Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.

CITY OF OXNARD CALIFORNIA

AGENDA
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Council Chambers, 305 West Third Street
June 25, 2019
Regular Meeting - 9:30 to 10:45 AM

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of fifteen minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker cards will not be accepted after the beginning of the general public comment period. Based on the number of speaker cards submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to two minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the fifteen minutes expires may do so just prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager for administrative action or scheduled on a subsequent agenda for discussion.

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the May 14, 2019 regular meeting as presented.

Contact: Michelle Ascencion, (805) 385-7805

D. REPORTS

1. Finance Department

SUBJECT: Appropriation for Annual Payments of Principal and Interest on Water Fund Loan to Golf Course Fund. (10/10/5)

RECOMMENDATION: That the Finance and Governance Committee recommend the City Council appropriate $159,340.06 in the Golf Course Operating Fund for each of FY 2018-19 and 2019-20 to make regular scheduled payments on the 2013 loan from the Water Fund.

Contact: Kevin Riper, (805) 385-7475

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

Agenda Item time estimates: (Staff Presentation / Committee Discussion / Public Comment)

2. Finance Department

SUBJECT: FY 2019-20 Appropriations for Golf Course Operating Fund Under New Operating Model. (10/10/10)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council estimate $4,940,400 of revenue, and appropriate $4,802,210 of expenditures, for the Golf Course Operating Fund (651) in FY 2019-20.

Contact: Kevin Riper, (805) 385-7475

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT

DRAFT

MINUTES
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Regular Meeting
May 14, 2019

A. ROLL CALL / POSTING OF AGENDA

At 9:38 a.m., Chair Flynn called to order the regular meeting of the Oxnard City Council Finance and Governance Committee in the City Hall Council Chambers, 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Member Bert Perello and Chair Tim Flynn were present; Member Gabriela Basua was absent.

Staff members present were Shiri Klima, Deputy City Manager; Stephen Fischer, City Attorney; Kevin Riper, Chief Financial Officer; and Elizabeth Rubalcava, Assistant City Clerk.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Danny Carrillo (SEIU labor group), Jim Lavery (disparities among the labor groups, revenues), and Steve Nash (addressing the city's budget issues).

C. CONSENT AGENDA

City Clerk Department

1. SUBJECT: Approval of Minutes.
   RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the April 23, 2019 Regular Meeting as presented.

It was moved by Member Perello, seconded by Chair Flynn, to approve the minutes as presented. VOTE: Flynn and Perello voted in favor; the motion carried 2-0.

D. REPORTS

Finance Department

1. SUBJECT: Update on Potential Strategies to Address Rising Pension Costs.
   RECOMMENDATION: That the Finance and Governance Committee:
   1. Receive a presentation from the City's municipal advisor on the current status and projections for the CalPERS pension program, and a discussion regarding various strategies to address rising pension costs;
   2. Provide feedback to staff and the municipal advisor as to whether more due diligence should be completed on the pension bond option; and
   3. If "yes" on #2 above, direct staff to return to the Committee with more information in the Summer or Fall of 2019. If "no" on #2 above, proceed to the full City Council with this presentation and accompanying Committee recommendation.

Mike Meyer of NHA Advisors gave a report. Public comments were received from Jim Lavery and Phillip Molina. Discussion ensued among the Committee and staff.

It was moved by Member Perello, seconded by Chair Flynn, for NHA Advisors to make the same presentation at a special meeting of the full City Council, and provide more information that pertains to due diligence and addresses the Chair's recommendations. VOTE: Flynn and Perello voted in favor; the motion carried 2-0.

E. ITEMS FOR FUTURE AGENDAS (No requests were made.)

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Flynn adjourned the meeting at 11:07 a.m.

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MICHELLE ASCENCION, CMC
City Clerk

____
TIM FLYNN
Chair

FINANCE AND GOVERNENCE COMMITTEE
AGENDA REPORT

REPORTS
AGENDA ITEM NO. D.1.

DATE: June 25, 2019

TO: Finance & Governance Committee

FROM: Kevin Riper, Chief Financial Officer, (805) 385-7475, kevin.riper@oxnard.org

SUBJECT: Appropriation for Annual Payments of Principal and Interest on Water Fund Loan to Golf Course Fund. (10/10/5)

RECOMMENDATION

That the Finance and Governance Committee recommend the City Council appropriate $159,340.06 in the Golf Course Operating Fund for each of FY 2018-19 and 2019-20 to make regular scheduled payments on the 2013 loan from the Water Fund.

BACKGROUND

On June 4, 2013, the City Council approved an interfund loan agreement for the Golf Course Operating Fund to borrow $1,348,277 from the Water Fund. The loan repayment schedule called for interest to accrue from the inception of the loan, but for principal and interest payments by the Golf Course Operating Fund to the Water Fund to begin only in FY 2016-17. At the time staff predicted that Golf Course Development Fees would be the revenue source from which the loan would eventually be repaid.

For both FY 2016-17 and 2017-18 the scheduled principal and interest payments were budgeted and made. A year ago, when the FY 2018-19 budget was prepared, staff anticipated that sufficient Golf Course Development Fee revenue would accumulate during FY 2018-19 in order for the Golf Course Operating Fund to be able to pay off the entire loan to the Water Fund. (The 2013 loan agreement between the two funds allows for prepayment without penalty.) As a result, neither the FY 2018-19 nor 2019-20 adopted budgets included appropriations for the regular annual loan payment of $159,340.06 from the Golf Course Operating Fund to the Water Fund -- because the underlying assumption was that the loan would have been paid off instead.

Golf Course Development Fee revenue sufficient to pay off the entire Water Fund loan has indeed accumulated through the current fiscal year, and up until several weeks ago, staff's plan was still to recommend to City Council a Golf Course Operating Fund appropriation for the Water Fund to be repaid in full.

Now, the situation has changed. With a new operating model and vendor for the golf course under consideration, and with widespread concern over the lack of any sinking fund or reserve for maintenance and capital repairs (such as to the roof of the clubhouse, potentially), staff now believes it wiser for the Golf Course Operating Fund to conserve cash by not prepaying the full $1.05 million still owed to the Water Fund, but instead to make the annual scheduled loan payments to the Water Fund of $159,340.06 in each of FY 2018-19 and 2019-20. An appropriation is needed for both these payments, because as noted above, neither the FY

2018-19 nor 2019-20 budget included one.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to strengthen and stabilize the organizational foundation of the City in the areas of Finance, Information Technology, and Human Resources, and to improve workforce quality while increasing transparency to the public. This item supports the following goals and objectives:

Goal 2. Increase transparency with Council, community and staff related to the City's budget and financial management processes.

FINANCIAL IMPACT

Compared with the previous plan of the Golf Course Operating Fund prepaying the entire $1.05 million balance of the loan from the Water Fund, this newly recommended action (two $159,340.06 appropriations) will leave the Golf Course Operating Fund with over $700,000 more cash with which to conduct needed repairs and maintenance of its facilities. There is no effect on fund balance, only on cash.

Prepared by: Kevin Riper, Chief Financial Officer

ATTACHMENTS

1. BA FY19 Annual Water Debt Payment
2. BA FY20 Annual Water Debt Payment

REQUEST FOR BUDGET APPROPRIATION - FY18-19

Department: Finance **Date:** June 25, 2019

Project/Program Manager: Kevin Riper **Phone:** x7461

Reason for Appropriation:

Appropriate FY18-19 Annual Water Debt Payment No. 3

Accounts and Descriptions **AMOUNT**

Fund: GOLF COURSE OPERATING (651)

Expenditures/Transfers Out

DEBT SERVICE (6403)

651-6403-896.85-07	DEBT SERVICE PAYMENT / LOAN PRINCIPAL PAYMENT	128,517
651-6403-848.85-08	DEBT SVC PAYMENT / LOAN INTEREST	30,824
	Sub-total Expenditures	159,341
	Net Change to Fund Balance	**(159,341)**
	Net Appropriation Change	**159,341**

Approvals

Department Director ______________________

Chief Financial Officer ______________________

City Manager ______________________

BA# (Finance Use Only)______________

BA DOC.# (Finance)______________

REQUIRES CITY COUNCIL AUTHORIZATION

Revised : 2/23/2012

REQUEST FOR BUDGET APPROPRIATION - FY19-20

Department: Finance **Date:** June 25, 2019

Project/Program Manager: Kevin Riper **Phone:** x7461

Reason for Appropriation:

Appropriate FY19-20 Annual Water Debt Payment No. 4

Accounts and Descriptions | **AMOUNT**

Fund: GOLF COURSE OPERATING (651)

Expenditures/Transfers Out

DEBT SERVICE (6403)

651-6403-896.85-07	DEBT SERVICE PAYMENT / LOAN PRINCIPAL PAYMENT	132,373
651-6403-848.85-08	DEBT SVC PAYMENT / LOAN INTEREST	26,968
	Sub-total Expenditures	159,341
	Net Change to Fund Balance	**(159,341)**
	Net Appropriation Change	**159,341**

Approvals

Department Director ______________________

Chief Financial Officer ______________________

City Manager ______________________

BA# (Finance Use Only)______________

BA DOC.# (Finance)______________

REQUIRES CITY COUNCIL AUTHORIZATION

Revised : 2/23/2012

CITY OF OXNARD CALIFORNIA

FINANCE AND GOVERNENCE COMMITTEE
AGENDA REPORT

REPORTS
AGENDA ITEM NO. D.2.

DATE: June 25, 2019

TO: Finance & Governance Committee

FROM: Kevin Riper, Chief Financial Officer, (805) 385-7475, kevin.riper@oxnard.org

SUBJECT: FY 2019-20 Appropriations for Golf Course Operating Fund Under New Operating Model. (10/10/10)

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council estimate $4,940,400 of revenue, and appropriate $4,802,210 of expenditures, for the Golf Course Operating Fund (651) in FY 2019-20.

BACKGROUND

This agenda item is contingent upon City Council approving at its June 18, 2019, meeting an agreement with American Golf Corporation (AGC) to operate the River Ridge Golf Course. At the time of the publishing of this agenda, that Council meeting has not yet occurred.

The City's FY 2019-20 operating budget for the Golf Course Operating Fund (651) was prepared in the spring using the same appropriation structure as in prior years under the operating agreement with the golf course's longtime private operator. That appropriation structure had the City Council approve only the net operating cost (not the gross expenditures and gross revenues) incurred by the private operator plus Golf Course Operating Fund expenses paid directly by the City. For FY 2019-20 the latter includes $360,000 for water usage; $285,523 for new machinery and equipment (an estimated $135,523 for purchasing Water Well No. 27 and an estimated $150,000 for maintenance and repairs of City-owned equipment); an estimated $102,568 for landfill monitoring expense; a FY19-20 capital improvement project of $100,000 for the River Ridge drainage swale construction; $48,575 for the Golf Course Operating Fund's share of indirect cost allocation and internal support charges from internal services departments (consisting of data processing-operation, liability insurance, and indirect prorated cost charge); and almost $40,000 for Public Works staff costs to manage the golf course operating agreement.

The new operating model with AGC for the golf course is on a gross revenue/gross expenditure basis, not on a net basis like the expiring operating agreement. All golf course revenue brought in by AGC and all golf course expenditures made by AGC for operations will now flow through the City's budget, bank account and accounting records. As a result, there needs to be an estimate in the FY 2019-20 budget of gross revenues and an appropriation of gross expenditures.

The second set of dollar figures in the attachment shows the recommended appropriations for the Golf Course

Operating Fund for FY 2019-20, which is $4,802,210 in total, most of which would be expended by AGC for its operation of the golf course.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

The recommended appropriation will establish revenue estimates and appropriation limits for the Golf Course Operating Fund (651) in FY 2019-20 under the new operating model being considered at the City Council meeting of June 18, 2019.

The attachment shows preliminary line-item detail for the Golf Course Operating Fund budget for FY 2019-20 under the new operating model with AGC. During the summer, staff in the Public Works and Finance Departments will work with AGC to refine the line-item budget estimates from AGC's pro forma for FY 2019-20. Following that exercise, staff will have sufficient information to assign specific account numbers in the City's chart of accounts, and to complete a Request for Budget Appropriation form for City Council to review and approve.

Prepared by: Kevin Riper, Chief Financial Officer

ATTACHMENTS

1. AGC - Golf Proforma 6.25.19

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY 19/20 ORIGINAL BUDGET	FY 19/20 REVISED BUDGET	Notes
651-6401-615.7x-xx	American Golf Corp. (AGC)-Gross Revenues		4,336,400	Part of AGC proforma - Projected Annual Gross Revenues
651-6401-615.77-51	GOLF COURSE ACTIVITY	141,232	0	
651-6401-691.75-23	MISCELLANEOUS REVENUES	604,000	604,000	Golf Course Development Fees
651-6401-711.79-01	TRANSFERS FR.GENERAL FUND	0	-	No subsidy from General Fund
	Total Revenues	**745,232**	**4,940,400**	**Combined Gross Revenues**
651-6401-8xx-8xxx	AGC - Cost of Sales		387,420	Part of AGC proforma - Cost of Sales
651-6401-8xx-8xxx	AGC - Proposed Gross Operating Expenses		3,641,954	Part of AGC proforma - Gross Operating Exp. (including $360K Utilities Water + $234,956 for General & Adm. / Base Mgt. Fees)
651-6401-841.80-01	DIRECT LABOR-REGULAR	27,430	27,430	
651-6401-841.80-40	PARS	2,022	2,022	
651-6401-841.80-41	EMPLOYEE BENEFITS	3,437	3,437	
651-6401-841.80-42	WORKERS COMP INSURANCE	1,393	1,393	
651-6401-841.80-43	PERS	2,447	2,447	
651-6401-841.80-50	MISC-PERS UAL	1,723	1,723	
651-6401-842.82-03	SERVICES-AUDIT	10,000	10,000	
651-6401-844.82-67	WATER	354,600	-	part of AGC proforma
651-6401-844.85-30	TELEPHONE CHGS/HIPC	185	-	part of AGC proforma
651-6401-846.83-71	TAXES AND FILING FEES	20,000	-	part of AGC proforma
651-6401-846.85-22	DATA PROCESSING-OPERATION	1,152	1,152	
651-6401-846.85-25	LIABILITY INSURANCE	867	867	
651-6401-846.85-32	INDIRECT PRORATED CST CHG	46,556	46,556	
651-6401-847.83-08	MAINT. AND OTHER SERVICES	40,000	27,909	
651-6401-891.86-06	MACHINERY & EQUIP-NEW	276,000	285,523	One-Time $135,523 Water Well #27 Purchase + $150,000 Maintenance of Equipment
651-6402-842.82-09	SERVICES-OTHER PROF/CONTR	100,000	102,568	Landfill Monitoring
651-6403-896.85-07	LOAN PRINCIPAL PAYMENT	0	128,517	Annual Water Fund Loan Debt Service
651-6403-848.85-08	LOAN INTEREST	0	30,824	Annual Water Fund Loan Debt Service
651-6905-824.84-51	SERVICES FROM OTHER PROG	10,000	10,000	One-Time: FY19-20 CIP River Ridge Drainage Swale Construction
651-6905-824.86-10	CONSTRUCTION OTHER	90,000	90,000	One-Time: FY19-20 CIP River Ridge Drainage Swale Construction
651-1002-841.88-03	RESERVE APPRP-SALARY ADJ	468	468	
	Total Expenses	**988,280**	**4,802,210**	**Combined Gross Expenses**