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 Library, 251 South "A" Street and the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Any materials to be presented at this meeting will be made available electronically 24 hours prior to the meeting, at the end of this agenda. The agenda reports are on the City of Oxnard web site at www.oxnard.org.

CITY OF OXNARD CALIFORNIA

AGENDA
OXNARD CITY COUNCIL
OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY
OXNARD FINANCING AUTHORITY
OXNARD HOUSING AUTHORITY

Council Chambers, 305 West Third Street
April 18, 2017
Regular Meeting - 6:00 PM
Closed Session - 4:30 PM

A. ROLL CALL/POSTING OF AGENDA

THE FOLLOWING LEGISLATIVE BODIES ARE MEETING: City Council.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

At this time, a person may address the legislative body only on matters appearing on the closed session agenda. The presiding officer shall limit public comments to three minutes

C. CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation

CC (Government Code section 54956.9 (d)(1))
Name of case: Scott Carroll v. City of Oxnard
Workers' Compensation Case Nos. ADJ10489361 and ADJ10489361

The City Attorney requested that this item be discussed in closed session under the Brown Act authorization for the City Council to confer with its legal counsel regarding pending litigation.

2. Conference with Legal Counsel – Existing Litigation

CC (Government Code section 54956.9 (d)(1))
Name of case: Estate of Meagan Hockaday; et al. v. City of Oxnard; et al.
United States District Court, Case No. 2:16-cv-02145-JAK-GJS

The City Attorney requested that this item be discussed in closed session under the Brown Act authorization for the City Council to confer with its legal counsel regarding pending litigation.

D. OPENING CEREMONIES

Pledge of allegiance to the flag of the United States

E. CEREMONIAL CALENDAR

1. SUBJECT: Presentation Declaring Oxnard Guerros FC as Oxnard's Official Professional Soccer Team.

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of thirty 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 three minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the thirty 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/ Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

G. REPORT OF CITY MANAGER/EXECUTIVE DIRECTOR/SECRETARY

The City Manager/Executive Director/Secretary shall report on items of interest to the legislative body occurring since the last meeting. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion.

H. CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY/FINANCING AUTHORITY BUSINESS/COMMITTEE REPORTS

At this time, a member of the legislative body may make a brief announcement, or make a brief report on his or her activities. Further, members of the legislative body may request to schedule consideration of whether to place an item on a future agenda. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. The member's report shall not exceed three minutes, unless additional time is granted by the presiding officer.

I. REVIEW OF INFORMATION/CONSENT AGENDA

The members of the legislative body will consider whether to remove Information/Consent Agenda items for discussion later during the meeting.

J. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

At this time, a person may address the legislative body only on matters appearing on the information/consent agenda. The presiding officer shall limit public comments to three minutes.

K. INFORMATION CONSENT AGENDA

City Clerk Department

1. SUBJECT: Minutes of the April 4, 2017 Regular Meeting.
   RECOMMENDATION: That the City Council approve the Minutes as presented.
   Legislative Body: CC Contact: Michelle Ascencion Phone: 385-7805

City Manager Department

2. SUBJECT: Agreements for City Council Review
   RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the agreements/contracts and change orders/amendments in amounts more than $25,000 but no more than $250,000, which are described on the attached list.

   A. Sintra Group for psychological exams for prospective firefighters ($60,000).
   B. Zumar Industries, Inc. for purchase of traffic and roadway signs ($200,000).

   A complete explanation of the agreement and funding sources are attached.
   Legislative Body: CC Contact: Greg Nyhoff Phone: 385-7430

Police Department

3. SUBJECT: Donation of Used, Unserviceable City Vehicle to Drag Racing Against Gangs and Graffiti (DRAGG) Program
   RECOMMENDATION: That City Council adopt a resolution 1) authorizing the donation of one unserviceable vehicle to the nonprofit DRAGG Program and 2) approving the related donation agreement.
   Legislative Body: CC Contact: Scott Whitney Phone: 385-7624

Public Works Department

4. SUBJECT: CAL FIRE Urban and Community Forestry Program Grant Application
   RECOMMENDATION: That City Council adopt resolutions authorizing the City Manager to submit an application for $274,740 in the California Department of Fire Urban and Community Forestry California Climate Investments grant program, with grant funds to be used for the planting of trees in designated "disadvantaged communities" of Oxnard.
   Legislative Body: CC Contact: Daniel Rydberg Phone: 385-8055

L. REPORTS

Public Works Department

1. SUBJECT: Proposed Water Rate Increase (30/30/45)
   RECOMMENDATION: That City Council:
   1. Approve the City water rate structure for an 16-month period (September 1, 2017 through

December 2018);
2. Authorize staff to proceed with the Proposition 218 public notification process to establish water rates through December 31, 2018; and
3. Set a public hearing on the water rate increase for July 11, 2017 with a proposed effective date of September 1, 2017 when new rates would take effect.
Legislative Body: CC Contact: Daniel Rydberg Phone: 385-8055

Finance Department

2. SUBJECT: External Auditor Contract Amendment (10/15/5)
RECOMMENDATION: That the City Council approves and authorizes the Mayor to execute:

1. Fifth Amendment of the Agreement for Accounting Services with Eadie & Payne, LLP in the amount of $305,725 for a total not to exceed $1,286,240 for the external audit services contract.

2. Engagement letters with Eadie & Payne, LLP

3. An appropriation of $38,860 from Measure O Fund and $99,257 from General Fund to cover fiscal year 2016/17 costs.
Legislative Body: CC Contact: Jim Throop Phone: 385-7475

Public Works Department

3. SUBJECT: Utility Rate Assistance Program Implementation Plan (15/20/20)
RECOMMENDATION: That City Council:

Approve a Utility Rate Assistance Program (Program) for residential utility bills to assist Oxnard low-income residents to begin July 1, 2017. Authorize staff to grant financial relief equal to a constant $10.00 credit for the monthly utility service charged to customers who meet the eligibility requirements.
Authorize staff to direct up to $100,000 annually from penalty fees charged to customers who pay their bills late and meet the eligibility requirements to fund the Utility Rate Assistance Program.
Authorize staff to implement a voluntary donation program to support the Utility Rate Assistance Program.
Legislative Body: CC Contact: Daniel Rydberg Phone: 385-8055

4. SUBJECT: Status Report on the Public Works Department Environmental Resources Division (10/10/10)
RECOMMENDATION: That City Council receive report.
Legislative Body: CC Contact: Daniel Rydberg Phone: 385-8055

M. PUBLIC COMMENTS ON REPORTS

At this time, a person may address the legislative body only on matters appearing on the reports.

The presiding officer shall permit a person to address the legislative body after the staff presentation on the report and before the consideration of the report by the legislative body. The presiding officer shall limit public comments to three minutes.

N. ADJOURNMENT

CITY OF OXNARD CALIFORNIA — CITY COUNCIL AGENDA REPORT	TYPE OF ITEM: Info/Consent AGENDA ITEM NO.:

DATE: April 18, 2017

TO: City Council

FROM: Michelle Ascencion
City Clerk

SUBJECT: Minutes of the April 4, 2017 Regular Meeting.

CONTACT: Michelle Ascencion, City Clerk
Michelle.Ascencion@oxnard.org, 385-7805

RECOMMENDATION:

That the City Council approve the Minutes as presented.

STRATEGIC PRIORITIES

This agenda item is a routine operational item that does not directly relate to the four strategic plans adopted by City Council on May 17, 2016. This agenda items does provide transparency of Council meetings to the public.

FINANCIAL IMPACT

None.

MINUTES
OXNARD CITY COUNCIL
Regular Meeting
April 4, 2017

A. ROLL CALL/POSTING OF AGENDA

At 5:04 p.m., the regular meeting of the Oxnard City Council was called to order by Mayor Flynn in the Council Chambers, concurrently with the Oxnard Housing Authority meeting. The City Clerk called the roll and announced the posting of the agenda on March 30, 2017. Councilmembers Bryan A. MacDonald, Oscar Madrigal, Bert Perello, Mayor Pro Tem Carmen Ramirez, and Mayor Tim Flynn were present. Housing Commissioners Jose Andrade and Francisco Vega arrived at 6:00 p.m..

Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesús Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON CLOSED SESSON ITEMS

Public comments were received from Raul Lopez, Kevin Ward, Mary Ann Krause, Adam Vega, Roman Pineil, Matthew Urango, Martina Gallego, Shannon Lopez, Kelly Levin, Guadalupe Lopez, Arthur Valenzuela Jr., Tim Nafzinger, Josephine Soliz, and Dianne Fritsche.

C. CLOSED SESSION

At 5:21 p.m. the City Council recessed to a closed session, pursuant to Government Code section 54956.9(d)(4), based on existing facts and circumstances, the City Council shall decide whether to initiate litigation in one potential case regarding the Presidential Executive Order directing federal authorities to deny federal funds to “sanctuary jurisdictions.”

The City Council also recessed to a closed session pursuant to Government Code section 54957(b)(1), evaluation of public employee, City Attorney.

At 6:28 p.m. the City Council reconvened in open session in the Council Chambers. There was no announcement following closed session.

D. OPENING CEREMONIES

Following the flag salute, there was a moment of silence in memory of longtime resident Ignacio Carmona, who recently passed away at age 100.

Additional staff members present at this time were Darwin Base, Fire Chief; Keith Brooks, IT Director; Arturo Casillas, Housing Director; Ashley Golden, Development Services Director; Ingrid Hardy, Cultural and Community Services Director; Kymberly Horner, Economic Development Director; Phillip Molina, City Treasurer; Steve Janice, Human Resources Director; James Throop, Chief Financial Officer; Scott Whitney, Chief of Police; Jefferson Billingsley, Assistant City Attorney Susan Duenas, Emergency Services Manager; George Iafrete, Computer Network Engineer III; Shiri Klima, Assistant City Attorney; Kathleen Mallory, Planning Division Manager; and Douglas Spondello, Senior Planner.

E. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of a Proclamation Designating the Month of April 2017 as "Fair Housing Month."

Mayor Flynn read the proclamation and presented it to Ventura County Association of Realtors representatives Sher Heard, Mark Chacon, Linda Montiel, and Mike Trotter, who made some remarks and thanked the Council.

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Aaron Starr (infrastructure use fee), Alicia Percell (Prop. 218 process), Woodrow Thomas Sr. (police incident), Chuck Hamm (infrastructure use fee), Jim Hensley (lifeguards, youth swimming), Jack Villa (Neighborhood Council activation), Narissa Petchumurus (safe city), Raul Lopez (safe city), Lucia Trujillo (safe city), Adam Vega (sanctuary city), and George Miller (wastewater rate lawsuit).

G. REPORT OF CITY MANAGER

The City Manager announced upcoming town hall meetings regarding Landscape Maintenance Districts, and an Inter Neighborhood Council Organization meeting where he will speak on Quimby funds. He gave a brief update on the status of the Patterson Road repairs and announced a future agenda item on water rates. The City's Standard and Poor's bond rating will be discussed at a future Utility Task Force meeting.

H. CITY COUNCIL REPORTS

Councilmember Madrigal reported on attending the recent Oxnard Downtown Management District's strategic meeting and the Oxnard Guerreros soccer game.

Mayor Pro Tem Ramirez warned the public about recent IRS scam calls. She asked that the City lend its support to AB1129 against armoring of the coast, a transportation funding bill, and comprehensive immigration reform on the federal level. She commended Ignacio Carmona's actions to support Japanese Americans during World War II.

Councilman MacDonald reported on his recent RDP-21 trip to Washington DC to discuss the military bases and the Halaco superfund site.

Councilmember Perello commented on the Oxnard Downtown Management District meeting, the condition of the dugouts in Eastwood Park, and the upcoming Fiscal Policy Task Force meeting.

Mayor Flynn commented on the recent Cesar Chavez commemoration and march, and expressed hope that the Council and community can reach consensus on a statement of "shared community values."

I. REVIEW OF INFORMATION/CONSENT AGENDA

Items K-1, K-2A, and K-3 were pulled for discussion.

Regarding K-1: Councilmember Perello requested a minor correction to the Minutes of the February 28, 2017 meeting.

Regarding K-2A: Councilmember Perello inquired about the number of air monitors (the Fire Chief responded).

Regarding K-3: Council and staff discussed Council and community roles under the Emergency Operations Ordinance.

J. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

Public comments were received from Pat Brown and Jackie Tedeschi.

K. INFORMATION/CONSENT AGENDA

City Clerk Department

1. SUBJECT: Minutes of the February 14, 2017 and February 28, 2017 Regular Meetings.
   RECOMMENDATION: Approve the Minutes of February 14 and 28, 2017 meetings.

City Manager Department

2. SUBJECT: Agreements for City Council Review.
   RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the agreements/contracts and change orders/amendments in amounts more than $25,000 but no more than $250,000, which are described on the attached list:
   A) Priority Safety Services (7788-17-FI) for monthly inspection and calibration of air monitors for the Fire Department ($45,000).

Fire Department

3. SUBJECT: Adoption of Ordinance No. 2916 Amending Chapter 6 of the Oxnard City Code Relating to Emergency Organization and Functions.
   RECOMMENDATION: That City Council adopt Ordinance No. 2916 amending Chapter 6 of the Oxnard City Code, relating to emergency organization and functions.

Housing Department

4. SUBJECT: Award of Contract for the Replacement of Flooring in 129 Public Housing Units.
   RECOMMENDATION: That the City of Oxnard Housing Authority Board of Commissioners approve and authorize the Chairman to execute a firm-fixed price contract in the amount of $362,014 with Coastal Flooring Surface dba Coastal Construction Team (Agreement number A-7956), using funds previously appropriated from 2015 and 2016 Capital Fund grants, for the replacement of the existing flooring in 52 public housing units located in Colonia Village and 77 units in scattered public housing sites throughout Oxnard for a total of 129 units.

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve the Information/Consent Agenda as presented. VOTE: Andrade, Flynn, MacDonald, Madrigal, Perello, Ramirez, and Vega voted in favor; the motion carried 7-0 on Item K-4 (Housing Authority Board), 5-0 on the remaining items (City Council).

L. REPORTS

City Manager Department

1. SUBJECT: Presentation by Mayor Flynn on Proposed City Council Committee Reorganization.
   RECOMMENDATION: That following the Mayor's presentation on his recommendations for reorganization of the Council committee structure, the City Council discuss the proposal and provide direction as needed.

Mayor Flynn gave a report. Discussion ensued among the Council members.

Public comments were received from Daniel Chavez Jr., Mike Johnson, George Miller, Aaron Starr, Gabriel Teran, and Alicia Percell.

Further discussion ensued among the Council members; no action was taken.

Development Services Department

2. SUBJECT: Downtown Improvement Projects - Development Services Department.
   RECOMMENDATION: That City Council appropriate $130,000.00 from the Downtown Improvement Program Settlement Funds ("DIPSF") to initiate Downtown Capital Improvement Projects identified within the Downtown Vision Plan.

The Development Services Director introduced the Senior Planner, who gave a report.

Public comments were received from Pat Brown, Abel Magana, and Steve Nash.

Discussion ensued among Council and staff.

It was moved by Councilman MacDonald, seconded by Councilmember Perello, to approve the staff recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

City Attorney Department

3. SUBJECT: Marijuana Study Session.
   RECOMMENDATION: That City Council holds a study session and provides policy direction to staff on future marijuana regulations.

The City Attorney introduced Assistant City Attorney Billingsley, who gave a report.

Public comments were received from Gabriel Teran, Mark Davidson, Wayne Richman, Natalia McGamwell, Karrie Wimberly, Yvonne Green, Sam Boyer, Daniel Chavez Jr., Melody Beattie, Joe Kyle, Francine Castanon, Aaron Starr, Woodrow Thomas Sr., and Steve Nash. Discussion ensued among Council and staff.

M. PUBLIC COMMENTS ON REPORTS (None)

CONTINUATION OF PUBLIC COMMENTS

Public comments were received from Pat Brown (power plant public hearing), Daniel Chavez Jr., (crosswalk on Citrus Grove Lane), and Genevieve Flores-Haro (safe cities resolution).

N. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 11:13 p.m.

MICHELLE ASCENCION, CMC City Clerk	TIM FLYNN Mayor

CITY OF OXNARD CALIFORNIA	**CITY COUNCIL** **AGENDA REPORT**	**TYPE OF ITEM: Info/Consent** **AGENDA ITEM NO.: <u>1</u>**

DATE: April 18, 2017

TO: City Council

FROM: Greg Nyhoff
City Manager

Greg Nyhoff

SUBJECT: Agreements for City Council Review

CONTACT: Greg Nyhoff, City Manager
Greg.Nyhoff@oxnard.org, 385-7430

RECOMMENDATION:

That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the agreements/contracts and change orders/amendments in amounts more than $25,000 but no more than $250,000, which are described on the attached list.

A. Sintra Group for psychological exams for prospective firefighters ($60,000).
B. Zumar Industries, Inc. for purchase of traffic and roadway signs ($200,000).

A complete explanation of the agreement and funding sources are attached.

BACKGROUND

On November 16, 2010, the City Council approved changes to the City's Purchasing Procedures reducing the threshold for City agreements/contracts and change orders/amendments requiring City Council approval to $25,000. The agreements/contract and change orders/amendments described on the attached list involve amounts above $25,000 and up to $250,000.

FINANCIAL IMPACT

Funding information is included on the attached list.

NOTE: Copies of the agreement/contracts and change orders/amendments on the list are available in the City Clerk's Office prior to the Council meeting.

ATTACHMENTS:

Attachment A: City Manager Contract List for April 18, 2017

City Manager Contract List for 04/18/2017

Contracts from $25,000 to $250,000

A Amendment with Sintra Group to include psychology exams and increase amount

Vendor:	Sintra Group
Type:	Amendment
Agreement No.:	7391-16-FI
Amendment No.:	1
Purchase Order No.:	
Begin Date:	03/28/2017
End Date:	06/30/2017
Term:	3 months

Amount to be Approved:	$60,000
Current FY Amount:	$70,400
Total Contract Amount:	$110,000
Funding Source:	General Fund/2017 Fire Academy
Vendor Selection Process:	Request for Proposals (RFP)
# of Bids/Proposals/Quotes:	7
Project Manager:	Darwin Base
Department:	Fire
Telephone:	805-385-7708
Email:	darwin.base@oxnard.org

Purpose:

Staff is requesting authorization to enter into a First Amendment with Sintra Group (7391-16-FI) in the amount of $60,000 to conduct background investigations for the Fire Department on prospective employees. All firefighters must successfully complete a background investigation prior to employment with the City of Oxnard.

Pursuant to City's purchasing policies, a Request for Proposal (RFP) was conducted with 7 vendors submitting proposals. Proposals were reviewed and Sintra Group was one of two vendors able to provide the required services for the same cost. With price and ability to complete the work equal between the two vendors, Sintra Group was selected as the preferred vendor due to the quality and reliability of their work provided to Oxnard Fire Department during past recruitments.

This First Amendment will allow Sintra Group to include psychological exams as part of the background process. Studies have shown that the psychological exam can assist in the hiring and retention of the highest quality candidates. The amendment also allows additional funds for Sintra Group to provide backgrounds for the academy that will begin on May 22. The number of background investigations required is 32 for the hiring of 26 recruits.

This First Amendment with Sintra Group is for $60,000 for a total contract amount of $110,000. Staff will issue a new RFP in July and will include the psychological exams in the scope of services requested.

City Manager Contract List for 04/18/2017

Contracts from $25,000 to $250,000

B BPO/Street Maintenance-Signage Material

Vendor:	Zumar Industries, Inc.	**Amount to be Approved:**	$200,000
Type:	Purchase Order	**Current FY Amount:**	$30,000
Agreement No.:		**Total Contract Amount:**	$200,000
Amendment No.:	N/A	**Funding Source:**	Measure O
Purchase Order No.:	6252	**Vendor Selection Process:**	Request for Bids (RFB)
Begin Date:	04/01/2017	**# of Bids/Proposals/Quotes:**	2
End Date:	04/01/2019	**Project Manager:**	Raymond Williams, Streets Manager
Term:	2 Years	**Department:**	Public Works
		Telephone:	797-8206
		Email:	raymond.williams@oxnard.org

Purpose:

Staff is requesting authorization to enter into a Blanket Purchase Order with Zumar Industries, Inc. in the amount of $200,000 for the purchase of traffic and roadway signs to enhance safety and information to Oxnard residents and road users.

Pursuant to the City's Purchasing Policies, ten bids were solicited and only two formal bids were obtained for signage material. Zumar Industries, Inc. was selected as the lowest responsible bidder. The Purchase Order will not exceed $200,000 for a two-year period. The total amount annually will be approximately $100,000.

CITY COUNCIL AGENDA REPORT	TYPE OF ITEM: Info/Consent AGENDA ITEM NO.: 2

DATE: April 18, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

Greg Nyhoff

FROM: Scott Whitney
Police Chief

S Whitney

SUBJECT: Donation of Used, Unserviceable City Vehicle to Drag Racing Against Gangs and Graffiti (DRAGG) Program

CONTACT: Scott Whitney, Police Chief
Scott.Whitney@Oxnard.org, 385-7624

RECOMMENDATION:

That City Council adopt a resolution 1) authorizing the donation of one unserviceable vehicle to the nonprofit DRAGG Program and 2) approving the related donation agreement.

BACKGROUND

The Police Department has an obsolete 1996 Chevrolet Caprice in its inventory with an odometer reading of over 96,000 miles. After being retired from the patrol fleet many years ago, it was reassigned to Animal Safety for use traveling within the City. With its current age of over twenty-one years, the vehicle is no longer reliable, is out of warranty, and its current condition would require costly repairs to keep it running. It would not be practical to repurpose this vehicle to any other function within the City.

The Department recommends donating the unserviceable Chevrolet Caprice to the nonprofit DRAGG Incorporated's afterschool automotive and mentorship program. The vehicle will be used to demonstrate automotive and body repair to local youth with the goal of refurbishing the vehicle to its original condition. The vehicle will be used for DRAGG events, but will also be included in a number of City and community functions.

DRAGG Inc. is a 501(c)(3) nonprofit youth-oriented, automotive-centered education program that is funded by community donations. Its mission is to provide an alternative to gangs and graffiti through a positive learning opportunity that teaches youth responsibility and respect for others in the unique environment of the automotive industry, while gaining hands on exposure to knowledge of automotive careers.

The program encourages students to stay in school and work toward graduation by providing an introduction to the unlimited careers offered in the automotive industry. DRAGG students earn school credit while learning about automotive repair, continuing education, and employment opportunities. More than 30 students participate each school semester, and they are excited to join a positive learning environment.

STRATEGIC PRIORITIES

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Objective 1a. Create a renewed focus on police/community relations with underserved communities and youth population.

Objective 1b. Explore alternatives for youth through recreation programs and intervention services.

FINANCIAL IMPACT

There is no cost to the General Fund. The estimated value of the vehicle is approximately $600.00.

ATTACHMENTS:

Attachment A - Donation Resolution and Agreement

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE DONATION OF ONE 1996 CHEVROLET CAPRICE TO THE DRAGG AFTER SCHOOL PROGRAM AND APPROVING AN EQUIPMENT DONATION AGREEMENT WITH DRAGG INC.

WHEREAS, the City of Oxnard currently owns a 1996 Chevrolet Caprice (the **"Equipment"**), more specifically described in **Attachment A (and Exhibit A thereto)**, which is attached hereto and incorporated by this reference; and

WHEREAS, the Equipment has exceeded its useful life and is no longer suitable for City use; and

WHEREAS, the Oxnard Police Chief has requested that the Equipment be donated to DRAGG Inc.; and

WHEREAS, DRAGG Inc. has communicated to the Oxnard Police Department its desire to use the Equipment as part of its Automotive Education program; and

WHEREAS, the City's donation to DRAGG Inc. will enable the City to dispose of equipment that has exceeded its useful life and is no longer suitable for City use and will serve a public purpose by providing learning opportunities and experience to youth of the City of Oxnard involved in the DRAGG Automotive Education program.

NOW, THEREFORE, the City Council of the City of Oxnard resolves:

1. That the foregoing is true, correct and adopted.

2. That the Equipment Donation Agreement attached hereto as **Attachment A** (Agreement No. A-7966) is hereby approved and the Mayor is hereby authorized to execute said Agreement.

3. The Oxnard Police Chief is hereby authorized to donate the Equipment to DRAGG Inc. pursuant to the terms of the Equipment Donation Agreement upon City Council adoption of this Resolution and the Mayor's execution of the Equipment Donation Agreement.

PASSED AND ADOPTED THIS 18th day of April, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____

Tim Flynn, Mayor

ATTEST:

____

Michelle Ascension, City Clerk

APPROVED AS TO FORM:

____

Stephen M. Fischer, City Attorney

Attachment A **Agreement No. A-7966**

EQUIPMENT DONATION AGREEMENT

THIS EQUIPMENT DONATION AGREEMENT (**"Agreement"**), dated for purposes of identification only as April 18, 2017, is entered by and between the CITY OF OXNARD, a municipal corporation (**"Donor"**) and DRAGG Inc., a non-profit automotive after school program (**"DRAGG"**). Donor and DRAGG are sometimes individually referred to as **"Party"** and collectively as **"Parties."**

1. **Equipment.** Subject to the terms and conditions of this Agreement, Donor transfers all right, title and ownership of the equipment described in the attached **Exhibit A** (the **"Equipment"**), which is incorporated herein by this reference, to DRAGG for the use and enjoyment of the program. Title to the Equipment will vest in DRAGG Inc. upon the Equipment's arrival at the DRAGG facility. Promptly upon receipt of Equipment by DRAGG Inc., Donor shall provide any and all documentation necessary to record the transfer of title in the Equipment.

2. **No Payment.** Donor and DRAGG agree that each party's performance of this Agreement constitutes full consideration and that DRAGG is not obligated to pay for the Equipment.

3. **Use of Equipment.** DRAGG may use the Equipment for any purpose it deems appropriate and there is no expectation or reversion of the Equipment to Donor under any circumstances whatsoever.

4. **Transportation of Equipment.** Donor shall be responsible for removing all previously identified items from the Equipment and transporting the Equipment to DRAGG.

5. **No Warranty.** DRAGG agrees and acknowledges that the Equipment is sold, conveyed, donated, or otherwise transferred "AS IS" without warranty of any kind, either express or implied, in fact or in law, including but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Donor shall not be liable for any damages caused by DRAGG's receipt, purchase and/or use of the Equipment, including but not limited to, special, incidental, exemplary, indirect or consequential damages or for loss of profits, revenues or data, even if Donor has been advised of the possibility of such damages.

6. **Release of Liability.** By executing this Agreement, DRAGG expressly waives, exempts, releases and discharges Donor, its City Council, each member thereof, and its directors, officers and employees, to the fullest extent allowed by law, from any and all claims, demands and actions for injury, loss or damage, arising out of or in any way connected to DRAGG's receipt, purchase and/or use of the Equipment, whether or not caused by any act, omission, negligence, or other fault of Donor, its City Council, each member thereof, or its directors, officers and employees, or by any other cause.

7. **Indemnification.**

   a. To the fullest extent permitted by law, DRAGG shall (1) immediately defend; (2) indemnify; and (3) hold harmless Donor, its City Council, each member thereof, and its directors, officers, and employees (the **"Indemnified Party"**) from and against all liabilities regardless of nature, type, or cause, arising out of or resulting from or in connection with DRAGG's receipt, purchase and/or use of the Equipment. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. DRAGG's obligation to indemnify applies unless it is adjudicated that any of the liabilities covered by this Section are the result of the sole active negligence or sole willful misconduct of the Indemnified Party.

b. The duty to defend is a separate and distinct obligation from DRAGG's duty to indemnify. DRAGG shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the Indemnified Party immediately upon tender to DRAGG of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of negligence or willful misconduct by the Indemnified Party shall not relieve DRAGG from its separate and distinct obligation to defend the Indemnified Party. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes the obligation to provide independent defense counsel if DRAGG asserts that liability is caused in whole or in part by the negligence or willful misconduct of the Indemnified Party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of the Indemnified Party, DRAGG may submit a claim to Donor for reimbursement of reasonable attorneys' fees and defense costs.

8. **Successors and Assigns.** All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of successors, legal representatives and assigns of Donor and DRAGG to the same extent and effect as the same are binding upon and inure to the benefit of the parties hereto.

9. **Assignment.** DRAGG shall not assign or transfer (whether voluntary or involuntary) this Agreement in whole or in part, or permit any other person or entity to use the rights or privileges hereby conveyed, without the prior written consent of Donor, which may be withheld in Donor's sole and absolute discretion. Any attempted act in violation of this Section shall be void and without effect and give Donor the right to immediately terminate this Agreement.

10. **Amendments and Modification.** This Agreement may be amended, modified or supplemented only by a written agreement signed by all of the parties hereto.

11. **Governing Law.** This Agreement shall be governed by the laws of the State of California.

12. **Venue.** Any legal action brought under this Agreement shall be instituted in the Superior Court of Ventura County, State of California, in an appropriate court in that county, or in the Federal District Court in the Central District of California.

13. **Attorneys' Fees.** In the event of a dispute between the parties with respect to the terms and conditions of this Agreement, the prevailing party shall be entitled to collect from the other its reasonable attorneys' fees as established by the judge or arbitrator presiding over such dispute.

14. **Severability.** If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of

competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions, or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

15. **Counterparts.** This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

16. **Authority to Enter Agreement.** Each of the persons executing this Agreement on behalf of a party hereto warrants that: (i) such party is duly organized and existing; (ii) the signer is duly authorized to execute and deliver the Agreement on behalf of said party; (iii) by so executing this Agreement, such party is formally bound; and (iv) there is no litigation or legal proceeding that would prevent said party from entering into this Agreement.

17. **Effective Date.** This Agreement shall take effect immediately upon execution by the Donor.

18. **Entire Agreement.** This Agreement and the exhibits referenced or attached hereto constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof. This Agreement is not intended to confer upon any person other than the parties hereto any rights and remedies hereunder.

DONOR
CITY OF OXNARD

____
Tim Flynn, Mayor

APPROVED AS TO FORM:

____
Stephen M. Fischer, City Attorney

DRAGG
DRAGG Inc.

By: ________________________________

Its: ________________________________

By: ________________________________

Its: ________________________________

APPROVED AS TO CONTENT:

____

Scott Whitney, Police Chief

APPROVED AS TO INSURANCE:

____

Mike More, Risk Manager

EXHIBIT A- EQUIPMENT DESCRIPTION

1996 Chevrolet Caprice VIN# 2FAHP71V18X102833

	CITY COUNCIL **AGENDA REPORT**	**TYPE OF ITEM: Info/Consent** **AGENDA ITEM NO.: 3**

DATE: April 18, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

Greg Nyhoff

FROM: Daniel Rydberg
Public Works Director

Daniel Rydberg

SUBJECT: CAL FIRE Urban and Community Forestry Program Grant Application

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

That City Council adopt resolutions authorizing the City Manager to submit an application for $274,740 in the California Department of Fire Urban and Community Forestry California Climate Investments grant program, with grant funds to be used for the planting of trees in designated "disadvantaged communities" of Oxnard.

BACKGROUND

The California Department of Forestry and Fire Protection's ("CAL FIRE") Urban and Community Forestry Greenhouse Gas Reduction Program ("Program") is designed to fund activities that result in a quantifiable net greenhouse gas reduction. This Program's focus is on the use of trees and associated vegetation to provide multiple benefit solutions and to mimic the functions of natural forests in urban neighborhoods. This grant application is due April 26, 2017.

The Program works to optimize the benefits of trees and related vegetation through multiple-objective projects as specified in the California Urban Forestry Act of 1978 (Public Resources Code Sections 4799.06 through 4799.12). These projects further the goals of the California Global Warming Solutions Act of 2006 (AB 32), which sought to reduce California's greenhouse gas ("GHG") emissions to 1990 levels by 2020. The projects provide environmental services and cost-effective solutions to address the needs of urban communities and local agencies.

Additional project benefits include increased water supply, clean air and water, reduced energy use, flood and storm water management, recreation, urban revitalization, improved public health, and the production of useful products such as bio-fuel, clean energy, and high quality wood. Projects may provide a combination of these additional benefits, other benefits not mentioned, or even benefits that are not yet clearly defined. CAL FIRE encourages resident participation in the development and implementation of each project.

CAL FIRE prioritizes funding projects in "disadvantaged communities," which are defined as those disproportionately burdened by multiple sources of pollution, as identified by the Office of Environmental Health Hazard Assessment ("OEHHA") and the California Environmental Protection Agency ("CalEPA"). In Oxnard, this includes several census tracts and those tracts with a half mile extended zone around the identified tracts' boundaries.

Proposed Project

The proposed project scope will create greenhouse gas reduction benefits through tree planting that integrates maximizing the use of environmental services with job training and creation for young people in Oxnard's disadvantaged communities. The proposed project will fund the planting of 1,000 trees in disadvantaged areas of Oxnard, including job training efforts for young people enrolled in the City Corps program. The trainees will support the Parks Division in the planting and initial management of the trees. The project scope includes cost effective solutions to increasing water supply and best management practices in stormwater management while improving public health and the City's recreational amenities.

The proposed project will involve resident participation throughout the project, including the planting and early maintenance of the planted trees. The project will engage the Meetup/Cleanup community volunteerism program of the City's Cultural and Community Services Department. The project will also seek out the participation of residents involved in Inter-Neighborhood Council Organizations ("INCOs") and the Parks, Recreation and Community Services Commission. The proposed project will utilize public community educational space to engage the community within an urban and community forestry perspective, including the caring for drought tolerant and native community forestry plantings. The project will use the space to train young people in urban and community forestry tree production methods, using an interactive and educational greenhouse/ shadehouse funded by the project to propagate and maintain additional trees and plants before their distribution and planting in the disadvantaged communities of the project.

To meet the job training priorities of CAL FIRE, the proposed project will utilize the Oxnard City Corps program, which serves young people ages 14 through 24, in order to support the planting and maintenance of the trees through a job training component. The Oxnard City Corps headquarters and demonstration house showcases water conservation, stormwater management best practices, and rainwater harvesting practices. The site is also planted with native, drought tolerant, and fruiting species. The proposed project extends this model to Oxnard's parks and public areas.

Amount of Grant Request

The CAL FIRE Urban and Community Forestry grant requires a cost share (matching) rate of 75/25, meaning CAL FIRE will fund 75 percent of a project only if the City funds the remaining 25 percent. Matching requirements may be met with in-kind activities or materials related to the project as well as any State funding sources related to the project. The grant total project cost is $366,320. The City's match will be $91,580 of in-kind staff support and related services. The funding requested from CAL FIRE for the project is $274,740. Upon grant award, staff will return to Council to recognize the grant award and appropriate funding to the project from the Public Works Department's funds.

There are two resolutions attached: one that satisfies CAL FIRE's requirements for grant submittal, and another that is in accordance with the City's procedures to submit grant applications. Both are required for the City to submit the grant application.

STRATEGIC PRIORITIES

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 1. Improve community safety and quality of life through a combination of prevention, intervention, and suppression efforts that address crime and underlying issues.

Objective 1b. Explore alternatives for youth through recreation programs and intervention services.

Goal 3. Strengthen neighborhood development, and connect City, community and culture.

Objective 3a. Create a renewed focus on establishing a positive outlook and orientation of our City, neighborhoods and overall community.

Objective 3b. Empower and connect our Inter-Neighborhood Council Organizations ("INCOs"), Community Advisory Groups ("CAGs") and Neighborhood Watch Program.

This agenda item also supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 5. Ensure orderly development and long-range conservation and management of our natural resources and coastal assets.

Objective 5a. Develop and implement a sustainability program.

Objective 5b. Protect ocean and waterways.

FINANCIAL IMPACT

The CAL FIRE Urban and Community Forestry grant requires a cost share (matching) rate of 75/25. Matching requirements may be met with in-kind activities or materials related to the project as well as any State funding source related to the project.

The total project cost is $366,320. The City's match will be $91,580, including $79,000 of Public Works staff time re-allocated to the project, $7,500 of in-kind materials use, and $5,080 of in-kind services from General Fund Parks (account 101-5705). The funding requested from CAL FIRE for the project is $274,740. Upon grant award, staff will return to Council to recognize the grant award and appropriate funding to the project from the Public Works Department's operating funds.

ATTACHMENTS:

Attachment A: CALFIRE Urban and Community Forestry Resolution with Grantor Verbiage

Attachment B: CALFIRE Urban and Community Forestry Resolution with Oxnard Verbiage

Attachment C: Eligible project sites

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.:________________

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD FOR FUNDING FROM THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM AS PROVIDED THROUGH THE GREENHOUSE GAS REDUCTION FUND.

WHEREAS, the Governor of the State of California in cooperation with the California State Legislature has enacted the State of California Greenhouse Gas Reduction Funding, which provides funds to the State of California and its political subdivisions for urban forestry programs; and

WHEREAS, the State Department of Forestry and Fire Protection has been delegated the responsibility for the administration of the program within the State, setting up necessary procedures governing application by local agencies and non-profit organizations under the program; and

WHEREAS, said procedures established by the State Department of Forestry and Fire Protection require the applicant to certify by resolution the approval of application before submission of said application to the State; and

WHEREAS, the applicant wishes for the City to enter into an agreement with the State of California to carry out an urban forestry project.

NOW, THEREFORE, BE IT RESOLVED that the CITY OF OXNARD:

1. Approved the filing of an application for “State Greenhouse Gas Reduction Funding” urban forestry grant program funds; and
2. Certifies that said applicant has or will have sufficient funds to operate and maintain the project; and
3. Certifies that funds under the jurisdiction of THE CITY OF OXNARD are available to begin the project; and
4. Certifies that said applicant will expend grant funds prior to March 30, 2020; and
5. Appoints THE CITY MANAGER, or a designee, as agent of the CITY OF OXNARD to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.

Approved and adopted this __________day of _________, 2017.

AYES:

NOES:

ABSENT:

____
Tim Flynn, Mayor

ATTEST:

____
Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

____
Stephen M. Fischer, City Attorney

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING SUBMITTAL OF GRANT APPLICATION

WHEREAS, City Council Resolution No. 12,053 sets out the procedure by which City staff may submit grant applications, following approval by resolution of the City Council; and

WHEREAS, the Public Works Department has requested that City Council approve the submittal of an application to the California Department of Forestry and Fire Protection's (CAL FIRE) Urban Forestry Grant Program in grant funds to be used for planting trees in Oxnard's "disadvantaged communities," which are defined as those disproportionately burdened by multiple sources of pollution.

NOW, THEREFORE, the City Council of the City of Oxnard resolves to approve the submittal of a grant application by the City Manager for the implementation the Oxnard Community Forestry Program. The City Council further resolves that the City Manager or designee is authorized to execute grant agreements; the Finance Director or designee is authorized to submit financial reports and grant claims and approve special budget appropriations for the use of grant funds; and the Public Works Director or designee is authorized to submit non-financial reports.

PASSED AND ADOPTED this ____ day of ________________________, 2017, by the following vote:

AYES:

NOES:

ABSENT:

____
Tim Flynn, Mayor

ATTEST:

____
Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

____
Stephen M. Fischer, City Attorney

The funding guidelines for the CAL FIRE grant includes two types of screening criteria to determine whether a specific project qualifies to be counted towards the SB 535 requirements because it either:

- Is located within a census tract identified as a disadvantaged community; provides direct, meaningful, and assured benefits to one or more disadvantaged communities; and provides a benefit that meaningfully addresses an important community need3; or
- Provides direct, meaningful, and assured benefits to one or more disadvantaged communities; and provides a benefit that meaningfully addresses an important community need.

The following maps show the areas of Oxnard where the grant project activities are eligible to occur.

Figure 1.

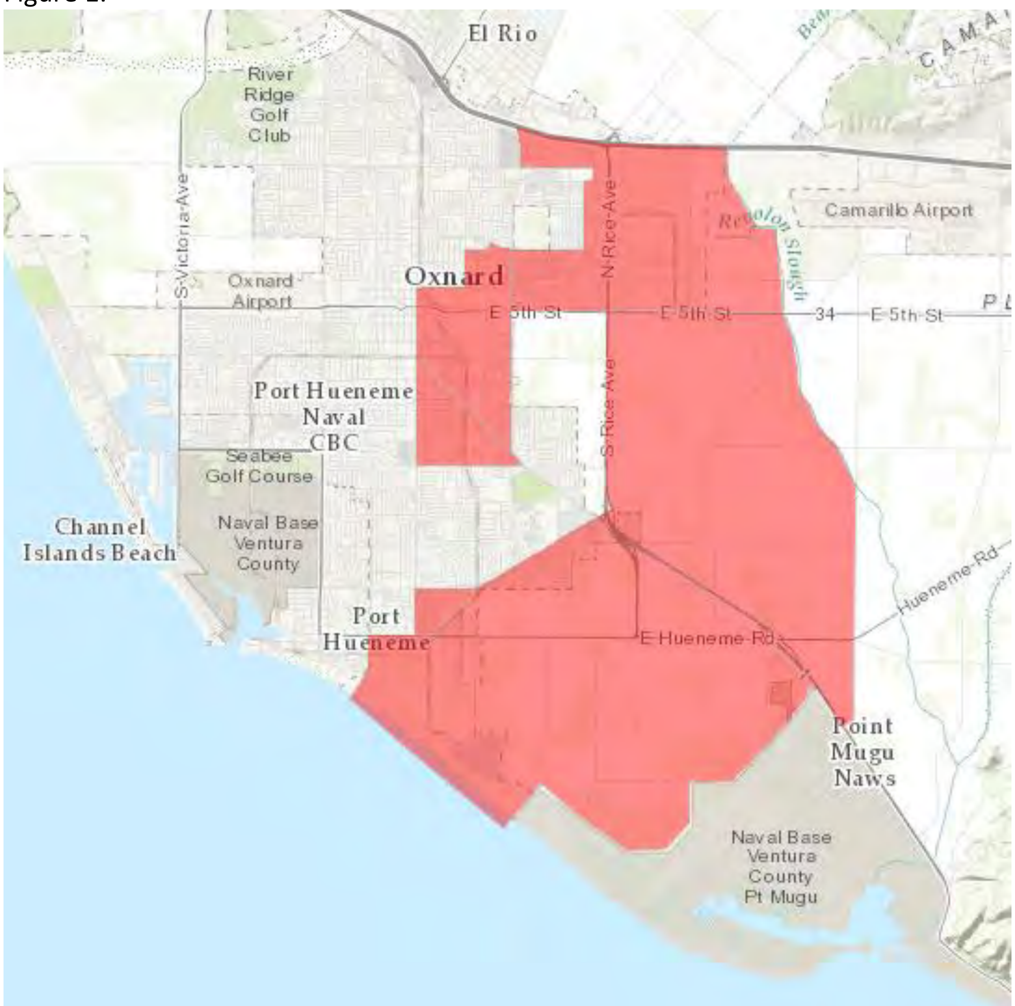

Figure 1 shows the census tracts in Oxnard that are identified as disadvantaged communities designated by CalEPA for the purpose of SB 535. These areas represent the 25% highest scoring census tracts in CalEnviroScreen 2.0. Projects occurring in these areas are eligible as being "within" the disadvantaged community.

Figure 2.

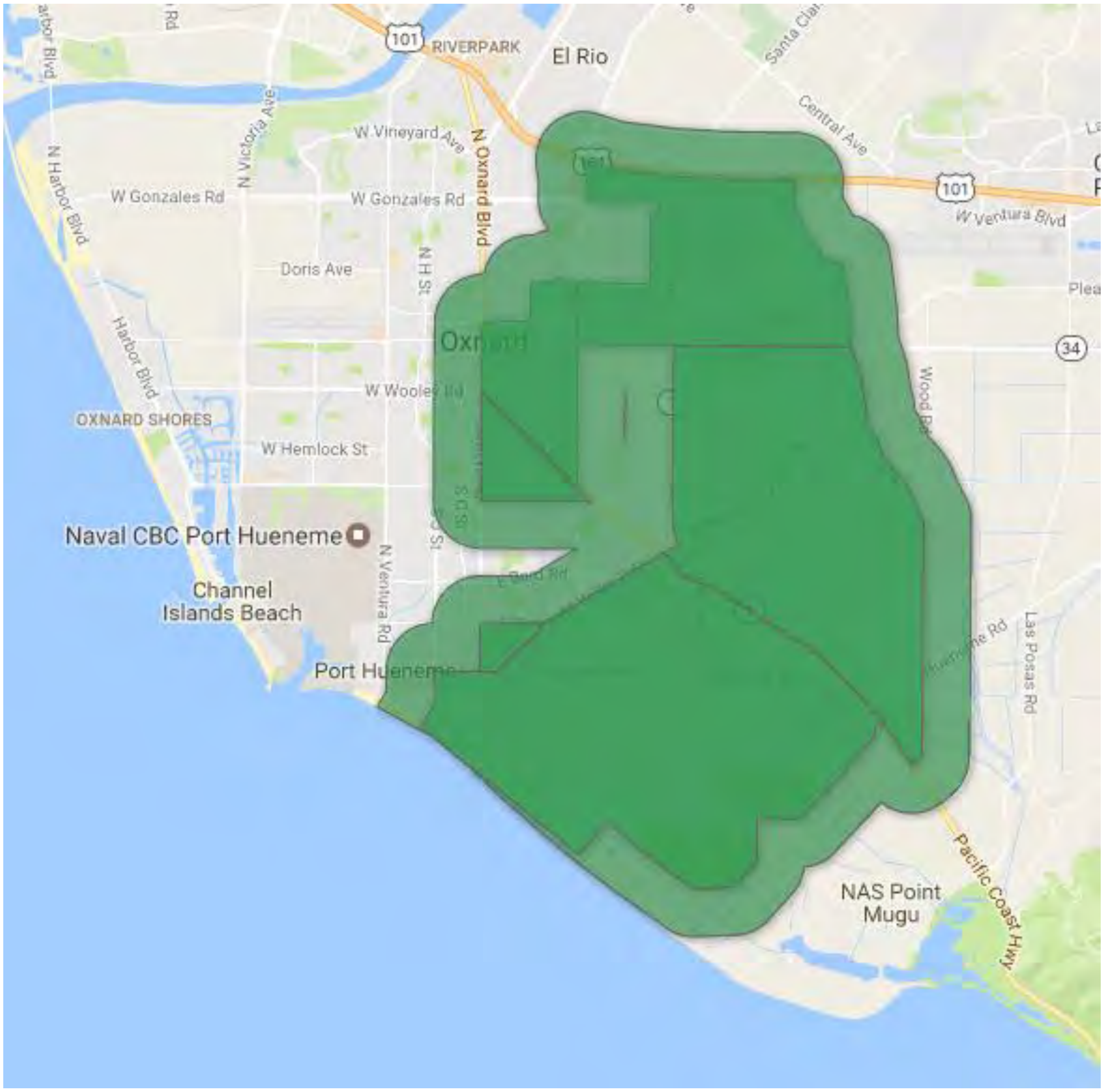

Figure 2 shows the Disadvantaged Community census tracts in dark green, and the half-mile zone around these disadvantaged community census tracts in lighter green. Projects occurring within the lighter green areas are eligible as "providing benefits to" disadvantaged communities.

CITY OF OXNARD CALIFORNIA	CITY COUNCIL AGENDA REPORT	TYPE OF ITEM: Report AGENDA ITEM NO.: 2

DATE: April 18, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

Greg Nyhoff

FROM: Daniel Rydberg
Public Works Director

Daniel Rydberg

SUBJECT: Proposed Water Rate Increase (30/30/45)

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

That City Council:
1. Approve the City water rate structure for an 16-month period (September 1, 2017 through December 2018);
2. Authorize staff to proceed with the Proposition 218 public notification process to establish water rates through December 31, 2018; and
3. Set a public hearing on the water rate increase for July 11, 2017 with a proposed effective date of September 1, 2017 when new rates would take effect.

BACKGROUND

Overview

The City of Oxnard operates a water utility to serve its residential, commercial, industrial, institutional and agricultural customers. As the largest city in Ventura County, the City services more than 43,000 customers with potable water, of which 88 percent are single- and multi-family residential accounts.

The water utility is responsible for a system of water transmission, distribution and storage facilities, blending stations, and a water treatment facility to deliver potable water to City customers. Nearly a third of the City's water supply is imported surface water from the Metropolitan Water District of Southern California through the Calleguas Municipal Water District. Another quarter of the water supply comes from regional groundwater sources via the United Water Conservation District. Forty percent comes from the City's groundwater storage facilities and is treated by reverse osmosis before entering the City water supply. Finally, the Public Works Department operates an Advanced Water Purification Facility that produces recycled water to supplement the City's water supply, representing roughly two percent of the water supply.

The City's water system includes: ten water wells, five turnouts from the United Water Conservation District's Oxnard-Hueneme pipeline system, one turnout from the Calleguas Municipal Water District's water system, one reverse osmosis treatment plant, six blending stations, over 500 miles of transmission and distribution pipelines, a network of remote pressure monitoring stations, and a pipeline to deliver water to the Port Hueneme Water Agency.

The City delivers on average over 20 million gallons per day of potable and recycled water to more than 43,000 utility customers located both inside and outside of the City's boundaries. Water demand fluctuates throughout the year with average monthly water demand ranging from 558,592 HCF during winter months to 661,177 HCF during summer months.

Need for Water Rate Increases

The City's primary financial goal for its utility enterprises is to ensure that revenues from rates and fees are adequate to fund daily operations and maintenance, capital improvement, debt service and reserves. The funds generated by water utility rates are used to provide safe drinking water for City residents and businesses. This money funds operations, maintenance, repairs, debt payments, infrastructure costs, and capital projects. Additionally, to maintain adequate water supply and reliability, the City must comply with strict environmental regulations and State water conservation mandates, which have increased the cost of water supplies.

The last time the City implemented a rate increase was four years ago or in fiscal year 2012-2013. Rates were increased by three percent. In January 2016, staff introduced Ordinance No. 2900 to increase water rates in the amount of 15 percent, but the Council did not adopt the ordinance and instead instructed staff to wait for a completed financial audit for the City. The Council further directed staff to establish a citizen ratepayer committee to consider the new rates and advise the Council on these rates.

As stated in the Standard and Poor's April 5th report, consultants to the City completed a cost of service study in September 2015 that recommended additional rate increases of 15% for fiscal 2016, 12% for fiscal 2017, and 8% annually through fiscal 2020; however, the City deferred taking prompt action on the study's recommendation partly due to customer's resistance to wastewater rate increases.

In February 2017, the Council approved a pass through of wholesale rate increases for 2015-

2016 and 2014-2015. However, this pass through is insufficient to comply with rate covenants for fiscal year 2017-2018. Therefore, water service rates must be increased to a level which will allow the Water Fund to be in compliance with rate covenants.

The current revenues from water are less than the overall costs to provide services. In words, the Water Fund is quickly depleting its operational revenues. Because the majority of expenses are fixed costs, when water consumption goes down, revenues decrease more than expenses, if rates do not change. The water utility needs rate increases to improve and support the fiscal health of these vital City services.

The rating for the Water Fund was lowered based on the water system's insufficient financial performance during the past two audited fiscal years. The lowered rating also reflects and expectation that financial performance will remain insufficient for the current fiscal year (FY 2016-2017).

As further justification for lowering the City's rating, the Standard and Poor's report also noted that the City's water system has affordable service rates, although rate adjustments have not been timely in recent years. Additionally, financial performance has been insufficient during the past two fiscal years. While the water system has a strong liquidity position, it has declined in recent years due to insufficient financial performance. Lastly the report states that the capital plan is being revised and downscaled to fit within the constraints of the water system's current financial capacity.

Consequences of Not Raising Rates

If water rates are not raised, the water enterprise fund soon will not have sufficient revenue to cover expenses beginning this coming fiscal year 2017-2018. The fund will not be able to meet bond coverage requirements which could result in another credit downgrade and increased cost for funding required maintenance projects. The water enterprise fund is projected to end June 30, 2017, the current fiscal year, with $3.9 million in operating funds with a carry-over of $1.9 million for capital improvement projects. Without rate increases, the Water Enterprise Fund will operate at a monthly loss of $400,000 to $450,000 and is expected to begin running in a deficit by the end of August 2017.

This means that the City would not be able to replace failed water meters in a timely manner, which could further reduce revenues. Maintenance of pipeline corrosion protection systems, the flushing of pipelines, and the exercising of valves would be delayed. Streets would be resurfaced without replacing cast iron and asbestos cement water lines. This could result in premature failures and damage to newly refurbished streets.

Due to the immediate need of rate increases, there is not enough time to convene a utility ratepayers advisory panel for the water rates in the slower process and have new rates in place this summer or prior to the Fund's imminent negative fund balance. Staff recommends that the appointment of a utility ratepayers advisory panel for the water rates be delayed and that an immediate increase be adopted by the City Council. Thus, City staff obtained a new water rate study to be used for approximately 16 months and recommends adopting the rates yielding from the study. During the next 16 months, a utility ratepayers advisory panel can be appointed to review proposed water rates. The utility ratepayers advisory panel can then recommend to the UTF and the City Council a water rate scenario for a five year period beginning January 2019 to December 2023.

WATER OPERATING FUND 601

	FY2016-17 ORIGINAL BUDG	*FY2016-17 ESTIMATED YEAR END
Beginning Fund Balance:	$ 8,917,899	$ 12,757,337
Revenue:		
601- Water Operating Fund		
Residential Water Service	27,666,000	25,300,000
Comm/Industrial Water Service	14,016,000	14,016,000
Addtl Water Service Agreements	2,839,500	3,425,000
Recycled Water Service	1,104,000	862,000
Interest and Penalties	1,938,300	2,380,300
Other Revenue	3,034,600	2,381,600
Fund 601 Total Revenue	**$ 50,598,400**	**$ 48,364,900**
Expenditures by Dept/Div:		
601- Water Operating Fund		
OPERATIONAL		
6001- Water Production	24,888,001	25,300,807
6002- Water Distribution	2,217,609	1,830,168
6003- Water Metering	1,938,807	1,608,056
6004- Debt Service	14,872,828	14,872,828
6010- Water Procurement	8,396,787	8,659,653
6011- Conservation/Outreach	498,052	237,125
6012- Recycled Water	3,273,877	2,678,299
6045- Public Info- Special Projects	151,710	171,980
Total Operational Expenditures	**$ 56,237,671**	**$ 55,358,916**
CAPITAL IMPROVEMENT PROJECTS		
3410- Transportation CIP	-	20,374
6510- CIP Pipe Replacement	368,500	50,000
6538- CIP Water Well Rehab	955,000	167,526
6551- Other CIP	640,500	1,253,551
6553- CIP AWPF	25,000	-
6670- W/W CIP Study and Plans	30,000	75,500
9400- Grant Administrative	-	500
9718- CIP HWY 101/Rice	-	500
9832- CIP Hueneme Rd	215,000	288,340
Total CIP Expenditures	**$ 2,234,000**	**$ 1,856,291**
Fund 601 Total Expenditures	**$ 58,471,671**	**$ 57,215,207**
Net Change in Fund Balance:	**$ (7,873,271)**	**$ (8,850,307)**
Ending Fund Balance:	**$ 1,044,628**	**$ 3,907,030**

*Estimated Year End Includes CIP carryovers

Proposed Water Rates

In a 2015 decision, *Capistrano Taxpayers Association, Inc. versus the City of San Juan Capistrano,* the court clarified the way water rates can be structured. Previously, many cities had tiered rate structures to encourage water conservation. Tiers are still allowed, however, rates must be tied to costs of service rather than just to conservation goals. This has impacted water rate structures for many California cities including Oxnard. The proposed rates for the proposed 18-month period comply with the Courts current interpretation of Proposition 218.

The overall average proposed rate increase is 14 percent. Individual rate increases varies by customer class and individual use because of the required change in the tier structure. For the average single family household based on 9 HCF water use, the proposed water rate increase will result in an increase of $3.60 per month.

Rate Setting Process

It is a standard business practice for cities to perform periodic reviews of their utility finances and rates to ensure that adequate resources are available to sufficiently and equitably fund utility operations, maintenance and capital investments. In California, water rates must conform to cost of service requirements imposed by Proposition 218 and the State Constitution. That Proposition requires that water rates and other property-related fees and charges do not exceed the reasonable and proportional cost of providing the services.

The rate setting process typically consists of the following three major elements: 1) revenue requirements, 2) a cost of service analysis, and 3) rate design. The following is a general description of the three elements.

1) Revenue Requirements. The revenue requirements component compares the revenues received for providing the services to the operating and capital costs associated with providing the services to determine the adequacy of the existing rates to recover the full costs.

2) Cost of Service Analysis. The cost of service analyses is the fundamental element in making sure that each customer receives his, her, or its proportional cost. The operating and capital costs are allocated to functional cost centers and then reallocated to customer costs. Unit rates are derived for the system as a whole, at which point costs are allocated to specific customer classes based on the burden they place on the system.

3) Rate Design. The rate design element is the development of rates structures that allow for recovery of total costs while incorporating the results of the cost of service analyses. The rate structures have a multitude of guidelines that can be incorporated, but rely on the

fundamental fact that the rates will not exceed the costs of providing the services.

Within these broad legal requirements, utilities have some degree of latitude in applying cost-of-service principles to develop rates that appropriately and adequately reflect their distinct and unique characteristics and the values of the communities they serve.

Proposition 218 Process

If the City Council directs staff to proceed with a Proposition 218 notification process, property owners and ratepayers will be notified on May 20, 2017. This will begin the legally required 45-day notice period. After the notice period, the City Council will hold a public hearing at its regular meeting on July 11, 2017, introducing the proposed water ordinance for the first reading. The second reading of the ordinance will likely be scheduled to be held at the regular Council meeting on July 18, 2017. Upon approval, the water rate increases would become effective September 1, 2017.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 3. Ensure funding is adequate to meet the goals of the master plans.

Objective 3a. Maximize funding sources.

Objective 3b. Set rates and fees to fully recover cost.

FINANCIAL IMPACT

S&P Global Ratings (S&P) is currently performing its periodic rating surveillance on the City of Oxnard Financing Authority’s water revenue bond ratings. The bonds have been downgraded from an ‘A+’ to an “A” rating.

The City is currently taking steps to improve the water system’s credit outlook. However, the water system’s recent financial performance has been inadequate to meet required debt covenants and maintain cash reserves. In order to strengthen the water system’s financial standing, rates must be increased to:

- Maintain sufficient cash flows to meet current and projected increase in utility operations and maintenance.

- Finance long-term capital improvements to increase operating efficiency, meet regulatory requirements.
- Increase fund balances to target levels of the Council-adopted reserve policy as well as to have cash on hand for emergencies.
- Meet or exceed the bond coverage target of the Council-adopted coverage policy.
- Continue to adopt utility schedules and financial policies to ensure the equitable allocation of utility requirements to the City's ratepayers in keeping with the requirements of California law.
- Improve bond rating in order to gain more favorable interest rates.
- Meet all contractual debt covenants.
- Increase reserves to use cash for pay-as-you-go capital projects.

CITY COUNCIL AGENDA REPORT	TYPE OF ITEM: Report AGENDA ITEM NO.: 4

DATE: April 18, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

Greg Nyhoff

FROM: Jim Throop
Chief Financial Officer

Jim Throop

SUBJECT: External Auditor Contract Amendment (10/15/5)

CONTACT: Jim Throop, Chief Financial Officer
Jim.Throop@oxnard.org, 385-7475

RECOMMENDATION:

That the City Council approves and authorizes the Mayor to execute:

1. Fifth Amendment of the Agreement for Accounting Services with Eadie & Payne, LLP in the amount of $305,725 for a total not to exceed $1,286,240 for the external audit services contract.

2. Engagement letters with Eadie & Payne, LLP

3. An appropriation of $38,860 from Measure O Fund and $99,257 from General Fund to cover fiscal year 2016/17 costs.

BACKGROUND

In September 2015, the City entered into a three year agreement with Eadie & Payne, LLP in the amount of $317,175 to provide auditing services for fiscal years 2014-15, 2015-16 and 2016-17. The initial intent was to expend 1/3 of the total amount per year over the 3 year period.

However, as a result of the initial audit findings, there was the need for the auditors to provide more assistance than originally anticipated. In January 2016, Council approved a first amendment in the amount of $98,500. In February 2016, a second amendment in the amount of $194,000 was approved, followed by a September 2016 third amendment in the amount of $286,695, and in December 2016, a fourth amendment in the amount of $84,145, for a total agreement amount of $980,515.

Total annual audit costs for FY 2014-15 were $393,825 and FY 2015-16 $478,065 (SCO $84,145) leaving a remaining balance of $108,625 for the completion of the FY 2016-17 audit under this contract. Eadie & Payne's new proposed FY 16-17 audit costs to complete the FY 16/17 audit are $355,170. Eadie & Payne's current agreement expires December 31, 2017. It is being extended to March 31, 2018.

Below is a comparison chart:

	2016 FEES		2017 FEES			
DESCRIPTION	**Hours**	**Dollars**	**Hours**	**Dollars**	**Increase/(Decrease)**	**Percentage Change**
City Audit	1,640	$ 216,480	1,350	$ 187,110	$ (29,370)	-14%
Single Audit	200	$ 26,400	200	$ 27,720	$ 1,320	5%
SCO Report	130	$ 17,160	130	$ 18,020	$ 860	5%
Streets Report	53	$ 7,000	45	$ 6,240	$ (760)	-11%
CAFR Preparation	260	$ 34,320	260	$ 36,040	$ 1,720	5%
GANN Agreed-Upon Procedures	10	$ 1,320	5	$ 690	$ (630)	-48%
Assistance for GASB 68 & 75	120	$ 15,840	100	$ 13,860	$ (1,980)	-13%
Riverpark JPA Audit	30	$ 3,960	20	$ 2,770	$ (1,190)	-30%
Meetings with Management	68	$ 8,980	80	$ 11,090	$ 2,110	23%
Meetings with Council & FPTF	208	$ 27,460	120	$ 16,630	$ (10,830)	-39%
Out of Pocket Fees		$ 35,000		$ 35,000	$ -	0%
TOTAL FEES	2,719	$ 393,920	2,310	$ 355,170	$ (38,750)	-10%
Blended Rate		**$ 132**		**138.60**		

Staff is requesting a fifth amendment to Eadie and Payne's agreement to revise the scope of services to include additional FY 16/17 audit costs.

FISCAL IMPACT

Approval of staff recommendations will result in authorization of increased spending of $99,257 from General Fund Reserves. The balance of fiscal year 16/17 costs of $255,913 will be included in the Proposed and Adopted FY 2017-18 budgets. Currently, the General Fund Reserve is approximately $16.8 million.

ATTACHMENTS
Attachment A: Engagement Letters
Attachment B: Fifth Amendment to Agreement A-7819 with Eadie & Payne, LLP.
Attachment C: Budget Appropriation

ATTACHMENTS:

BA - AUDIT COST Eadie & Payne (April 18 2017)

ATTACHMENT A

EADIE + PAYNE LLP

expect quality.

CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS

March 20, 2017

Honorable Members of the City Council
City of Oxnard
300 W. Third
Oxnard, CA 93030

Dear Council Members:

We are pleased to confirm our understanding of the services we are to provide to the City of Oxnard for the year ended June 30, 2017. This letter, and the attached *Terms and Condition Addendum* and any other attachments incorporated herein (collectively, "Agreement"), confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

Engagement Objective and Scope

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Oxnard as of and for the year ended on June 30, 2017. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Oxnard's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Oxnard's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis;
2. General Fund and Affordable Housing Fund budgetary comparison schedules;
3. Schedules of changes in net pension liability and related ratios;
4. Schedule of proportionate share of net pension liability and related ratios;
5. Schedules of plan contributions; and,
6. Schedule of funding progress for OPEB plan.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Oxnard's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements:

1. Individual and combining fund financial statements; and
2. Schedule of expenditures of federal awards.

The following additional information accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Introductory section; and
2. Statistical section.

We will also audit the financial statements, including the related notes to the financial statements, of the Riverpark Reclamation and Recharge Joint Powers Authority as of and for the year ended on June 30, 2017.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole. The objective also includes reporting on --

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records of City of Oxnard, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City Council of City of Oxnard. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards* and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Oxnard's compliance with provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *Uniform Guidance Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City of Oxnard's major programs. The purpose of these procedures will be to express an opinion on City of Oxnard's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the basic financial statements, required supplementary information, combining and individual fund financial statements, schedule of expenditures of federal awards, and related notes of City of Oxnard in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. We will provide assistance in continuing the implementation of GASB 68. We will also assist in preparing the annual street report and financial transactions report required by the State Controller's Office for the City of Oxnard and City of Oxnard Financing Authority.

We will perform agreed-upon procedures as described in the attached schedule (Attachment A) in connection with the Appropriation Limit Worksheet of the City of Oxnard for the year ended June 30, 2017.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule does not constitute an examination, we will not express an opinion. We will report only our procedures and our findings. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will prepare progress reports and make a presentation to the City Council and Fiscal Policy Task Force as requested by City management in order to communicate significant findings and recommendations during the audit. We will also meet with the Oxnard team on a regular basis to assist the City to identify any significant issues and find solutions to challenges encountered during the audit.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date of the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, or attestation engagements performance audits or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

Eadie and Payne, LLP meets the independence requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Rules 101 and 102 of the American Institute of CPAs Code of Professional Conduct with respect to the audit of the City of Oxnard for the year ended June 30, 2017.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit report period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to City of Oxnard; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, we understand that copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Eadie and Payne, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eadie and Payne, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Based on our discussions, we expect to begin interim fieldwork in May 2017; we expect to begin our audit and other services on approximately October 1, 2017, issue our audit report on the financial statements no later than December 31, 2017 and issue our single audit report no later than January 31, 2018. Eden Casareno is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter or comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review accompanies this letter (Attachment C).

Our fees for these services will be $320,170 plus out-of-pocket costs (such as hotel, meals, postage, travel, telephone, etc.) not to exceed $35,000. Please refer to Attachment B for the breakdown of fees. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Eadie and Payne, LLP shall be free to destroy our records related to this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign this letter and return it to us.

Very truly yours,

EADIE AND PAYNE, LLP

Eden C Casareno

Eden C. Casareno

Accepted by the City of Oxnard

Signature:______________________________

Title:__________________________________

Date:__________________________________

Attachments:

- Attachment A - Agreed-Upon Procedures
- Attachment B - City of Oxnard - 2017 Audit and Other Services - Breakdown of Professional Fees by Service
- Attachment C - Peer Review Letter
- Term and Conditions Addendum

ATTACHMENT A
AGREED-UPON PROCEDURES

Appropriation Limit Worksheet of the City of Oxnard for the year ended June 30, 2017

1. We will obtain the completed worksheets (or other alternative computations), and compare the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We will also compare the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

2. For the Appropriations Limit worksheet we will add line A, last year's limit, to line E, total adjustments, and agree the resulting amount to line F, this year's limit.

3. We will compare the current year information presented in the Appropriation Limit worksheet to the other worksheets described in No. 1 above.

4. We will compare the prior year appropriations limit presented in the Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

ATTACHMENT C

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

System Review Report

To the Partners of Eadie & Payne, LLP
& the California Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards;* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP, in effect for the year ended April 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eadie & Payne, LLP has received a rating of *pass*.

Postlethwaite & Netterville

Donaldsonville, Louisiana
August 7, 2013

215 St. Patrick St. • P.O. Box 1190 • Donaldsonville, LA 70346 • Tel: 225.473.4179 • Fax: 225.473.7204

Eadie and Payne, LLP's Terms and Conditions Addendum

Overview

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum and the accompanying engagement letter comprise your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to "we," "us," or "our" is a reference to Eadie and Payne, LLP, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this *Terms and Conditions Addendum*.

Billing and Payment Terms

We will bill you for our professional fees and out-of-pocket costs upon completion of the service or monthly as work progresses. Payment is due within 30 days of the date on the billing statement. If payment is not received by the due date, you will be assessed interest charges of 1% per month on the unpaid balance.

We reserve the right to suspend or terminate our work for non-payment of fees. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our services.

Electronic Data Communication and Storage

In the interest of facilitating our services to you, we may send data over the Internet, or store electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

Client Portals

To enhance our services to you, we will utilize ShareFile, a collaborative, virtual workspace in a protected, online environment. ShareFile permits real-time collaboration across geographic boundaries and time zones and allows Eadie and Payne, LLP and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use ShareFile, you will be required to execute a client portal agreement and agree to be bound by the terms, conditions and limitations of such agreement.

You agree that Eadie and Payne, LLP has no responsibility for the activities of ShareFile and agree to indemnify and hold Eadie and Payne, LLP harmless with respect to any and all claims arising from or related to the operation of ShareFile. While ShareFile backs up your files to a third party server, we recommend that you also maintain your own backup files.

Newsletters and Similar Communications

We may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not continue a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

Records Management

Record Retention and Ownership
We will return all of your original records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements.

Our firm destroys workpaper files after a period of 7 years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

Disclaimer of Legal and Investment Advice

Our services under this Agreement do not constitute legal or investment advice unless specifically agreed to in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

Brokerage or Investment Advisory Statements

If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of the engagement letter. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker or investment advisor.

Other Income, Losses and Expenses

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

Limitations on Oral and Email Communications

We may discuss with you our views regarding the treatment of certain items or decisions you may face. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by the gross negligence or willful misconduct of Eadie and Payne, LLP, for any loss, cost or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this in a separate engagement letter.

Management Responsibilities

While Eadie and Payne, LLP can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee any services that Eadie and Payne, LLP provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Conflicts of Interest

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

Alternative Dispute Resolution

If a dispute arises out of or relates to the Agreement including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. Any mediator so designated must be acceptable to all parties. The mediation will be conducted in California.

The mediation will be treated as a settlement discussion and, therefore, will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

Proprietary Information

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property we use are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

Statute of Limitations

You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Eadie and Payne, LLP.

Termination and Withdrawal

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this Agreement or as we determine professional standards require.

Assignment

All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

Severability

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

Entire Agreement

The engagement letter, including this *Terms and Conditions Addendum* and any other attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties.

ATTACHMENT B

Agreement No. A-7819

FIFTH AMENDMENT TO AGREEMENT FOR ACCOUNTING SERVICES

This Fifth Amendment ("Fifth Amendment") to the Agreement for Accounting Services ("Agreement") is made and entered into in the County of Ventura, State of California, this 4th day of April, 2017, by and between the City of Oxnard, a municipal corporation ("City"), and Eadie & Payne, LLP ("Consultant"). This Amendment amends the Agreement entered into on September 1, 2015 and as amended by the First Amendment entered into on January 11, 2016 and Second Amendment entered into on February 23, 2016 and the Third Amendment entered into on September 13, 2016 and Fourth Amendment entered into on December 6, 2016, by City and Consultant.

City and Consultant agree as follows:

1. In Section 14 (a) of the Agreement, the figure $980,515 is deleted and replaced with the figure $1,227,060.

2. In Section 1 of the Agreement, "Exhibit A", "Exhibit A-1", "Exhibit A-2 and "Exhibit A-3 are supplemented by "Exhibit A-4, attached hereto.

3. In Section 12 of the Agreement, the term of the Agreement shall be extended to March 31, 2018.

4. As so amended, the Agreement remains in full force and effect.

CITY OF OXNARD

____
Tim Flynn, Mayor

ATTEST:

____
Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

____
Stephen M. Fischer, City Attorney

CONSULTANT

____
Eden Casareno, Partner

____
John F. Prentice, Managing Partner

APPROVED AS TO CONTENT

____
Jim Throop, Chief Financial Officer

APPROVED AS TO AMOUNT:	APPROVED AS TO INSURANCE
______________________________	______________________________
Greg Nyhoff, City Manager	Mike More, Risk Manager

EXHIBIT A-4

SCOPE OF WORK – CITY OF OXNARD – 2017 AUDIT AND OTHER SERVICES

Breakdown of Professional Fees by Service

DESCRIPTION	**Hours**	**Dollars**
City Audit	1,350	$187,110
Single Audit	200	27,720
SCO Report	130	18,020
Streets Report	45	6,240
CAFR Preparation	260	36,040
GANN Agreed –Upon procedures	5	690
Assistance for GASB 68 Implementation	100	13,860
Riverpark JPA Audit	20	2,770
Meetings with Management	80	11,090
Meetings with Council & FPTF	120	16,630
	2,310	$320,170
Out-of-pocket expenses		35,000
TOTAL COST OF SERVICES		$355,170
Blended rate		$ 138.60

REQUEST FOR BUDGET APPROPRIATION

Department: Finance **Date:** April 18, 2017

Project/Program Manager: Jim Throop **Phone:** (805) 385-7461

Reason for Appropriation:

To provide funding to Eadie & Payne fifth contract amendment for the annual audit.

Accounts and Descriptions		**AMOUNT**
Fund: **GENERAL FUND (101)**		
Expenditures/Transfers Out		
GENERAL ACCOUNTING (1601)		
101-1601-801.82-03	CONTRACTS & SERVICES / SERVICES - AUDIT	99,257
	Sub-total Expenditures	99,257
	Net Change to Fund Balance	**(99,257)**
	Net Appropriation Change	**99,257**

Approvals

Department Director ______________________

Chief Financial Officer ______________________

City Manager ______________________

BA# (Finance Use Only)______________

BA Doc# (Finance Use Only)

Revi

REQUIRES CITY COUNCIL AUTHORIZATION

CITY OF OXNARD CALIFORNIA	**CITY COUNCIL** **AGENDA REPORT**	**TYPE OF ITEM: Report** **AGENDA ITEM NO.: 1**

DATE: April 18, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

Greg Nyhoff

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Utility Rate Assistance Program Implementation Plan (15/20/20)

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

That City Council:

1. Approve a Utility Rate Assistance Program (Program) for residential utility bills to assist Oxnard low-income residents to begin July 1, 2017. Authorize staff to grant financial relief equal to a constant $10.00 credit for the monthly utility service charged to customers who meet the eligibility requirements.
2. Authorize staff to direct up to $100,000 annually from penalty fees charged to customers who pay their bills late and meet the eligibility requirements to fund the Utility Rate Assistance Program.
3. Authorize staff to implement a voluntary donation program to support the Utility Rate Assistance Program.

BACKGROUND

Unlike utilities regulated by the California Public Utilities Commission (CPUC), cities, such as Oxnard, are prohibited by state law (Propositions 218 & 26) from funding their financial relief programs with charges to their customers. Cities must fund assistance programs with discretionary funds, voter-approved special taxes, or donations from citizens and businesses.

The proposed utility rates assistance program will help the low-income members of the Oxnard community.

The City of Camarillo provides qualifying low-income senior customers with a discount off its wastewater charges and waives the variable portion of the water charges, as long as water usage does not exceed 10,000 cubic feet (HCF) per month. This program is funded by a voter-approved special assessment that received approval in 1997. Currently, only 25 individuals are enrolled in Camarillo's rate assistance program. The City of Port Hueneme provides qualifying low-income customers with a 7.5% discount on its water, wastewater & solid waste charges called the CityCARE Program. Port Hueneme uses its general fund to run the city's rates assistance program.

The City of Ventura authorizes staff to direct $50,000 annually from penalty fees to fund the Water Customer Assistance Program for utility bills to assist residential customers. Currently, Ventura has 510 participants in the program out of a maximum 525. Each program participant is provided assistance in the amount of approximately $100 per year.

Proposition 218 requires the expenses funded by rate revenue to be part of the cost of service. This limits public utilities from funding Utility Ratepayers' Assistance Programs. There are several possible sources of funds and revenue available for utilities to support their Utility Ratepayers' Assistance Programs, including:

- Give customers and employees an opportunity to make voluntary contributions (e.g., the popular "round up" bill option). While this is a preferred method to solicit donations, the City's current billing system does not allow for customers to be able to "round up" their bills and be directed to a special account for this assistance program.

- Seek donations from outside partners, including charities and other assistance programs and agencies.

- Allocate a portion of the general fund revenues toward the program.

- Other innovative revenue streams (e.g., some utilities have generated revenue by allowing ads and antennas on utility structures).

The following avenues to fund and operate an assistance program for low-income customers were also explored and evaluated:

1. **Community Development Block Grant (CDBG) funds could possibly fund the program, if appropriate grant funding was available and the lengthy application process was achievable. For example, in order to apply for CDBG funding, an application must be received by February for the following fiscal year. Fund availability could vary and the CDBG funding request would have to be submitted**

annually. Staff would be required to monitor and administer the program. Additional staff would likely be necessary to meet the considerable CDBG requirements which could be administratively burdensome.

2. **Institute a donation/round up program on water bills, similar to those used by some major utility companies. The Oxnard utility billing system currently does not have the capability to use a donation format on the bills. However, the implementation of this kind of donation billing program could occur if the City were to purchase an upgrade to the current billing system. The cost to upgrade the current billing system would be approximately $20,000. This would enable a customer to choose to have their bills rounded-up to the highest dollar and/or submit a one-time donation. The donations would be segregated in a special account and used to fund the assistance program. In addition, staff would be required to provide a written disclosure to the person donating the funds for tax purposes and staff would continually need to monitor the fund to ensure solvency.**

Other options explored have considerable challenges, namely the possibility of unstable and fluctuating funding levels/sources as well as implementation and management burdens. The proposed program provides the most expedient and sustainable approach. Funding stability will be important to those customers participating in the program. Oxnard has collected over the last five fiscal years (2012 -2017) penalty fees on a monthly average of about of $70,679 or $848,159 annually. In the future, staff can report to the City Council the annual amount received in penalties and review an appropriate amount to fund this Program.

In early 2013, an ad hoc committee, with representation from the City Manager's Office, the City Treasurer's Office, City Attorney's Office, Development Services Department, and Public Works Department, researched programs available in California and across the nation, as well as applicable laws and regulations, and presented its findings to the City Council in a Study Session. City Council received the report and provided comments on proceeding to implementation. The program qualifications included extremely low-income seniors with below average water use. At the meeting, City Council requested that staff look at broadening the criteria beyond seniors. At the time staff estimated the potential cost of the senior program to be approximately $200,000 annually for a $25 per month discount. Broadening the eligibility to all extremely low-income ratepayers could cost up to $2 million for the same discount. Although the rates assistance program was not implemented, the City began a donation program and collected approximately $12,888 since 2014.

In January 2016, the City Council approved City staff to develop an implementation plan for a ratepayers' assistance program. The Program will assist eligible ratepayers in the form of financial assistance to be applied directly to the ratepayers' monthly bills. With the goal of helping customers that need assistance to pay their utility bills, without significantly impacting Oxnard's revenues, a number of options for eligibility and dollar amounts were researched by staff.

Based on this analysis, it is recommended that a total of $100,000 from Oxnard customer late payment penalties be directed to fund the first year of a Utilities Rates Assistance Program, effective July 1, 2017. It is proposed that Oxnard's eligibility requirements be offered on a first-come, first-served basis up to the cap of $100,000. In order to provide assistance to as many low-income customers as possible, staff recommends the monthly assistance amount be $10.00 of the total monthly service charge each billing period for customers during the first year. Using this methodology within the limits of the $100,000 program cap, it is estimated that annually approximately 883 customers may be assisted with paying their utility bill.

Since this is a new program and the community need is not fully known, staff also proposes to provide a status report in conjunction with Oxnard's annual financial report. At that time the City Council will be able to review the Program's actual performance based on actual numbers of customers assisted.

Once the $100,000 threshold is met by participating low-income customers, the program will close and a waiting list established. To apply, Oxnard customers would simply follow the verification of eligibility through participation requirements. Customers would have to re-submit eligibility annually or when requested by staff and meet all of the eligibility criteria. Regular reporting will ensure the level of funding supports the number of customers enrolled in the program.

Staff will inform eligible participants with the following outreach avenues:

- Pipeline, monthly e-Newsletter (5,000 subscribers)
- Oxnard Facebook page
- City of Oxnard Twitter
- CityWatch TV
- Community Special Events
- City of Oxnard website
- Oxnard utility bill messages (over 35,000 accounts)
- Staff presentations at Neighborhood Council meetings, service clubs and community organizations
- Media outreach and advertising.

STRATEGIC PLAN

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 3. Strengthen neighborhood development, and connect City, community and culture.

Objective 3a. Create a renewed focus on establishing a positive outlook and orientation of our City, neighborhoods and overall community.

FINANCIAL IMPACT

The fiscal impact of implementing a Utility Rates Assistance Program is the expenditure of $100,000 annually from the utility penalty account and additional staff resources to implement and operate the program. By limiting the program to $100,000, this allows staff to limit the amount expended for the program, but this provides overall public benefit to the community by assisting low-income customers. This Program does not affect utility rates charged to customers.

To implement the program, it is estimated that approximately 80 hours of existing staff time will be needed to process the applications, establish the credit billing process, and assign the new discount rate to each customer in the program. Implementation is expected to begin later this year with a target date of July 1, 2017. Ongoing staff resources to maintain and manage the program will also be needed, but levels will be unknown until implementation, and will be detailed as part of a future program status report.

ATTACHMENTS:

Attachment A: Resolution Adopting a Utility Rate Assistance Program

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD
ADOPTING A UTILITY RATE ASSISTANCE PROGRAM

WHEREAS, the City of Oxnard provides water, wastewater, and solid waste services to residents and businesses within the community; and

WHEREAS, clean water and good sanitation are essential to public health and safety and improve the quality of life of residents; and

WHEREAS, the City desires to assist eligible low-income utility customers 65 years old or older with financial assistance to help pay their monthly utility bills; and

WHEREAS, ratepayers must meet the certain eligibility criteria to receive the financial assistance from the City; and

WHEREAS, the City may fund a rate assistance program using discretionary funds, voter-approved special taxes, donations from citizens and businesses, grant funding or interest revenue from the City's general fund; and

WHEREAS, the City Council desires to adopt a utility rate assistance program.

NOW, THEREFORE, the City Council of the City of Oxnard resolves:

1. The foregoing recitals are true and correct.

2. Adoption of Program. The Utility Rate Assistance Program (Program) that is further explained in Exhibit A, which is attached hereto and incorporated herein by this reference, is hereby adopted. The City Manager is authorized to take all administrative actions necessary to implement the Program and to make non-substantive modifications that may be necessary for the Program's operation.

3. If any section, sentence, clause or phrase of this Resolution or exhibit thereto is determined to be invalid, illegal or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The City Council declares that it would have adopted the Resolution, and each exhibit, section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

4. CEQA. According to Section 15378 of Title 14 of the California Code of Regulations, the California Environmental Quality Act (CEQA) defines a "project" as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment." The term does not apply to general policy and procedure making that does not have the potential for resulting in a direct, or a reasonably foreseeable indirect, physical change in the environment. The Program is a policy and procedure making that does not have the potential for resulting in a direct, or a reasonably foreseeable indirect, physical change in the environment as it does not build, install, demolish or otherwise affect land use. Since this is not considered a "project" under CEQA, no further environmental review is required.

PASSED AND ADOPTED THIS ______ day of _________________, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____

Tim Flynn, Mayor

ATTEST:

____

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

____

Stephen M. Fischer, City Attorney

Exhibit A

Utility Rate Assistance Program (Program)

1. Program Description. The City shall provide the Utility Rate Assistance Program (Program) to eligible ratepayers in the form of financial assistance to be applied directly to the ratepayers' monthly bill.

The proposed financial assistance amount is subject only to the restrictions of adequate Program funding. If the discount amount is greater than the ratepayers' monthly bill amount, the discount will only be applied to the monthly bill amount and no credit will be provided to the ratepayer for the overage.

2. Notices. Community outreach efforts will be used notify the public about the Program and the positive impact it will have on the community by helping to ensure the eligible ratepayers have access to this vital resource.

3. Application. Eligible ratepayers wishing to participate in the Program must complete a written application and declaration of eligibility. Based on this application, City staff will determine whether the ratepayer is eligible to participate in the Program.

4. Eligibility. Funds shall only be applied to utility accounts with the City on behalf of ratepayers who meet all the following criteria:

5. Each household or single ratepayer may be eligible for financial assistance equal to $10.00 of the monthly utility charge for customers who qualify for financial assistance.

TWO WAYS TO QUALIFY

1. If a person in the household receives benefits from any of these programs:

- Medi-Cal / Medicaid
- Medi-Cal for Families A & B
- Women, Infants and Children (WIC)
- CalWORKs (TANF)[1] or Tribal TANF
- Head Start Income Eligible - Tribal Only
- Bureau of Indian Affairs General Assistance
- CalFresh (Food Stamps)
- National School Lunch Program (NSLP)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Supplemental Security Income (SSI)
- Includes Welfare-to-Work

2. Total median income for all persons in your household meets the following income guidelines:

Household Size	Income Eligibility Upper Limit
1-2	$32,040
3	$40,320
4	$48,600
5	$56,880
6	$65,160
7	$73,460
8	$81,780
Each Additional Person	$8,320

These income guidelines will be updated annually and are based on California Alternate Rates for Energy (CARE) eligibility criteria for a low-income family.

*Includes current household median income from all sources before deductions.

Total household income is from all revenues, from all household members, from whatever sources derived, including but not limited to: wages, salaries, interest, dividends, spousal and child support payments, public assistance payments, Social Security and pensions, rental income, income from self-employment and all employment-related non-cash income.

If a customer is recently unemployed, the household income will be calculated from the date of unemployment. All other provisions on determining income, described above, still apply.

Conditions for Participation: Eligibility in the CARE (California Alternative Rates for Energy) Program with Southern California Edison or Southern California Gas

- The utility bill must be in the name of the ratepayer and the address of the ratepayer must be the primary address.
- The customer cannot be claimed as a dependent on another person's income tax return other than a spouse.
- A customer must recertify an application when requested.
- A customer must notify the City of Oxnard within 30 days if no longer qualifies for assistance.
- A customer may be asked to verify eligibility for CARE, the ratepayers' assistance program.

3. Verification of eligibility can be any of the following forms of documentation:

   a. Proof of Residency: rental or lease agreements; mortgage statements; property tax bills.

   b. Proof of Age and Identification: Current California driver's license, passport or other government-issued identification.

   c. Proof of Income and Head of Household Status: Federal income tax returns.

   d. Proof of Accountholder Status and Usage: Most recent utility bill.

   e. Must reside in the applicable single-family residential structure, or a condominium or townhome unit and be the residential utility account holder of record for utility services at the date of application or the designated head of household of the applicable residential location;

   f. Must meet City water usage qualifications by using less than an average of 9 hundred cubic feet (HCF) of water per month over the prior twelve months or from the date of initiation if account is less than twelve months;

4. Only one discount shall be applied per household.

5. First-come, first-served. The City will apply existing funding for this Program on a first-come, first-served basis. The City cannot guarantee that at any time there will be adequate funds for all eligible applicants.

6. Annual Review. The Program and all applications shall be reviewed on an annual basis for continued funding resources and each ratepayer's eligibility standards.

	CITY COUNCIL AGENDA REPORT	TYPE OF ITEM: Report AGENDA ITEM NO.: 3

DATE: April 18, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Daniel Rydberg
Public Works Director

Daniel Rydberg

SUBJECT: Status Report on the Public Works Department Environmental Resources Division (10/10/10)

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

That City Council receive report.

BACKGROUND

On February 1, 2014, the City of Oxnard began operating the Del Norte Regional Recycling and Transfer Station (MRF). Upon approving the Transition Plan in September 2013, the Council requested that staff return from time to time to report on the financial, operational and planning status of the venture.

On June 10, 2014, and March 24, 2015, two verbal reports were presented to City Council. Each provided an update on the Solid Waste Division and MRF operations. A verbal report and the attached PowerPoint will be presented to the City of Oxnard City Council.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 4. Ensure proper construction and maintenance of infrastructure to provide maximum benefit with lowest life cycle cost following CIP plans.

FINANCIAL IMPACT

There is no financial impact