would be at no tax to the public.

Councilmember Perry inquired if the Recreation Center can be funded without the extra \$4 million from added bond funds.

Mr. Montgomery responded that the field, traffic signal and parking could be funded; however no structures can be funded without the \$4 million.

It was moved by Councilmember Hardcastle and seconded by Councilmember Perry to approve the Consent Calendar. Motion was unanimous and so ordered. (5-0)

5.0 REGULAR CALENDAR

Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency

5.1 Adopt a Resolution Approving the Sale of the Real Property Located at 3201 Main Street, Oakley (APN 035-090-078) to James and Brenda D'Amico (dba Delta Black Bear Diner, Inc. and/or D'Amico Investments, LLC), and Direct the Executive Director to Present the Proposed Sale to the Oversight Board for its Final Consideration (Bryan Montgomery, City Manager)

City Manager Bryan Montgomery presented the staff report.

Public Comment Cards

None.

Online Comment Forms

None.

It was moved by Councilmember Hardcastle and seconded by Councilmember Perry to adopt the resolution. Motion was unanimous and so ordered. (5-0)

Oakley City Council

5.2 Adopt a Resolution Approving Amendments to the City of Oakley Personnel Manual (Nancy Marquez, Assistant to the City Manager/ Human Resources Manager)

Assistant to the City Manager/Human Resources Manager Nancy Marquez presented the staff report.

Public Comment Cards

None.

Online Comment Forms

None.

Vice Mayor Higgins requested a spelling correction on Page 12.

It was moved by Vice Mayor Higgins and seconded by Councilmember Perry to adopt the resolution. Motion was unanimous and so ordered. (5-0)

6.0 REPORTS

6.1 CITY MANAGER

(a) City Manager

City Manager Bryan Montgomery announced the City will be hosting a Veterans Day ceremony Friday, November 11 at 11am in the Civic Center Plaza and Randy Smith, Co-Founder of the Veterans of Oakley, will be the key note speaker. He mentioned the next City Council meeting will be held December 13 with a special meeting to begin at 6 p.m.

6.2 OAKLEY CITY COUNCIL/OAKLEY CITY COUNCIL ACTING AS THE SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY

(a) Reports from Council Liaisons to Regional Committees, Commissions and Boards AND Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency Comments

Councilmember Pope announced he attended the East County Water Managers Association meeting last week and discussed how to apply for grants funds in relation to Propositions 1 and 84; it was suggested that regional requests for funding be made rather than by each individual agency. He mentioned he attended the East Contra Costa Fire Protection District Board meeting yesterday; there are five new firefighters in training and the December meeting has been cancelled. He commented that he is looking forward to the Veterans Day ceremony.

Vice Mayor Higgins asked Councilmember Pope to discuss Discovery Bay.

Councilmember Pope mentioned some Discovery Bay residents are being taxed by the County for services they are not receiving; it was brought to the attention of the County and the County has agreed to provide the amount collected and future revenue and give it to the East Contra Costa Fire Protection District in which the District has agreed to receive it to use toward fire improvements for residents in the Discovery Bay area.

Councilmember Perry announced she will be attending the Veterans Day ceremony. She mentioned there was a suicide prevention training this past Saturday where 21 people received training in Spanish; another training will be held December 10 at St. Anthony and will be conducted in English. She also mentioned she attended an Ironhouse Sanitary District meeting and the District is looking into recording its meetings to place online.

(b) Requests for Future Agendas

None.

7.0 WORK SESSIONS-None

8.0 CLOSED SESSION-None

9.0 ADJOURN

There being no further business, the meeting was adjourned at 7:42 p.m. to December 13 at 6 p.m.

Respectfully Submitted,

Libby Vreonis
City Clerk