

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.



AGENDA
OXNARD CITY COUNCIL
OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY
OXNARD FINANCING AUTHORITY
OXNARD HOUSING AUTHORITY
Council Chambers, 305 West Third Street
May 16, 2017
Regular Meeting - 6:00 PM
Appointment Item - 5:00 PM

A. ROLL CALL/POSTING OF AGENDA

THE FOLLOWING LEGISLATIVE BODIES ARE MEETING: City Council.

B. APPOINTMENT ITEMS - 5:00 PM

Economic Development Department

1. SUBJECT: Oxnard Convention and Visitors Bureau Annual Update (10/15/20)
RECOMMENDATION: That City Council receive an annual update report dated May 16, 2017 from the Oxnard Convention and Visitors Bureau ("OCVB").
Legislative Body: CC Contact: Kymberly Horner Phone: 385-7407

C. OPENING CEREMONIES - 6:00 PM

Pledge of allegiance to the flag of the United States.

D. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of a Commendation to John Newton and Eduardo Germann for Their Heroic Lifesaving Efforts; and Proclamation Designating the Week of May 22 - 29, 2017 as "Beach Safety Week."
2. SUBJECT: Presentation of a Proclamation Designating the Week of May 21 - 27, 2017 as "Public Works Week."

E. 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

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City of Oxnard internet address: www.oxnard.org.

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.

F. 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.

G. 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.

H. 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.

I. 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.

J. INFORMATION CONSENT AGENDA

City Attorney Department

1. SUBJECT: Adoption of Delinquent Utility Bill Payment Ordinance

RECOMMENDATION: That City Council waive the second reading and adopt Ordinance No. 2918 amending Chapters 19 and 22 of the Oxnard City Code to establish penalties to be assessed on delinquent utility service bill payments.

Legislative Body: CC

Contact: Stephen M. Fischer

Phone: 385-7483

City Clerk Department

2. **SUBJECT:** Minutes of the May 9, 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

3. **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 following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:

A. SoftwareOne, Inc. for licensing and software maintenance (\$92,867).

B. TriTech Software for crime analysis and mapping software (\$43,642).

C. OpenGov application for publishing financial and operational data (\$32,775).

D. Selectron, Inc. for interactive voice response software used to schedule permit inspections and to pay utility bills by phone (\$27,375).

E. Adamson Police Products for purchase of 250 Sig Sauer P320 firearms (\$36,563).

F. CopQuest for the purchase of 250 Sig Sauer P320 holsters (\$28,055).

Legislative Body: CC

Contact: Greg Nyhoff

Phone: 385-7430

Public Works Department

4. **SUBJECT:** Solicit Bids for On-Call Street Maintenance and Repair Services

RECOMMENDATION: That City Council authorizes staff to solicit bids for On-Call Street Maintenance and Repair Contract PW17-21.

Legislative Body: CC

Contact: Daniel Rydberg

Phone: 385-8055

K. PUBLIC HEARINGS

Public Works Department

1. **SUBJECT:** Public Hearing Regarding and First Reading of Ordinance for Wastewater Rate Increase (30/45/60)

RECOMMENDATION: That City Council:

1. Holds a public hearing to receive public testimony and consider all protests concerning the adoption of an ordinance establishing wastewater user fees and charges;

2. Finds that, according to the CEQA exemption listed in 14 CCR section 15273, CEQA does not apply because this ordinance establishes rates, which the Council finds are for the purposes of: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; and obtaining funds for capital projects, necessary to maintain wastewater service within existing service areas; and

3. Approves the introduction and first reading by title only and waive further reading of an ordinance establishing new wastewater system user fees and charges.

Legislative Body: CC

Contact: Ruth Osuna

Phone: 805-385-7478

L. REPORTS

City Manager Department

1. SUBJECT: 2017 and 2018 City of Oxnard License Agreement (# A-7972) with Blue Star Operations Services, LLC (Dallas Cowboys) for the Use of City Facilities at River Ridge for a Training Camp. (10/10/10)

RECOMMENDATION: That City Council approve and authorize the Mayor to execute a two-year agreement with an additional two-year extension option with Blue Star Operations Services, LLC for a professional football training camp to be held at the City's River Ridge Fields.

Legislative Body: CC

Contact: Jesus Nava

Phone: 385-7497

Public Works Department

2. SUBJECT: Purchase of 15 Compressed Natural Gas Trucks (5/10/10)

RECOMMENDATION: That City Council approve and authorize the Mayor to execute Purchase Order #6034 in the amount of \$4,851,760 for the purchase of ten (10) residential refuse collection vehicles, two (2) commercial ("front-loader") collection vehicles, and three (3) industrial ("roll-off") collection vehicles from Velocity Truck Center.

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 COUNCIL
AGENDA REPORT**

**TYPE OF ITEM: Appointment
Item**

AGENDA ITEM NO.: 1

DATE: May 16, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Kymberly Horner
Economic Development Director

A handwritten signature in black ink, appearing to read "Kymberly Horner".

SUBJECT: Oxnard Convention and Visitors Bureau Annual Update (10/15/20)

CONTACT: Kymberly Horner, Economic Development Director
Kymberly.Horner@oxnard.org, 385-7407

RECOMMENDATION:

That City Council receive an annual update report dated May 16, 2017 from the Oxnard Convention and Visitors Bureau ("OCVB").



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 1

DATE: May 16, 2017

TO: City Council

FROM: Stephen Fischer
City Attorney

Jefferson Billingsley

SUBJECT: Adoption of Delinquent Utility Bill Payment Ordinance

CONTACT: Stephen Fischer, City Attorney
Stephen.Fischer@oxnard.org, 385-7483

RECOMMENDATION:

That City Council waive the second reading and adopt Ordinance No. 2918 amending Chapters 19 and 22 of the Oxnard City Code to establish penalties to be assessed on delinquent utility service bill payments.

BACKGROUND

This agenda item is for the adoption of Ordinance No. 2918 amending Chapters 19 and 22 of the Oxnard City Code to establish penalties to be assessed on delinquent utility service bill payments. This ordinance was introduced by the City Council at its meeting on April 25, 2017. At that meeting the City Council approved the first reading of the ordinance.

STRATEGIC PRIORITIES

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

FINANCIAL IMPACT

No financial impact.

Adoption of Delinquent Utility Bill Payment Ordinance
May 16, 2017
Page 2

ATTACHMENTS:

Attachment A: Ordinance No. 2918

CITY COUNCIL OF THE CITY OF OXNARD
ORDINANCE NO. 2918

ORDINANCE OF THE CITY OF OXNARD AMENDING CHAPTERS 19 AND 22
OF THE OXNARD CITY CODE TO ESTABLISH PENALTIES TO BE ASSESSED
ON DELINQUENT UTILITY SERVICE BILL PAYMENTS

WHEREAS, Gov. Code Section 54348 authorizes a local agency to provide for a basic penalty of 10% on delinquent utility bill payments; and

WHEREAS, Sections 19-136, 19-183 and 22-50(B) of the Oxnard City Code provide for the assessment of penalties on delinquent wastewater, refuse and water payments; and

WHEREAS, based on a review of the Oxnard City Code, ordinances and resolutions establishing penalties for delinquent utility bills, the Oxnard City Code should be revised to clearly establish basic penalties for delinquent utility payments consistent with Gov. Code Section 54348.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES ORDAIN AS FOLLOWS:

Part 1. Section 19-136 of the Oxnard City Code is hereby amended to read as follows:

19-136 Billing and Collection- Delinquent Wastewater Bill

Should a customer fail to pay a fee or charge for wastewater service, within one month after the billing date provided on the face of the bill, the city shall assess a penalty in an amount of 10% of the overdue balance.

Part 2. Section 19-184 is hereby added to the Oxnard City Code.

19-184 Billing and Collection- Delinquent Refuse Bill

Should a customer fail to pay a fee or charge for refuse service, within one month after the billing date provided on the face of the bill, the city shall assess a penalty in an amount of 10% of the overdue balance.

Part 3. Subdivision (B) of Section 22-50 of the Oxnard City Code is hereby amended to read as follows:

(B) Should a customer fail to pay a fee or charge for water service, within one month after the billing date provided on the face of the bill, the city shall assess a penalty in an amount of 10% of the overdue balance.

Part 4. Within fifteen days after passage, the City Clerk shall cause this ordinance to be published one time in a newspaper of general circulation, published and circulated in the City. Ordinance No. 2918 was first read on April 25, 2017, and finally adopted on May 16, 2017, to become effective thirty days thereafter.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Tim Flynn, Mayor

Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 2

DATE: May 16, 2017

TO: City Council

FROM: Michelle Ascencion
City Clerk

A handwritten signature in cursive script, appearing to read "Michelle Ascencion".

SUBJECT: Minutes of the May 9, 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 item does provide transparency of Council meetings to the public.

FINANCIAL IMPACT

There is no financial impact.

ATTACHMENTS:

Attachment A: Minutes 05.09.17 CC regular meeting

MINUTES
 OXNARD CITY COUNCIL
 Regular Meeting
 May 9, 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. The City Clerk called the roll: Councilmembers Bryan A. MacDonald, Oscar Madrigal, Bert Perello, Mayor Pro Tem Ramirez, and Mayor Tim Flynn were present. The City Clerk stated that the agenda was posted May 4, 2017 at City Hall.

Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesús Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; Darwin Base, Fire Chief; Keith Brooks, Information Technology Director (via teleconference); Ashley Golden, Development Services Director; Daniel Rydberg, Public Works Director; Omar Castro, Water Division Manager; Rebecca Guevara, Environmental Resources Administrative Secretary III; Art Gutierrez, Facilities Maintenance Supervisor; Michael Shaffer, GIS Coordinator; Manny Torres, Computer Network Engineer I; James Torrez, Environmental Resources Supervisor; Todd Vasquez-Housley, Environmental Resources Manager; and Michelle Ascencion, City Clerk.

B. APPOINTMENT ITEMS

1. SUBJECT: One-Year Anniversary of Oxnard 311 App.
RECOMMENDATION: That City Council receive an update on the progress made with the Oxnard 311 App.

The City Manager made some remarks and introduced the Information Technology Director and GIS Coordinator, who gave a presentation. Public comments were received from Larry Stein, Jack Villa, Dan Pinedo, Harold Ceja, Daniel Chavez Jr., Jackie Tedeschi, and Abel Magana. Discussion ensued among the Council and staff.

C. OPENING CEREMONIES

The flag salute was followed by a moment of silence in memory of Hank Lacayo and Lois Lavery, who recently passed away.

Additional staff members present at this time were Arturo Casillas, Housing Director; Kymberly Horner, Economic Development Director; Scott Whitney, Police Chief; Terrel Harrison, Community Services Manager; Karl Lawson, Housing Compliance Services Manager; Jeff Miller, Wastewater Maintenance Manager; and Thien Ng, Wastewater Division Manager.

D. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of a Commendation to the Santa Clara High School Boys Soccer Team for Winning the CIF Southern Section and Runner-Up for the State Regional Division 5.

Mayor Flynn made some remarks and the Council Members presented certificates of commendation

to the Santa Clara High School Boys Soccer players and coaches.

2. SUBJECT: Presentation of a Proclamation Designating the Week of May 7-13, 2017 as “Public Service Recognition Week.”

Mayor Flynn read the proclamation and presented it to the City Manager, who made some remarks.

E. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Jack Villa (upcoming Neighborhood Council meetings), Larry Stein (staff presentations and agenda packets), Joseph Cantaoi (fallen palm fronds in city planters), Manuel Toledo (on behalf of his uncle, a Campo Vanessa resident), Steve Nash (Ormond Beach caretaker Walter Fuller), Al Velasquez (proposed utility rate protests), Irene Avila (proposed rental inspection program), and Pat Brown (proposed utility rates).

F. REPORT OF CITY MANAGER

The City Manager announced the upcoming annual Police Memorial ceremony. He stated that budget work sessions will be scheduled soon. He announced the upcoming public hearing on wastewater rates. The Police Chief introduced newly promoted Police Commander Denise Shadinger, who made some comments.

G. CITY COUNCIL REPORTS

Councilmember Madrigal reported on attending the recent Future Leaders of America meeting at Cesar Chavez School, the Oxnard Scholars art show at Frank Middle School, and the El Concilio Latino Leadership awards.

Mayor Pro Tem Ramirez congratulated Commander Shadinger, mentioned attending the SCAG Annual Assembly, commented on educational opportunities for disadvantaged students, and announced a public education event at Oxnard Union High School District.

Councilman MacDonald announced a groundbreaking for the new Gold Coast Transit District building and an upcoming Ventura County Transportation Commission meeting. He commended staff on recent pavement repairs near the Colonia Boxing Gym.

Councilmember Perello reported on attending the Frank Middle School art show. He commented on the timing of making staff reports publicly available. He requested that a meeting of the Policy and Procedures Committee be scheduled. He reported on making a public records request for the Visitors and Tourism Bureau contract and payment amounts. He suggested that rent control and Council districts should be placed on a future agenda. He announced the upcoming Cultural Arts Commission meeting, and requested answers to his earlier questions regarding the Environmental Resources enterprise fund.

Mayor Flynn commented on the need for a restructured Council committee process for vetting upcoming Council agenda items. He stated that priority based budgeting will begin in September.

(Mayor Flynn announced that Item K.1 would be heard next, and that K.4 would be pulled from the agenda.)

K. REPORTSCultural and Community Services Department

1. SUBJECT: Development of New Senior Center.
RECOMMENDATION: 1) That the City Council designate 2500 West 5th Street as the site for a new senior center. 2) That the City Council approve a budget adjustment in the amount of \$25,000 from the Community Park Improvements Measure O funds (104-5770-826-86.05) to the New Senior Center Measure O account (104-5503-805-8209).

The Cultural and Community Services Director introduced the Senior Services Commission members in attendance and gave a report.

Public comments were received from Kay Brainard, Kathie Lanker, Daniel Chavez Jr., and Al Velasquez.

Discussion ensued among Council and staff.

It was moved by Councilman MacDonald, seconded by Councilmember Perello, to approve staff's recommendation as presented. VOTE: MacDonald, Madrigal, Perello, and Ramirez voted in favor, Flynn voted against, stating that he was opposed to the location, as it was within the Oxnard Airport sphere. The motion carried 4-1.

H. REVIEW OF INFORMATION/CONSENT AGENDA

Councilmember Perello commented on Item J.3, and discussed Item J.4 with the Water Division Manager, regarding Sensus water meters.

I. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA (None)J. INFORMATION/CONSENT AGENDACity Clerk Department

1. SUBJECT: Minutes of the May 2, 2017 Regular Meeting.
RECOMMENDATION: That the City Council approve the Minutes as presented.

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. Cascade Fire Equipment for the purchase of 107 wildland fire coats (\$27,771).

Public Works Department

3. SUBJECT: Contract (A-7965) for Performing Arts Center HVAC Replacement Project GS 17-13.
RECOMMENDATION: That City Council approve and authorize the Mayor to execute a contract with KFY United Mechanical Contractors, Inc. d.b.a. United Mechanical in the amount of \$245,000.00 for the Performing Arts Center HVAC Replacement Project GS 17-13.
4. SUBJECT: Solicit Bids for Advanced Metering Infrastructure (AMI) System PW 17-32.
RECOMMENDATION: That City Council authorize staff to solicit bids for the planning, design, construction and commissioning of an advance metering infrastructure (AMI) system PW 17-32.

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

K. REPORTSCultural and Community Services Department

2. SUBJECT: Agreement with the Oxnard School District to Receive Grant Funds from the State After School Educational and Safety Grant to Operate the Oxnard Scholars After School Program FY 2017-2018.
RECOMMENDATION: That the City Council approve and authorize the Mayor to execute an agreement with the Oxnard School District (OSD) (A-7959) for the City to receive an amount not to exceed \$2,305,000. Primary Services shall not exceed Two Million Dollars (\$2,000,000) and “Additional Services” for summer school not to exceed One Hundred Five Thousand (\$105,000), and Intercession not to exceed Two Hundred Thousand (\$200,000).

The Community Services Manager introduced the Parks & Recreation and Community Services Commission members in attendance and gave a report.

Discussion ensued among Council and staff.

Public comments were received from Roger Poirier, Lilly Guerra, Jona Moorghen, Gabriel Teran, Steve Nash, Angela Whitecomb, and Al Velasquez.

Further discussion ensued.

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

Public Works Department

3. SUBJECT: Change Order No. 1, Task Order No. 54, Task Order No. 55, Task Order No. 56, and Task Order No. 63 to Contract No. A-7721 with Sam Hill and Sons, Inc. for Project Specification No. 14-12 – Non-Scheduled Repairs of Wastewater and Storm Drain Systems.

RECOMMENDATION: That City Council:

1. Approve and authorize the Mayor to execute Change Order No. 1 to Contract A-7721 with Sam Hill & Sons, Inc. in the amount of \$1,500,000 and to extend the Contract expiration date from October 21, 2017, to October 20, 2019, for Project Specification No. 14-12 Non-Scheduled Repairs of Wastewater and Storm Drain Systems;
2. Approve and authorize the City Manager to execute Task Order No. 54, Task Order No. 55, Task Order No. 56 and Task Order No. 63 to Contract No. A-7721; and
3. Approve a Budget Appropriation in the amount of \$1,500,000.

The Wastewater Maintenance Manager gave a report.

Public comments were received from Alicia Percell, Aaron Starr, Pat Brown, Al Velasquez, and Woodrow Thomas Sr.

Discussion ensued among the Council and staff.

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

4. SUBJECT Agreement A-7955 for On-Call Sidewalk, Curb and Gutter Services.

(This item was removed from the agenda.)

L. PUBLIC COMMENTS ON REPORTS (None)

M. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 9:28 p.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Mayor



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 3

DATE: May 16, 2017

TO: City Council

FROM: Greg Nyhoff
City Manager

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 following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:

- A. SoftwareOne, Inc. for licensing and software maintenance (\$92,867).
- B. TriTech Software for crime analysis and mapping software (\$43,642).
- C. OpenGov application for publishing financial and operational data (\$32,775).
- D. Selectron, Inc. for interactive voice response software used to schedule permit inspections and to pay utility bills by phone (\$27,375).
- E. Adamson Police Products for purchase of 250 Sig Sauer P320 firearms (\$36,563).
- F. CopQuest for the purchase of 250 Sig Sauer P320 holsters (\$28,055).

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

Agreements for City Council Review
May 16, 2017
Page 2

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 May 16, 2017

City Manager Contract List for 05/16/2017

Contracts from \$25,000 to \$250,000

J.3.a

A Microsoft Enterprise Agreement

Vendor: SoftwareOne, Inc.
Type: Original Agreement
Agreement No.: 7058-15-FN
Amendment No.: N/A
Purchase Order No.: 6287
Begin Date: 05/21/2017
End Date: 05/20/2018
Term: 1 year

Amount to be Approved: \$92,867
Current FY Amount: \$92,867
Total Contract Amount: \$92,867
Funding Source: General Fund
Vendor Selection Process: Joint Purchase
of Bids/Proposals/Quotes: N/A
Project Manager: Raja Bamrungpong
Department: Information Technology
Telephone: 805-385-7654
Email: raja.bamrungpong@oxnard.org

Purpose: This agreement is to continue with the Microsoft Enterprise Agreement licenses used for public safety. In 2005, the City approved the acquisition of software licenses under the County of Riverside Microsoft Enterprise Master License Agreement. This agreement will include licensing and software maintenance and upgrades to the data center license for a total of \$92,867.

This is a piggy-back agreement to a contract between SoftwareOne and the County of Riverside that expires on December 31, 2019 which allows the purchase of software licenses at a reduced bulk rate only available to organizations with over 15,000 users. The Riverside contract is based on the lowest pricing available for Microsoft EA licenses in the State of California.

City Manager Contract List for 05/16/2017

Contracts from \$25,000 to \$250,000

J.3.a

B Contract for crime analysis and mapping software.

Vendor: TriTech Software
Type: Amendment
Agreement No.: 6931-14-PO
Amendment No.: 1

Purchase Order No.:
Begin Date: 05/14/2016
End Date: 05/14/2019
Term: 3 Years

Amount to be Approved: \$43,642
Current FY Amount: \$26,850
Total Contract Amount: \$65,487
Funding Source: JAG & SLESF Grants Project # 662132 & 662137
Account #248-2105- 802-8606 and SLESF Account
#195-2030-802-8132

Vendor Selection Process: Negotiated Contract
of Bids/Proposals/Quotes: N/A
Project Manager: Mike Adair
Department: Police Department
Telephone: 805-207-9149
Email: mike.adair@oxnardpd.org

Purpose: Staff is requesting authorization to enter into a First Amendment with TriTech Software in the amount of \$43,642 to continue with the use of software that provides analysis of mapped crime statistics.

The Oxnard Police Department is currently using both CrimeView Dashboard and Crimemapping.com for analyzing mapped crime statistics. The Department has been using the software package since the original contract was signed in early 2015 with The Omega Group. In 2016 The Omega Group was purchased by TriTech Software.

TriTech has requested an amendment to change to their name and to add their new "IQ Subscription Service License & Use Agreement." This contract also adds two data sets to the analysis package. Our current system maps Crimes and Calls for Service. The additional data sets will map Arrests and Field Interview Contacts. The amendment adds funding to cover the addition to the system and the added annual fees.

City Manager Contract List for 05/16/2017

Contracts from \$25,000 to \$250,000

J.3.a

C OpenGov Intelligence renewal

Vendor: OpenGov
Type: Purchase Order
Agreement No.: 7868-17-IT
Amendment No.: N/A
Purchase Order No.: 3225
Begin Date: 04/01/2017
End Date: 03/31/2018
Term: 1 year

Amount to be Approved: \$32,775
Current FY Amount: \$32,775
Total Contract Amount: \$32,775
Funding Source: Information Technology
Vendor Selection Process: Negotiated Contract
of Bids/Proposals/Quotes: N/A
Project Manager: Raja Bamrungpong
Department: Information Technology
Telephone: 805-385-7654
Email: raja.bamrungpong@oxnard.org

Purpose: Staff is requesting authorization to enter into an agreement for the renewal of the City's OpenGov Intelligence application. This application is used to publish financial and operational data for efficient decision-making and to operate more transparently.

The initial agreement was for the July 2016 through March 2017 period. This agreement is for one year beginning April 1, 2017 through March 31, 2018.

D Selectron Interactive Voice Response Software

Vendor: Selectron Inc.
Type: Purchase Order
Agreement No.:
Amendment No.: 1
Purchase Order No.: 6305
Begin Date: 03/01/2017
End Date: 02/28/2018
Term: 1 year

Amount to be Approved: \$27,375
Current FY Amount: \$27,375
Total Contract Amount: \$27,375
Funding Source: General Fund
Vendor Selection Process: Negotiated Contract
of Bids/Proposals/Quotes: N/A
Project Manager: Raja Bamrungpong
Department: Information Technology
Telephone: 805-385-7654
Email: raja.bamrungpong@oxnard.org

Purpose: The purchase order is for the renewal of the City's Interactive Voice Response (IVR) software products. It also allows Development Services customers to schedule permit inspections by phone. The City purchased Selectron's IVR in 2004 to allow utility customers to pay their bills by phone.

Selectron is highly integrated into our Sungard HTE financial application and provides for seamless over the phone payments processing. The \$27,375 is for the support services and annual upgrades to enhance software functionality.

City Manager Contract List for 05/16/2017

Contracts from \$25,000 to \$250,000

J.3.a

E Purchase of Firearms for Department Personnel

Vendor: Adamson Police Products
Type: Purchase Order
Agreement No.:
Amendment No.: N/A
Purchase Order No.: 3222
Begin Date:
End Date:
Term:

Amount to be Approved: \$36,563
Current FY Amount: \$36,563
Total Contract Amount: \$36,563
Funding Source: Asset Forfeiture FY2016-17
Vendor Selection Process: Informal Bids
of Bids/Proposals/Quotes: 3
Project Manager: Commander Christopher Williams
Department: Police Department
Telephone: 805-207-7234
Email: christopher.williams@oxnardpd.org

Purpose: Staff is requesting authorization to purchase 250 Sig Sauer P320 firearms. The Police Department is recommending to transition its standard-issue sidearm from the Beretta to the Sig Sauer P320. The Beretta became the department issued sidearm in the early 1990's. Over two decades later, it has become increasingly apparent that the department needs to replace the Beretta with a more contemporary product that has a lower maintenance cost and is more efficient.

After extensive review and testing, the department selected the Sig Sauer P320. The department plans to sell the Beretta inventory to Adamson Police Products for the "fair market value" reducing the cost to purchase the Sig Sauer P320.

Staff received three bids for the Sig Sauer P320 firearm. Adamson Police Products was selected as the lowest responsible bidder. The purchase will be paid through Asset Forfeiture FY2016-17.

F Purchase of Holsters for Department Personnel

Vendor: CopQuest
Type: Purchase Order
Agreement No.:
Amendment No.: N/A
Purchase Order No.: 3223
Begin Date:
End Date:
Term:

Amount to be Approved: \$28,055
Current FY Amount: \$28,055
Total Contract Amount: \$28,055
Funding Source: Asset Forfeiture FY2016-17
Vendor Selection Process: Informal Bids
of Bids/Proposals/Quotes: 3
Project Manager: Commander Christopher Williams
Department: Police Department
Telephone: 805-207-7234
Email: christopher.williams@oxnardpd.org

Purpose: Staff is requesting authorization to purchase 250 Sig Sauer P320 holsters from CopQuest. The Police Department is recommending to transition its standard-issue sidearm from the Beretta to the Sig Sauer P320.

Pursuant to the City's purchasing policies, the Police Department received three informal bids for the purchase of the Sig Sauer P320 holsters. CopQuest was selected as the lowest responsible bidder. The purchase will be paid through Asset Forfeiture FY2016-17.



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 4

DATE: May 16, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Solicit Bids for On-Call Street Maintenance and Repair Services

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

RECOMMENDATION:

That City Council authorizes staff to solicit bids for On-Call Street Maintenance and Repair Contract PW17-21.

BACKGROUND

The City has 433 miles of streets with an average (or median) PCI of 57. The Public Works Streets Maintenance Division is tasked with asphalt, concrete, signs and traffic marking maintenance in the Public Right of Ways.

Currently, the Public Works Streets Division has sixteen (16) employees who are responsible for asphalt and concrete repairs. Additionally, these crews repair potholes, damaged sidewalks, and curb and gutters. Because of an increasing back log of repairs needed, the Public Works Streets Division requires support for the street and alley maintenance and repair throughout the City. The project consists of performing preventative, stopgap, seasonal and emergency asphalt and concrete repair work including: repair of potholes, damaged sidewalks, driveways, curb and gutters; slurry and cape sealing; crack sealing; and mill and asphalt concrete overlay on an as needed basis at various locations throughout the City. The work will also include all traffic control, permitting, storm water pollution prevention and other required ancillary services.

Solicit Bids for On-Call Street Maintenance and Repair Services

May 16, 2017

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Staff wishes to solicit bids for a contractor that provides on-call street maintenance and repair services, including traffic control. The contractor will be responsible for furnishing all materials, tools, equipment, and labor required to complete the assigned work per the cost of services schedules established in the bid and contract documents.

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.

Objective 4a. Implement CIP plans.

FINANCIAL IMPACT

A budget appropriation will be requested when the final bid is awarded. Fund balance is available in Streets Maintenance Fund 105. After the project bids are received and evaluated, staff will return to City Council to recommend awarding the contract to the lowest responsible bidder for the project.

Note: Plans and specifications will be available for review at the City of Oxnard Public Works, 305 West Third Street, Third Floor, East Wing, Oxnard, CA 93030, after 8:00 a.m. on Thursday prior to the City Council Meeting.



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Public Hearing

AGENDA ITEM NO.: 1

DATE: May 16, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Ruth Osuna
Asst City Manager

SUBJECT: Public Hearing Regarding and First Reading of Ordinance for Wastewater Rate Increase (30/45/60)

CONTACT: Ruth Osuna, Asst City Manager
Ruth.Osuna@oxnard.org, 805-385-7478

RECOMMENDATION:

That City Council:

1. Holds a public hearing to receive public testimony and consider all protests concerning the adoption of an ordinance establishing wastewater user fees and charges;
2. Finds that, according to the CEQA exemption listed in 14 CCR section 15273, CEQA does not apply because this ordinance establishes rates, which the Council finds are for the purposes of: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; and obtaining funds for capital projects, necessary to maintain wastewater service within existing service areas; and
3. Approves the introduction and first reading by title only and waive further reading of an ordinance establishing new wastewater system user fees and charges.

BACKGROUND

Oxnard Wastewater Treatment Plant History

In the 1950s, the City built its wastewater treatment plant. In the 1970s, the City constructed two bio-towers to provide partial secondary treatment. In the 1980s, the City upgraded the

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(30/45/60)
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wastewater treatment plant to full secondary treatment (activated sludge) to meet the requirements of the federal Clean Water Act. In 2006, the City constructed a new headworks facility for screening and grit removal.

The wastewater treatment plant was initially operated by Ventura Regional Sanitation District (VRSD) as a regional wastewater treatment plant. In the 1980s, the City took over the wastewater treatment plant operations and maintenance responsibilities. The plant continues to operate a regional facility, processing wastewater from the City of Port Hueneme, Channel Islands Beach Community District, United States Navy bases, El Rio, Nyeland Acres, and Las Posas Estates.

Wastewater Treatment

Wastewater is water that has had its quality degraded by some type of human activity. Residential sources of wastewater include toilets, showers, sinks, and washing machines. Commercial sources of wastewater include food processing, manufacturing and oil production. Some materials in wastewater can be hazardous to human health and the environment. These materials must be treated at a wastewater treatment plant before being safely released.

Oxnard's Wastewater Treatment Plant (OWTP), located at 6001 South Perkins Road, provides primary and secondary wastewater treatment. The OWTP currently treats approximately 19 million gallons of wastewater per day (mgd) and has an ultimate capacity of 32 mgd. The City's sanitary sewer collection system transports residential, commercial, and industrial wastewater to the treatment facility. The sanitary sewer collection system consists of 407 miles of gravity sewers, 23 miles of pressurized force mains, ranging from 4-inch to 20-inch, and 15 sewer lift stations.

Sewage collected from throughout the City enters the OWTP at the headworks, where debris and grit are removed. From the headworks, wastewater is pumped into primary clarifiers (settling tanks) to remove inorganic materials and heavy solid materials. After primary treatment, the wastewater is pumped to bio-towers (trickling filters) and activated sludge basins for biological treatment to remove soluble organics in the wastewater. The treated wastewater is then directed into secondary sedimentation tanks for final solids settling before discharging into the Pacific Ocean via an ocean outfall pipeline. A portion of the treated wastewater is conveyed to the Advanced Water Purification Facility (AWPF) for recycled water treatment. Biosolids collected at the OWTP's primary clarifiers and secondary sedimentation tanks are processed at the digester facility to break down volatile organic materials to stabilize the biosolids. The digested biosolids are dewatered before being disposed at the Toland Landfill.

Need for Wastewater 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

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service and reserves. The funds generated by utility rates are used to provide wastewater collection and treatment for residents and businesses. Currently the OWTP has nearly 40,000 accounts. The total service population exceeds 230,000. The rates fund operations, maintenance, repairs, debt payments, reserve levels, infrastructure costs, and capital projects within each utility.

Additionally, a recent condition assessment of the OWTP has documented 30 percent of the system's assets are in poor or very poor condition, with 72 percent at a moderate, high or very high risk of experiencing failures. The City's overall objective is to reduce the failure risk of all facilities to low or very low. Understanding the current funding limitations, the City has developed a ten-year rehabilitation program with the goal of reducing the highest risk facilities to a moderate or better risk grade. This ten-year program includes:

- Years 1 - 2: Repair high risk facilities which have been identified as health and safety concerns or urgent needs to maintain plant functionality.
- Years 3 - 5: Rehabilitate functions necessary to maintain required minimum redundancy and treatment facility.
- Years 6 - 10: Abandon older facilities that have reached the end of their useful lives (those built before or up to 1975), repurpose and renew other facilities to provide a modern treatment process (such as membrane bioreactor (MBR) or other technology), and make efficiency improvements, including reduced pumping and more efficient treatment equipment. *The capital improvement costs in years six through ten are not included in the current wastewater rate study.*

The last time the City implemented a rate increase was in fiscal year 2013 for 6 percent. In January 2016, the City Council adopted wastewater rate increases, with the first rate increase of 35 percent going into effect March 1, 2016 and an additional 10 percent increase going into effect January 1, 2017. In November 2016, the passage of a ballot initiative, titled Measure M, halted full implementation of the City's legally adopted new fees for the wastewater utility. The City legally challenged the Measure M initiative. The court issued a stay, meaning the City could continue to collect the increased rate until further determination. The City chose not to implement the 10 percent increase scheduled for January 2017.

In December 2016, the City Council directed City staff to start a new wastewater rate study. The Council also determined that a utility ratepayers' advisory panel should be formed to advise the City on the new wastewater rates.

Utility Ratepayers Advisory Panel (URAP)

On January 17, 2017, the Utilities Task Force (UTF) selected members to form the Utility Ratepayers Advisory Panel (URAP). The purpose of the URAP was to provide a recommendation to the UTF and later to the City Council regarding the URAP's preferred wastewater rate scenario.

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The URAP had five regular meetings and one special meeting (wastewater facility tour). Staff initially provided six different rate scenarios to the URAP for consideration. All scenarios assumed inflation rates of 2.5 to 3.0 percent for line item operating expenditures and an inflation rate of 3.2 percent for capital project costs. Scenarios discussed by the URAP included various variations of the capital improvement program (CIP) and the infrastructure use fee (IUF). All scenarios assumed the 35 percent increase in rates as of March 1, 2016 would stay in place. The scenarios were presented as follows:

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	Current	Projected -->				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Scenario 1	Enhanced Reliability CIP, Full IUF, Less time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18					
Percent Increase		10.00%	7.50%	7.50%	7.00%	7.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.42	\$53.09	\$56.77	\$60.78
Monthly Increase		\$4.22	\$3.43	\$3.67	\$3.68	\$4.01
Scenario 2A	CIP with an Outlook to the Future, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18					
Percent Increase		10.00%	7.00%	7.00%	5.00%	5.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.26	\$52.75	\$55.40	\$58.22
Monthly Increase		\$4.22	\$3.27	\$3.49	\$2.65	\$2.82
Scenario 2B	CIP with an Outlook to the Future, Full IUF, Reserve Policy Met in 5 Years, Begin to Build Reserves in FY 2019/20					
Percent Increase		6.00%	6.00%	6.00%	6.00%	6.00%
Typical Monthly Bill	\$41.77	\$44.34	\$47.02	\$49.87	\$52.91	\$56.15
Monthly Increase		\$2.57	\$2.67	\$2.86	\$3.04	\$3.24
Scenario 3	CIP with an Outlook to the Future, Streets IUF Only, Begin to Build Reserves in FY 2019/20					
Percent Increase		4.00%	4.00%	4.00%	4.00%	4.00%
Typical Monthly Bill	\$41.77	\$43.49	\$45.24	\$47.12	\$49.05	\$51.03
Monthly Increase		\$1.72	\$1.76	\$1.88	\$1.93	\$1.98
Scenario 4	Urgent Minimum CIP with NO Future Planning and Design, No IUF, Begin to Build Reserves in FY 2019/20, Sets up for Future Spikes in Rates to Meet Future Cost Increases					
Percent Increase		3.00%	3.00%	3.00%	3.00%	3.00%
Typical Monthly Bill	\$41.77	\$43.05	\$44.36	\$45.71	\$47.14	\$48.60
Monthly Increase		\$1.28	\$1.31	\$1.34	\$1.43	\$1.46
Scenario 5	CIP with an Outlook to the Future, Less Time to Reach Financial Policies, No IUF in FY 2017/18, Streets IUF in FY 2018/19, Full IUF Starting FY 2019/20, Begin to Build Reserves in FY 2017/18					
Percent Increase		8.25%	7.00%	7.00%	5.00%	5.00%
Typical Monthly Bill	\$41.77	\$45.27	\$48.51	\$51.97	\$54.60	\$57.38
Monthly Increase		\$3.50	\$3.24	\$3.46	\$2.62	\$2.79

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Upon deliberation, the URAP requested modifications, to which staff responded with three additional scenarios, as explained below:

Scenario 2.2A		Assumptions of Scenario 2A with the following updates: Change the last 5% increase to 6%. \$5 Million in Design costs moved out of years 1 to 5. Begin to Build Reserves in FY 2017-18.				
Percent Increase		10.00%	7.00%	7.00%	6.00%	6.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.26	\$52.75	\$55.98	\$59.34
Monthly Increase		\$4.22	\$3.27	\$3.49	\$3.23	\$3.36
Scenario 2.2B		Assumptions of Scenario 2B with the following updates: Suspend the Full IUF for 2 years, include Full IUF years 3-5. \$5 Million in Design costs moved out of years 1 to 5. Begin to Build Reserves in FY 2017-18.				
Percent Increase		5.25%	5.25%	5.25%	5.25%	5.25%
Typical Monthly Bill	\$41.77	\$43.98	\$46.34	\$48.78	\$51.39	\$54.15
Monthly Increase		\$2.21	\$2.36	\$2.44	\$2.60	\$2.77
Scenario 2.3		Assumptions of Scenario 3 with the following updates: Begin to build reserves in 2017-18, rather than delayed to 2019-20. \$5 Million in Design costs moved out of years 1 to 5. Begin to Build Reserves in FY 2017-18.				
Percent Increase		6.50%	6.50%	5.00%	4.00%	4.00%
Typical Monthly Bill	\$41.77	\$44.56	\$47.46	\$49.86	\$51.87	\$54.00
Monthly Increase		\$2.79	\$2.91	\$2.40	\$2.01	\$2.13

One member of the URAP presented an additional scenario (Scenario 6) that included a CIP of \$11,620,000 and no IUF. The City's consultant, AECOM, explained to the URAP that such a low CIP as reflected in Scenario 6 could lead to a catastrophic failure of the wastewater plant. Additionally, Chief Financial Officer Jim Throop stated that this proposal would likely be unacceptable to meet the City's financial contractual obligations. The URAP voted on Scenario 6: two members were in favor and five members were opposed. Scenario 6 was presented as follows:

Scenario 6		Limited Emergency CIP only, Freeze rates at current levels which included the 35% increase implemented March 2016, no new borrowings, No IUF.				
Percent Increase		0%	0%	0%	0%	0%
Typical Monthly Bill	\$41.77	\$41.77	\$41.77	\$41.77	\$41.77	\$41.77
Monthly Increase		\$0	\$0	\$0	\$0	\$0

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After more than fifteen (15) hours of discussion and many more hours of the URAP members' review of the materials and other preparation, the URAP voted four to two (with one abstention) to recommend Scenario 2.2B for the UTF's preferred scenario and ultimately for the City Council's consideration. According to Scenario 2.2B, the average single family household with an average bill of \$41.77 would see an increase ranging from \$2.21 in the first year of rates increases to \$2.77 per month in the fifth year of the proposed rate increases.

The URAP also made two other recommendations. First, by a vote of six to zero (with one abstention), the URAP recommended that the City Council require the cost of service study to list the planned repairs and capital improvement projects, along with their expected costs and completion dates. Further, the City Council should establish a policy that each utility prepare an annual report to the City Council regarding all such repairs and projects included in the most recent cost of service study. That report would include for each project a description of its construction status, original date of completion, revised projected date of completion, original projected costs, costs incurred to date and revised projected total costs.

The second recommendation approved by the URAP by a vote of four to three was that the City no longer charge the IUF. Three other recommendations were considered but did not receive support.

The UTF met on March 2nd to receive the URAP's recommendation. The UTF decided to forward the URAP recommendation (Scenario 2.2B) to the full City Council for consideration.

On March 7, 2017, City Council received the URAP's recommendation (Scenario 2.2B) and approved the proposed recommendation with the modification of only funding the streets maintenance portion of the IUF (excluding the facilities maintenance and public safety portions of the IUF) for all five years rather than suspend the full IUF for two years, and then continue the full IUF in years 3 to 5 as proposed by the URAP.

Consequences of Not Raising Rates

If wastewater rates are not increased, the City's wastewater enterprise will not receive sufficient revenue to cover expenses. Currently, the Wastewater Fund is rated BBB with a negative outlook. The fund will not be able to meet bond coverage requirements, which could result in a credit downgrade and place a strain on the City's General Fund. This would make funding of required facility replacement projects more difficult and expensive. The wastewater fund would run out of money and urgently needed maintenance projects would be delayed resulting in the failure of primary treatment, bio-tower processes and manholes in the central trunk wastewater collection pipeline. The repair of tree root damage to sewer pipelines and resident laterals citywide as well as installation of odor control systems for sewer collection pipelines would be delayed or simply not be completed.

Rate Setting Process

Public Hearing Regarding and First Reading of Ordinance Establishing New Wastewater Rates (30/45/60)

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On March 7, 2017, City Council directed staff to proceed with a Proposition 218 notification process. By March 30, 2017, affected property owners and ratepayers were notified by mail about the Proposition 218 process. After a 45-day period, the City Council is holding a public hearing at its regular meeting on May 16, 2017, and will also introduce the proposed wastewater rates ordinance for the first reading. That evening is also the last opportunity for ratepayers to protest the increase of the proposed wastewater rates. A majority of ratepayers must have submitted a written protest to halt the increase of wastewater rates. The second reading of the ordinance is scheduled to be held at the regular Council meeting on May 23, 2017. If approved, the wastewater rate increases would become effective July 1, 2017.

CEQA

Title 14, Section 15273 of the California Code of Regulations states that the California Environmental Quality Act (CEQA) does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for any of the following relevant purposes: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects, necessary to maintain service within existing service areas.

This ordinance establishes wastewater rates for many purposes. The ordinance establishes wastewater rates to meet operating expenses, including paying for electricity and new parts and employee wage rates and fringe benefits. The wastewater utility needs to regularly purchase chemicals and it will also purchase safety equipment, process equipment like pumps and motors, and pipes; thus, the ordinance establishes rates to purchase supplies, equipment, and materials. The new rates would help the wastewater utility work towards meeting the City Council policy for reserve requirements, which would be used to cover debt payments, emergency repairs and operating expenses; thus, the ordinance establishes wastewater rates to meet financial reserve needs and requirements. The utility will first utilize the funds for emergency projects for the most seriously deteriorating facilities, such as rebuilding the co-generation facilities, the biosolids dewatering equipment, and the primary clarifiers, and thereafter, the rates will be used to upgrade the treatment plant by providing a new electrical building, equipment and gears, upgrading the process control systems, and upgrading the process pipelines without expanding the wastewater service area; thus, the ordinance obtains funds for capital projects necessary to maintain service within existing service areas.

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 the City's 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 costs.

FINANCIAL IMPACT

Standard & Poor's (S&P) Global Ratings issued a new report affirming the "BBB" long-term rating on the City of Oxnard's Financing Authority's fixed-rate wastewater revenue bonds. S&P also removed the ratings from Credit Watch with negative implications. However, the outlook is still listed as "negative."

The City took steps to improve the City's short term outlook. However, the wastewater system's credit quality is "weak" and its financial position is tenuous. In order to strengthen the wastewater system's financial standing, rates must be increased to:

- Maintain sufficient cash flows to meet current and projected increase in utility operations and maintenance.
- Meet all contractual debt covenants.
- Finance long-term capital improvements to increase operating efficiency, meet regulatory requirements, and expand the system's capacity to serve new development.
- Increase fund balances to target levels of the City Council-adopted reserve policy (January 2016).
- Meet or exceed the bond coverage target of the City Council-adopted coverage policy (January 2016).
- Increase the resilience of utility finances to address unexpected demands on utility operations and facilities.
- Continue to adopt utility schedules and financial policies to ensure the equitable allocation of utility requirements to the City's rate payers in keeping with the requirements of California law.
- Improve the City's bond rating in order to gain more favorable interest rates
- Increase the cash reserves to meet Council approved reserve policy, as well as to have cash on-hand for emergencies.
- Increase reserves to use cash for pay-as-you-go capital projects.

ATTACHMENTS:

Attachment A: 2017 Wastewater Rates Ordinance

Public Hearing Regarding and First Reading of Ordinance Establishing New Wastewater Rates
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Attachment B: Oxnard Wastewater Cost of Service DRAFT March 2017

CITY COUNCIL OF THE CITY OF OXNARD

ORDINANCE NO. _____

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
OXNARD ESTABLISHING NEW WASTEWATER SYSTEM
USER FEES AND CHARGES

WHEREAS, the regulations of the federal Environmental Protection Agency (EPA) and the California State Water Resources Control Board (SWRCB) Revenue Program Guidelines require that the wastewater service charges of the City of Oxnard (City) conform to grant specifications for fair and equitable user fees;

WHEREAS, the EPA and SWRCB revenue programs require the City to conduct periodic rate adjustment studies and to implement the recommendations thereof, to keep municipal wastewater services on a self-supporting basis;

WHEREAS, pursuant to Chapter 19 of the Oxnard City Code, Ordinance No. 2860 was adopted the 18th of September, 2012, to set forth the City's wastewater system fees, charges, and user rates in accordance with the provisions of the City Code and EPA/SWRCB guidelines;

WHEREAS, the City's Public Works Department prepared a Cost of Services Study in 2015 (2015 Rate Study). The 2015 Rate Study assessed the Wastewater Enterprise operation, maintenance, repair, replacement, and capital improvement program budgets and requirements, which collectively were incorporated into the recommended rates of Ordinance No. 2901, so that the proportional cost of providing wastewater treatment and disposal service to the City's various customer classes were allocated consistently with all applicable legal requirements. The 2015 Rate Study and all the studies, plans and documents relied upon and incorporated in the 2015 Rate Study provided the basis for the rates and charges set forth in Ordinance No. 2901;

WHEREAS, Ordinance No. 2901 reflected the 2015 Rate Study to provide updated supplemental fees and charges for certain special services available upon request throughout the City;

WHEREAS, pursuant to Chapter 19 of the Oxnard City Code, Ordinance No. 2901 was adopted the 26th of January, 2016, to set forth the City's wastewater system fees, charges, and user rates in accordance with the provisions of the City Code and EPA/SWRCB guidelines;

WHEREAS, Measure M, which intended to repeal Ordinance No. 2901, passed at the November 2016 elections;

WHEREAS, the City's Public Works Department prepared a Cost of Services Study recently (2017 Rate Study). The 2017 Rate Study assesses the Wastewater Enterprise operation, maintenance, repair, replacement, and capital improvement program budgets and requirements, which collectively are incorporated into the recommended rates provided in this ordinance, so that the proportional cost of providing wastewater treatment and disposal service to the City's various customer classes are allocated consistently with all applicable legal requirements. The 2017 Rate Study and all the studies, plans and documents relied upon and incorporated in the 2017 Rate Study provide the basis for the rates and charges set forth herein;

Ordinance No. _____

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WHEREAS, this ordinance reflects the 2017 Rate Study to provide updated supplemental fees and charges for certain special services available upon request throughout the City;

WHEREAS, notice was sent by mail to all property owners and wastewater utility ratepayers on March 30, 2017, which meets the legal requirement of sending notice at least 45 days before the public protest hearing;

WHEREAS, this ordinance includes a provision for the automatic adjustment of rates based on changes in certain third-party costs if these exceed the projection in the Cost of Service Study. The proposed rates displayed as effective beginning July 1, 2017, show the pre-authorized rates applicable July 1, 2017. However, the actual rates effective July 1, 2017, may vary based on the implementation of any automatic rate adjustments as may be authorized in any prior ordinance before the effective date of this ordinance; and

WHEREAS, Public Resources Code Section 21080(b)(8) and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines provide that CEQA does not apply to the modification of public agency rates and other charges which the public agency finds are intended for certain purposes.

NOW, THEREFORE, the City Council of the City of Oxnard does hereby find as follows:

1. The adoption of this ordinance is exempt from CEQA because the fees adopted herein are for the following purposes:
 - a. Meeting operating expenses, including the increased cost of chemicals and energy sources, biosolids management, more stringent regulatory requirements, debt service, and Wastewater Division employee wages and fringe benefits; and
 - b. Purchasing and leasing supplies, equipment, and materials associated with the provision of wastewater service; and
 - c. Meeting financial reserve needs and requirements; and
 - d. Obtaining funds for capital projects necessary to maintain wastewater service within the City service area, including repair and replacement of the extensive collection and disposal systems and treatment plant; and
 - e. Obtaining funds necessary to maintain those intracity transfers as are authorized.
2. The basis for the foregoing claim of exemption is found in the 2017 Rate Study.

[Continued on next page]

Ordinance No. _____

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NOW, THEREFORE, the City Council of the City of Oxnard does ordain as follows:

Part 1. Section 19-133 is added to Division 11 of Article I of Chapter 19 and shall state as follows:

“SEC. 19-133. WASTEWATER RATES.

(A) The rates charged for all wastewater collected by the City shall be established by ordinance of the City Council. Each customer receiving wastewater service is liable for payment for such service at the rates so established.

(B) Pursuant to Government Code section 53756, and after notice is provided as required by law, the adopted rates shall automatically adjust over a five-year period for inflation in the cost of operating the City’s wastewater system. If the actual inflation in natural gas and electricity rates paid by the City since the effective date of the rates exceeds the Rate Study’s cumulative forecast for inflation in utility costs for that same period, the rates will be automatically adjusted to recover the difference between the two. For example, if in year three of these rates the actual inflation in natural gas and electricity rates paid by the City since the effective date of the rates is 8.75 percent and the Rate Model estimates a cumulative increase of 7.5 percent over that same time period, then the inflation adjustment for that year would be 1.25 percent. On the other hand, if the actual inflation in natural gas and utility rates for this example time period is 7.5 percent, then no inflation adjustment would be made for that year as the actual inflation would equal the estimated inflation in the Rate Model. The City shall issue the adjustments no more than once per calendar year, and these adjustments will be effective at least 60 calendar days thereafter.

(C) When the City Council declares the existence of a water shortage condition pursuant to City Code Section 22-154, the wastewater treatment rates and charges provided herein that are based on water use shall be adjusted to reflect the level of severity and corresponding mandatory water conservation percentage reflected in the water shortage condition declaration. For example, if the Council declares a Stage 2 water shortage condition with a mandatory water use reduction goal of 20%, then the rates provided herein that are based on water use, shall be concurrently adjusted upward by the same percentage – 20%. This adjustment shall be initiated as of the effective date of the water shortage declaration and terminate as of the date of the termination of that water shortage declaration.”

[Continued on next page]

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Part 2. Section 19-134 is added to Division 11 of Article I of Chapter 19 and shall state as follows:

“SEC. 19-134. FEES AND CHARGES.

The fees, charges and rates set forth below shall be charged and collected for the use of and for other privileges and services relating to the Regional Wastewater Treatment System of the City of Oxnard:

(A) [reserved]

(B) City of Oxnard User Charge for Wastewater System

The rate for City user classes or individual users of the wastewater system shall be calculated by the “City of Oxnard User Charge Formula” (the Oxnard Formula) as follows:

$$\text{OMUC} = p (\text{Vm}) + q (\text{Bm}) + r (\text{Sm})$$

Where:

OMUC = Oxnard monthly user charge in dollars

Vm = monthly wastewater discharge in millions of gallons

Bm = monthly BOD discharge in thousands of pounds

Sm = monthly SS discharge in thousands of pounds

p, q and r are unit cost coefficients established as follows:

Service		Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
Monthly Wastewater Discharge/Millions of Gallons	p =	\$3,061.50	\$3,222.23	\$3,391.40	\$3,569.45	\$3,756.85
Monthly BOD Discharge/Thousands of Pounds	q =	\$697.59	\$734.22	\$772.77	\$813.35	\$856.06
Monthly SS Discharge/Thousands of Pounds	r =	\$551.70	\$580.67	\$611.16	\$643.25	\$677.03

(1) Formula Users (Industrial & Commercial)

The monthly user charge for formula users shall be calculated using the Oxnard Formula. Industrial and commercial users billed by Oxnard Formula shall be those so designated by the Public Works Director. For those formula users that do not provide metered wastewater flow data, the wastewater flow shall be assumed to be 90% of water consumed. For those users that provide engineering data acceptable to the Public Works Director showing a different percentage, the wastewater flows will be based on that data.

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(2) Non-Formula Users (Industrial, Commercial & Governmental)

The monthly user charge for non-residential users of the system that are not classified as formula users by the Public Works Director shall be as follows. The rate per hundred cubic feet (HCF) of water used is based on the assumption that a percent of the water consumed is returned to the wastewater system. The applicable percentage differs based on customer class. The percentage return is included for each customer class in the tables below. The Public Works Director shall have the authority to review the water consumption of any metered user of the wastewater system and to adjust the rate based on the average water consumption over a reasonable period of time:

(a) Commercial/School Wastewater Use (Percentage Wastewater Return = 85%):

Tier	Usage	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 50 HCF/Month	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
2	> 50 to 930 HCF/Month	\$4.36	\$4.59	\$4.84	\$5.10	\$5.37
3	> 930 HCF/Month	\$8.72	\$9.18	\$9.67	\$10.18	\$10.72

(b) Restaurant Wastewater Use (Percentage Wastewater Return = 80%):

Tier	Usage	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 20 HCF/Month	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
2	> 20 to 160 HCF/Month	\$4.36	\$4.59	\$4.84	\$5.10	\$5.37
3	> 160 HCF/Month	\$8.72	\$9.18	\$9.67	\$10.18	\$10.72

(c) Laundry/Laundromat Wastewater Use (Percentage Wastewater Return = 90%):

Tier	Usage	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 105 HCF/Month	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
2	> 105 to 525 HCF/Month	\$3.86	\$4.07	\$4.29	\$4.52	\$4.76
3	> 525 HCF/Month	\$4.81	\$5.07	\$5.34	\$5.63	\$5.93

(3) Non-Formula Users - Residential

Residential wastewater service is deemed to begin when water service begins. Monthly residential user charges by type of dwelling units are as follows. The rate per hundred cubic feet

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(HCF) of water used is based on the assumption that a percentage of the water consumed is returned to the wastewater system. The applicable percentage differs based on customer class. The percentage return is included for each customer class in the tables below. The Public Works Director shall have the authority to review the water consumption of any metered user of the wastewater system and to adjust the rate based on the average water consumption over a reasonable period of time:

(a) Single Family Residential Wastewater Use (Percentage Wastewater Return = 80%):

Tier	Usage	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 9 HCF/Month	\$1.95	\$2.06	\$2.17	\$2.29	\$2.42
2	> 9 to 18 HCF/Month	\$2.17	\$2.29	\$2.42	\$2.55	\$2.69
3	> 18 HCF/Month	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73

(b) Single Family Residential Wastewater Use; Large Lots (lot size of over 7,000 square feet) (Percentage Wastewater Return = 60%):

Tier	Usage	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 16 HCF/Month	\$1.95	\$2.06	\$2.17	\$2.29	\$2.42
2	> 16 to 25 HCF/Month	\$2.17	\$2.29	\$2.42	\$2.55	\$2.69
3	> 25 HCF/Month	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73

(c) Multi-Family, Multi-Unit Residential Wastewater Use (Percentage Wastewater Return = 90%). Tiers for Multi-Family and Multi-Unit Residential are variable and are determined by multiplying each tier allotment by the number of dwelling units:

Tier	Usage	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 6 HCF/Month	\$1.58	\$1.67	\$1.76	\$1.86	\$1.96
2	> 6 to 12 HCF/Month	\$1.77	\$1.87	\$1.97	\$2.08	\$2.19
3	> 12 HCF/Month	\$2.47	\$2.60	\$2.74	\$2.89	\$3.05

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(4) Monthly Base Rates

In addition to monthly rates based on water use (per HCF) as set forth above, the following customer classes shall pay monthly meter rates:

Service		Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
Single Family		\$29.95	\$31.53	\$33.19	\$34.94	\$36.78
Multi-family/Unit:	1 to 6 Units	\$21.91	\$23.07	\$24.29	\$25.57	\$26.92
	7+ Units	\$10.92	\$11.50	\$12.11	\$12.75	\$13.42

(5) Minimum Monthly Fees

The following customer classes shall pay the greater of the applicable monthly rates set forth in the table below, or the monthly rates based on the actual water use (per HCF) as set forth above:

Service	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
Commercial	\$19.90	\$20.95	\$22.05	\$23.21	\$24.43
Restaurant	\$18.46	\$19.43	\$20.46	\$21.54	\$22.68
Laundry/Laundromat	\$91.57	\$96.38	\$101.44	\$106.77	\$112.38
School	\$69.85	\$73.52	\$77.38	\$81.45	\$85.73

(6) Non-metered Water Users

Except as provided in subsection B3 for residential water users, other non-metered water users, including commercial and industrial users, shall pay a monthly rate as determined by the Public Works Director based upon the monthly rate charged a metered water user of comparable size and character of use, provided, however, that the minimum monthly charge shall be the same as that charged for a multi-family dwelling unit.

Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
\$51.42	\$54.12	\$56.97	\$59.97	\$63.12

(7) Wastewater System Rate for Wastewater Treated by Another Agency

Where wastewater is collected by the City and is accepted by another agency for transmission, treatment and disposal, the monthly wastewater rates shall be equal to the rate charged by such agency for transmission, treatment and disposal of such wastewater, anything to the contrary herein notwithstanding.

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(8) Additional Charges for Outside the City Users of City Wastewater System

Those outside the City users of the Las Posas sewer line shall be charged a monthly rate for wastewater service as follows. Wastewater service is deemed to begin when water service begins. The rate per hundred cubic feet (HCF) of water used is based on the assumption that 85 percent of commercial and 60 percent of residential water consumed is returned to the wastewater system. The Public Works Director shall have the right to review the water consumption of any metered user of the wastewater system and to adjust the rate based on the average water consumption over a reasonable period of time:

(a) Monthly Rates for User Charge Formula – Outside City

Service	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
Single Family Residential per	\$79.72	\$83.32	\$87.04	\$90.96	\$95.11
Multi-family Residential per	\$55.66	\$58.18	\$60.79	\$63.55	\$66.38

(b) Monthly Rates for Las Posas Commercial/Institutional Wastewater Use

Tier	Service	Effective July 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
1	0 to 50 HCF/Month	\$6.57	\$6.87	\$7.17	\$7.48	\$7.81
2	> 50 to 930 HCF/Month	\$8.21	\$8.56	\$8.94	\$9.33	\$9.73
3	> 930 HCF/Month	\$16.42	\$17.12	\$17.86	\$18.62	\$19.43

(C) Industrial and Liquid Waste Sampling, Analysis and Flow Measurement

Dischargers whose wastewater charges are individually calculated using the Oxnard Formula shall be responsible for costs of required sampling, analysis and flow measurement associated therewith as provided in Chapter 19 of the Oxnard City Code. If sampling, analysis and flow data are not provided to the City as required, the Public Works Director shall cause monitoring to be performed or an estimate made to enable charges to be rendered. The discharger shall be billed for these extra costs.

(D) Charges for Unusual or Non-Compatible Wastewater

A charge for unusual or non-compatible waste constituents of such quality or character as to impose upon the City unusual operation and/or maintenance or capital costs whether or not related to total flow volume, biochemical oxygen demand, or suspended solids, shall be set by the Public Works Director and paid by the discharger. These charges shall be reasonably calculated to defray costs attributable to such wastes.

(E) Fee for Appeal

For each appeal to the City Council of a ruling by the Public Works Director a fee of \$100 will be charged.

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(F) Industrial Wastewater Discharge Permits

The Industrial Wastewater Discharge Permits (permit) specified in Chapter 19 of the Oxnard City Code shall be granted for a specific time period, not to exceed five years. Application for permit and permit renewal shall be made in accordance with Chapter 19. All users classified as significant industrial wastewater users according to Chapter 19 shall be assessed a fee of \$2,500 per year per permit. All other industrial users shall be assessed a fee of \$100 per year per permit. In addition to the permit fee, new applicants for a permit shall be assessed a one time new application processing fee of \$100.

(G) Billing Procedure for Monthly Service Charge for Use of City Wastewater System

Bills shall be computed according to the rates then in effect and the number of days in the service period at each rate.”

Part 3. The provisions of this ordinance shall be applicable to all service provided or charges incurred on and after July 1, 2017.

Part 4. Upon the effective date of this ordinance, Ordinance No. 2860, if not already repealed, is repealed. Likewise, upon the effective date of this ordinance, Ordinance No. 2901 is repealed.

Part 5. If for any reason this ordinance is held invalid or unenforceable, the City Council intends that the ordinance provisions which would have been repealed by this ordinance shall remain in effect as if this ordinance had not been adopted.

Part 6. Pursuant to Government Code Section 36933(c)(1), the City Attorney was designated to prepare, and the City Clerk published, a summary of this ordinance, and a certified copy of the ordinance was posted in the Office of the City Clerk a minimum of five days before the City Council’s adoption of the ordinance.

Part 7. The City Clerk shall certify as to the adoption of this ordinance and shall cause the summary thereof to be published within fifteen calendar (15) days of the adoption and shall post a certified copy of this ordinance, including the vote for and against the same, in the office of the City Clerk, in accordance with Government Code Section 36933. Ordinance No. _____ was first read on May 16, 2017, finally adopted on May 23, 2017, to become effective thirty (30) days thereafter.

[Continued]

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APPROVED AND ADOPTED this 23rd day of May, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Ascencion, City Clerk

Stephen M. Fischer, City Attorney

CITY OF OXNARD
WASTEWATER COST OF SERVICE STUDY

DRAFT
March 2017



This Draft document is intended to provide an overview of the Wastewater Cost of Service Analysis as of March 6, 2017. The assumptions, methodologies, results, as well as the presented information in this report may be refined based on feedback from the City Council, City Staff, and other parties.

CITY OF OXNARD
PUBLIC WORKS INTEGRATED MASTER PLAN
COST OF SERVICE STUDY

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PUBLIC WORKS INTEGRATED MASTER PLAN COST OF SERVICE STUDY

1.0 INTRODUCTION

This report presents multi-year revenue requirements, cost of service analysis, and utility rate design recommendations for the water and wastewater utilities of the City of Oxnard. The report provides a factual basis for establishing rates to support the capital and operating requirements of the City's wastewater utility for the period from FY 2017/18 through FY 2021/22. The report furthers the following City financial goals:

- Maintain sufficient cash flows to meet current and projected increases in utility operations and maintenance.
- Finance long-term capital improvements to increase operating efficiency, meet regulatory requirements, and expand system capacity to serve new development.
- Increase fund balances to target levels of the City Council adopted reserve policy (January 2016).
- Meet or exceed the bond coverage target of the City Council adopted coverage policy (January 2016).
- Increase the resilience of utility finances to address unexpected demands on utility operations and facilities.
- Adopt utility rate 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.

1.1 Background

The City of Oxnard operates a wastewater utility to collect, treat, recycle, and safely discharge nearly 19 million gallons (MG) of sewage per day from nearly 40,000 accounts. The utility's service area includes the City residents and businesses, the City of Port Hueneme, the Channel Island Beach Community Services District, Naval Base Ventura County, and other smaller unincorporated areas of Ventura County. The total service population exceeds 230,000.

Customers are served by the City's regional treatment plant, an ocean outfall, and a collection system consisting of 430 miles of sewer pipes and 15 pump stations. The treatment plant has a permitted design capacity of 31.7 million gallons per day (mgd).

In 2014 the City worked with Carollo to conduct a comprehensive assessment of wastewater system assets and processes for the development of the Public Works Integrated Master Plan. The assessment revealed significant risks of system failure due to

aging utility infrastructure. The assessment of the wastewater system determined that nearly 30 percent of system assets are in poor or very poor condition. The Master Plan included an extensive capital improvement plan (CIP) to address the rehabilitation and replacement needs of the wastewater system, to enhance the operational performance of the plant, and to plan for future flow and load conditions. The Master Plan CIP included nearly \$560 million (2015 dollars) in wastewater projects to be implemented over a 25 year planning horizon, with the majority of costs in the first ten years.

More recently, the City has contracted with AECOM to build on the findings of the Master Plan and create a refined CIP for the wastewater system. The refined CIP is focused on the systems needs over the next 10 years from FY 2017/18 through FY 2026/27. As of the writing of this report, the CIP includes \$309 million in treatment plant and collections systems projects aimed at addressing emergency concerns and rehabilitating or replacing aging infrastructure. This analysis focusses on providing the necessary funding for the \$78.89 million in CIP expenditures planned for FY 2017/18 through FY 2021/22.

1.2 Overview of Rate Setting Process

Cities perform periodic reviews of their utility finances and rates in order to ensure that adequate resources are available to adequately and equitably fund utility operations, maintenance, and capital investments. In California, wastewater rates must conform to cost of service requirements imposed by Proposition 218 and the State Constitution. The Proposition requires that wastewater rates and other property related fees and charges do not exceed the reasonable and proportional cost of providing the service.

The rate setting process typically consists of three major elements: 1) Revenue Requirements, 2) Cost of Service Analyses, and 3) Rate Design. The following is a general description of the three elements.

- 1) *Revenue Requirements*: The revenue requirements 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 its proportional cost. The operating and capital costs are allocated to functional cost centers then reallocated to customer costs. Unit rates are derive for the system as a whole at which point costs are allocated to the 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 they will not exceed the costs of providing the services.

Within these broad legal requirements, utilities have a reasonable degree of latitude in the application of 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.

1.3 Cost of Service Study Background

The City completed a cost of service study for its Water, Wastewater, and Environmental Resources utilities in September of 2015. In January of 2016, the City Council adopted the proposed wastewater rate increases, with the first rate increase of 35 percent going into effect on March 1, 2016. The proposed Water and Environmental Resources rates were not adopted at that time.

The wastewater analysis was based on providing funding for the Master Plan CIP, and the City's financial and operational goals as they were understood at that time. The proposed rate increases consisted of a 35 percent increase for FY 2015/16 (implemented March 1, 2016), followed by a 10 increase on January 1, 2017 (not implemented), and 8 percent increases on January 1 of 2018, 2018, and 2020.

After the rates were implemented, an initiative to repeal the rate increases received the necessary support to be placed on the November 2016 election ballot. The initiative, known as Measure M, passed, initiating a repeal of the rates. The City subsequently filed suit to block the measure, and was granted a stay on the repeal of the rate increases. At the same time, the City initiated this cost of service study to re-evaluate the need for rate increases.

This new cost of service study is based on the most up to date financial and capital planning data available from the City. The key differences between the plan set forth in the previous study, and that of this study are the incorporation of updated financial information, a re-evaluated CIP, and re-evaluated operations and maintenance (O&M) costs.

1.4 General Assumptions and Direction

The City of Oxnard has undertaken this cost of service study to achieve the follow primary objectives:

- Adopt utility rates and charges to provide sufficient, predictable, and reliable revenues to deliver utility services in response to customer demand.
- Strengthen the financial position of the wastewater utility in order to finance critical capital investments at the lowest possible borrowing costs.
- Strive to adhere to the City Councils adopted financial policies (January 2016).

1.5 Forward-Looking Statement

The projections and forecasts of this analysis are based on reasonable expectations of future events. Should the proposed revenue increases be delayed or postponed, or cost escalation, operating expenditures, or capital needs exceed forecasted levels prior to FY

2021/22, the City might be required to begin a new Proposition 218 process to increase rates above currently projected levels. The City might similarly be required to begin a new Proposition 218 process if revenues do not materialize as projected.

2.0 REVENUE REQUIREMENTS

2.1 Introduction

This section presents a detailed analysis of revenue requirements for the City's wastewater utility. The intent of this analysis is to evaluate the financial health of the wastewater utility, assess the adequacy of current wastewater user fees, and provide factual basis for near- and long-term rate planning.

The analysis begins with projections of growth in City population, and its impact on future demand for wastewater services. Next the analysis evaluates existing wastewater utility operating expenses, debt service requirements, reserve balances, and ongoing reserve requirements, beginning with the FY 2016/17 budget and projecting forward through FY 2021/22. Similar estimates are calculated for user fee income based on current rates, as well as other non-rate revenue. The net balance of estimated utility requirements, less estimated utility income, represents future utility revenue requirements for purposes of determining future adjustments to wastewater user fees and other utility charges.

The analysis includes two sufficiency tests to define the annual revenues necessary to provide for (1) cash flow and (2) debt coverage. These tests are commonly used to determine the financial health of the utility and the amount of annual revenue that must be generated to address estimated utility requirements. Along with the sufficiency tests, the analysis aims to phase in the build-up of reserves to meet the City's adopted reserve policy targets.

2.2 Growth and Sewer Use

The City's Planning Department completed a comprehensive analysis of population growth in 2014 as a part of its work on the Integrated Public Works Master Plan. The projections were based on 2010 Census data, a housing count from developments constructed between 2010 and 2014, and projected housing projects and planned developments in the City. The City assumed a vacancy rate of 5 percent of dwelling units and an average household size of 4 persons per occupied unit.

2.2.1 OWTP Flow and Loading Growth

The population projections, in turn, served as the basis of estimating future demand for wastewater services. Figure 1 shows the expected cumulative growth in OWTP flow and loadings over the next 10 years. Average dry weather wastewater flows are expected to increase by about 8% from about 18.6 million gallons per day (MGD) to about 20.1 MGD. Biochemical Oxygen Demand (BOD) is expected to increase about 14% from about 56,000

pounds per day (PPD) to about 63,000 PPD. Total Suspended Solids (TSS) is expected to increase about 15% from about 49,000 PPD to about 56,000 PPD.

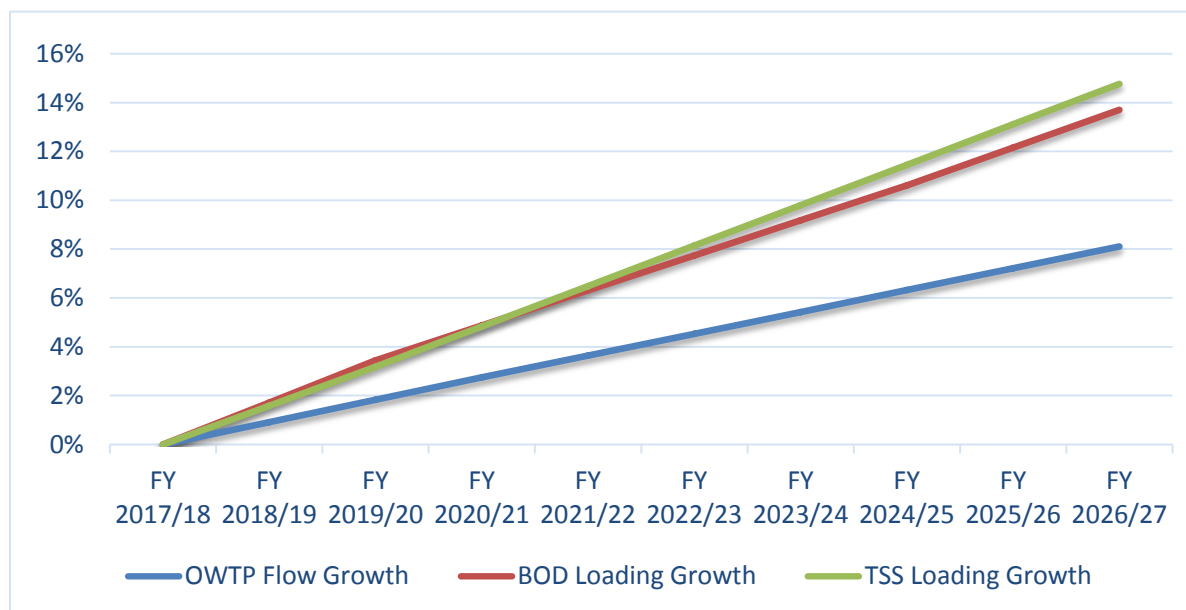


Figure 1: Projected Flow and Loadings Growth

The higher growth rate in BOD and TSS loading as compared to wastewater flows is highlights the assumption that as new customers enter the system, loadings concentrations are expected to increase. The contributing factors to this condition are continued and permanent indoor water conservation due to the use of more efficient fixtures and appliances, and increased indoor water use efficiency in new development.

2.2.2 Growth Impact on Revenues

Due to the City's wastewater rate structure, and the nature of the City's customer base, wastewater revenues not increase or decrease in direct proportion to flows at the OWTP. The growth factors that most influence wastewater revenues are the expected growth in the number of accounts, and the expected change in water consumption for the City's residential and commercial customers.

Water Sales Growth

Because a portion of the charges assessed to the City's non-formula users (residential, commercial, and governmental accounts) is based on water usage, projected water sales influence the expected wastewater revenues from non-formula users. Water usage is expected to rebound above current levels by 5 percent in FY 2018/19 and an additional 5 percent in FY 2019/20. is expected at about It is not expected that industrial users (formula users) will have significant increases in water use or wastewater discharges as water usage is process related and is less discretionary than that of residential and commercial customers.

Because the wastewater rates include a fixed component for residential users and a minimum charge for non-residential users, and because wastewater discharges from industrial users are not expected to increase due to the water usage rebound, the impact of the water usage rebound on wastewater revenues is decreased. An analysis billing records and reported revenues found that approximately 35 percent of wastewater rate revenues are driven by water demands. Thus, the expected 5 percent increase in water usage in FY 2018/19 and FY 2020/21 will result in revenue growth of 1.75 percent in each of those years (*5% water usage increase X 35% of revenues tied to water usage = 1.75% revenue growth*).

Customer Growth

Growth in the number of wastewater accounts has lagged behind the City's General Plan predicted population growth of about 0.8 percent per year over the short term. As indicated by billing records, actual growth in the number of non-formula customers has averaged just 0.4 percent per year for FY 2013/14 through FY 2015/16. Increased conservation efforts and the use of more water efficient systems in new development have further minimized the impact of customer growth on wastewater revenues.

Resulting Revenue Growth

The annual rate revenue growth assumed in the revenue requirement analysis is based on the impact of water sales growth for FY 2018/19 and FY 2019/20, and on the longer term OWTP flow growth factors for FY 2020/21 and FY 2021/20. No growth related increase is expected in FY 2017/18. The OWTP flow growth factors are expected to approximate the combined revenue growth from ongoing water usage and account growth in FY 2020/21 and FY 2021/20. Table 1 below shows the expected growth and its impact on wastewater rate revenues.

Table 1: Impact of Growth on Revenues

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Revenue Growth	0.00%	1.75%	1.75%	0.90%	0.87%
Basis	N/A	Water Usage Rebound	Water Usage Rebound	OWTP Flow Growth	OWTP Flow Growth
Cumulative Growth	0.00%	1.75%	3.53%	4.46%	5.37%
Additional Revenues from Growth (Thousands)¹	\$0	\$526	\$1,062	\$1,343	\$1,616
Note:					
(1) Additional revenue due to growth as related to expected revenues for FY 2016/17.					

If the City realizes growth higher than that assumed for this analysis, it could revisit the analysis and adopt rates lowered than those proposed, if doing so will not have an adverse effect on the wastewater utility's financial situation. Alternatively, stagnant growth or further

conservation could lead to decreased revenues. If this occurs, the City may need to reevaluate rate increases, or pursue other short-term cost cutting measures to maintain financial viability.

2.3 Existing Revenues

Wastewater System User Fees are the primary source of revenues to pay for wastewater utility requirements, historically accounting for nearly 90 percent of ongoing utility operating revenues. Table 2 presents historic operating revenues for FY 2013/14 through FY 2015/16, as well as budgeted revenues for FY 2016/17, and projected pre-rate increase revenues for FY 2017/18 which serve as the basis of future projections. Projected revenues from wastewater system user fees are based on current rates and projected growth in demand for wastewater system services.

Table 2: Existing Revenues

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Est. Budget	FY 2017/18 Projected Pre- Increase
City of Oxnard Service Fees	\$25,685	\$25,479	\$26,689	\$30,082	\$30,082
Regional Service Fees	1,895	1,812	1,717	2,146	2,292
Interest on Investments	120	95	62	92	30
Other Reimbursements - Collections	2,902	1,757	1,259	1,506	660
Other Reimbursements - Treatment	124	2,301	122	106	106
Security and Contamination Prevention Fee	332	285	331	0	0
Total Revenues	\$31,059	\$31,728	\$30,179	\$33,933	\$33,170

City of Oxnard Service Fees: These revenues are generated from the City's retail customers including industrial (formula users) and non-formula users including residential, commercial, and governmental customers. These revenues decreased slightly between FY 2013/14 and FY 2014/15 due to water conservation. A further decrease due to conservation in FY 2015/16 was mitigated by the adoption of the 35 percent rate increase on March 1, 2016. Without that increase, these revenues would likely have been about \$3 million lower than the level realized.

Regional Service Fees: These revenues are generated from the regional agencies that contract with the City for wastewater treatment and disposal services from the OWTP. These revenues are generally a stable source of cost recovery for the OWTP. Regional revenues are expected to increase as the regional rates were adjusted in September of 2016.

Interest on Investments: This small source of revenue is reflects interest earnings on the reserves held by the wastewater fund. Interest earnings have decreased as funds have been depleted, however, they are expected to increase as the City rebuilds its wastewater reserves.

Other Reimbursements - Collections: Currently, and through the analysis period, the revenues in this category are those from activities of the collections division such as lateral maintenance, discharge permits, code enforcement, and services to other City programs.

This category historically included revenues related to stormwater services, which are no longer under the purview of the wastewater division as of FY 2015/16. The removal of stormwater related revenues resulted in a revenue decrease of about \$450,000 in FY 2015/16, however it was offset by a corresponding decrease in costs.

Additionally, this category previous held revenues from the Channel Islands Beach transportation agreement. These revenues, typically about \$607,000 per year, were offset by a cost of about \$570,000 resulting in net revenues to the City of \$37,000. For the purpose of this analysis, starting in FY 2017/18, both the revenue and the associated costs have been replaced by net revenues of \$37,000.

Other Reimbursements - Treatment: These revenues are primarily related to services provided by the treatment division to other City programs, such as laboratory services. The spike in revenues in this category in FY 2014/15 is due to a one-time settlement payment received by the wastewater utility.

Security and Contamination Prevention Fee: These revenues are generated by the City's Security and Contamination Prevention Fee. Going forward, the costs of the security and contamination program will be funded through the normal wastewater rates, and the fee will no longer be assessed.

2.4 Existing and Projected Operating Expenses

The financial costs of the City's wastewater utility include current operating expenses, debt service payments on bonds used to pay for major investments in system facilities and equipment, and other financial requirements established by the City to ensure the financial integrity and sustainability of the wastewater utility.

Operating expenses include the costs of day-to-day utility functions including personal and professional services, energy and fuel, process water requirements, laboratory supplies and equipment, information and monitoring systems, and indirect costs associated with utility administration and finance. Projected operating expenses were based on FY 2014/15 operating budgets, adjusted to exclude any unusual or one-time expenses that would distort future cost estimates. Table 3 presents the inflation rates used to estimate increases in the

various categories of operating expenses, including salaries, fringe benefits, supplies, power, telephone, contracted services, etc.

Table 3: Escalation Factors

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Revenue Growth	0.00%	1.75%	1.75%	0.90%	0.87%
Capital Inflation	3.20%	3.20%	3.20%	3.20%	3.20%
Labor Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
General Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Utilities Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Chemicals Cost Inflation	3.00%	3.00%	3.00%	3.00%	3.00%

2.4.1 Operating Divisions

The wastewater utility's operating costs are budgeted and tracked in several divisions based on the services that they each provide. The sections below discuss the function and activities of each of the divisions.

2.4.1.1 *Source Control*

The Wastewater Collection, Source Control Program provides regulatory compliance oversight to other City programs, the City's industrial and business community, the Naval Base Ventura County, the City of Port Hueneme, a portion of the City of Camarillo, County of Ventura Service Areas 30 (Nyeland Acres) and 34 (El Rio), including the Pretreatment Program, as required by the City's National Pollutant Discharge Elimination System (NPDES) permit for the Wastewater System.

- Protect the City's Wastewater Collection System and Wastewater Treatment Plant from potentially harmful discharges from industrial and commercial customers, the satellite collection systems, and from residential customers.
- Reduce the level of pollutants discharged by industrial and other significant non-domestic wastewater sources into the City's wastewater system through the pretreatment program, an important component of the Source Control Program to prevent pollutants from these facilities passing through the Wastewater Collection System and Wastewater Treatment Plant and impacting the ocean.
- Protect the Collection System and Treatment Plant from potential damage from biological, explosive, flammable, and hazardous wastes, to improve the quality of effluents and sludges so that they can be used for beneficial purposes.

- Inspect restaurants and other food service facilities, in order to reduce discharges of grease to the Collection System and thereby reduce wastewater system blockages, overflows, and spills.

2.4.1.2 Collections System Maintenance

The Wastewater Collection System Maintenance and Upgrades Program is responsible for the maintenance, repair and upgrade of the City's wastewater collection system, including more than 400 miles of sewer lines and 15 lift stations, on both a routine and emergency basis.

- Perform annual "Phase Cleaning", a hydro cleaning and vacuuming procedure, which removes accumulated material and debris from the interior of the wastewater piping to keep them open and flowing to full capacity.
- Perform "Grease Cutting", utilizing high-pressure to remove accumulated grease from wastewater pipes in areas of the City with larger concentrations of restaurants to minimize the possibility of blockages and wastewater overflows.
- Provide services to residential customers and commercial and industrial customers.
- Perform periodic video inspections and flow monitoring of the City's wastewater collection piping and make repairs to any piping or structures found to be deficient.

2.4.1.3 Treatment Laboratory Services

The Laboratory Services Program provides laboratory analyses of biological and chemical constituents of wastewater.

- Operate a state-certified environmental laboratory, analyzing nearly 25,000 samples per year.
- Test samples for coliform bacteria in a fully equipped microbiology laboratory.
- Test for various inorganic chemical contaminants in the metals laboratory.
- Maintain certification by the California Environmental Laboratories Assessment Program, meeting strict quality control/quality assurance standards.

2.4.1.4 Treatment Plant Operations

The Wastewater Treatment Plant Operations Program provides wastewater treatment services that emphasize dependable operations and regulatory compliance.

- Operate the City's Wastewater Treatment Plant, which utilizes primary and secondary treatment and anaerobic sludge digestion prior to discharging treated effluent to the ocean in compliance with the City's National Pollutant Discharge

- Elimination System (NPDES) wastewater permit.
- Treat incoming flows from residential customers and commercial and industrial customers in the City of Oxnard, as well as wastewater from the City of Port Hueneme, a portion of the City of Camarillo, the Naval Base Ventura County, the Channel Islands Beach Community Services District, and County of Ventura Service Areas 30 (Nyeland Acres) and 34 (El Rio).
- Remove odors from the treatment process using air scrubbers to minimize adverse impacts to surrounding businesses and residences.
- Produce electricity through on-site biogas cogeneration equipment.

2.4.1.5 Treatment Plant Maintenance

The Wastewater Treatment Plant Maintenance and Upgrades Program is responsible for preventive and predictive maintenance services on both a routine and emergency basis, for the City's Wastewater Treatment Plant.

- Inspect, maintain and repair equipment and systems of the Wastewater Treatment Plant, including treatment equipment, pumps, motors, electrical systems, instrumentation, control systems, emissions systems and buildings.
- Comply with the City's National Pollutant Discharge Elimination System (NPDES) wastewater permit and Air Quality Management District permits.
- Maintain and repair the mechanical portions of lift stations located throughout the City as well as wastewater-related vehicles and support equipment.

2.4.1.6 Public Information

Collaboration between the Communication Public Information Office (CPIO) and Public Works Department, staff oversee the scheduling of community outreach for current and future Public Works projects.

- Meeting with key staff to identify projects, resources, develop work plans, estimates, timelines, and prioritizations.
- Coordinate workshops and notification to the community of construction projects

2.4.1.7 Other O&M Cost Categories

For the purpose of this analysis, certain costs were separated out into additional the categories of Debt Service Administration, Incremental O&M Costs, and Infrastructure Use Fees.

Debt Service Administration Costs are associated with the management of the outstanding wastewater debt obligations. They are charged by the City finance department to the wastewater fund.

Incremental O&M costs are needed operational costs that were identified through the master planning process, but have not yet been incorporated into the City's budget. These costs include inspection of the Ocean Outfall every 5 years, non-capital maintenance of the CMMS and cathodic protection systems, and chemically enhanced primary treatment.

Infrastructure use fees are typically tracked and budgeted in the Collections System Maintenance and Treatment Plant Maintenance divisions, but have been separated out for this analysis. They are discussed later in this document.

2.4.2 Projected O&M Costs

O&M costs for the analysis are projected using the FY 2016/17 estimated budget as a general starting point. For FY 2016/17, staff developed a zero-based budget to reflect the true wastewater expenditures, and account for budgeted staffing levels. In order to project costs for FY 2017/18 and forward, the FY 2016/17 budget was escalated based in the factors in Table 3. Then, the 2017/18 costs were adjusted to remove one-time budget expenses that we're included in FY 2016/17. Table 4 shows the historic O&M costs for FY 2013/14 through FY 2015/16, as well as the budgeted and projected costs for FY 2016/17 and FY 2017/18, respectively.

Table 4: Historic and Budgeted O&M

Division/Category	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Prelim. Actual	FY 2016/17 Est. Budget	FY 2017/18 Projected
Source Control	\$1,327	\$973	\$980	\$1,137	\$1,165
Collection System Maintenance	2,727	3,436	3,697	4,073	3,266
Treatment Laboratory Services	1,234	1,406	1,379	1,770	1,814
Treatment Services	6,672	7,267	7,293	7,891	7,711
Treatment Plant Maintenance	3,811	4,577	4,508	5,267	4,507
Public Information	129	140	101	180	184
Debt Service Administration	166	743	314	315	315
Incremental O&M Costs	0	0	0	275	572
Total O&M Expenses	\$16,067	\$18,542	\$18,273	\$20,907	\$19,535

Table 5 provides a summary of the projected O&M costs from FY 2017/18 through FY 2021/22, presented in thousands of dollars. Costs for FY 2018/19 through FY 2021/22 are projected using the escalation factors presented in Table 3. Appendix A shows detailed line item projections of O&M costs.

Table 5: Projected O&M

Division/Category	FY 2017/18 Projected	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected
Source Control	\$1,165	\$1,194	\$1,224	\$1,255	\$1,286
Collection System Maintenance	3,266	3,348	3,432	3,517	3,605
Treatment Laboratory Services	1,814	1,860	1,906	1,954	2,003
Treatment Services	7,711	7,904	8,102	8,304	8,512
Treatment Plant Maintenance	4,507	4,620	4,736	4,854	4,975
Public Information	184	189	193	198	203
Debt Service Administration	315	315	315	315	315
Incremental O&M Costs	572	209	219	230	242
Total Operating Expenses	\$19,535	\$19,638	\$20,127	\$20,627	\$21,141
Change From Previous Year	-6.56%	0.53%	2.49%	2.49%	2.49%

2.5 Existing Debt Service Requirements

The City has used revenue bonds in the past to fund capital improvements to the wastewater system. At present, the utility pays about \$9.7 million per year in principal and interest costs toward the outstanding wastewater utility revenue bonds. The total outstanding principal on the existing debt obligations is about \$107 million as shown in Table 6 below.

Table 6: Outstanding Debt Principal

Obligation	Outstanding Principal (1)	Year Fully Repaid
2014 Bonds	\$71,985,000	FY 2033/34
2013 Refunding Bonds	\$9,561,000	FY 2019/20
2006 Bonds	\$9,715,000	FY 2035/36
2004 Series B Bonds	\$15,725,000	FY 2033/34
Total	\$106,986,000	
(1) FY 2016/17 through repayment as of June 30, 2017, based on official statements		

Table 7 shows the total debt service related to the outstanding bonds for FY 2017/18 through FY 2021/22.

Table 7: Existing Debt Service

Outstanding Debt Service (Thousands)	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Interest	\$5,215	\$5,056	\$4,891	\$4,722	\$4,480
Principal	\$4,481	\$4,614	\$4,746	\$4,785	\$5,005
Total	\$9,696	\$9,670	\$9,637	\$9,507	\$9,485

2.6 Capital Improvements

In addition to the operational requirements identified in the previous section, the City's wastewater utility must plan for the renewal, replacement, and improvement of capital facilities and infrastructure to meet current and future system needs. These capital requirements can be financed from ongoing, annual appropriations, or financed through the sale of revenue bonds. In the case of bond financing, the resulting debt service becomes an annual requirement for the purpose of calculating wastewater utility user fees. This section of the analysis identifies future capital requirements, the necessary the sale of bonds by the City, the size and timing of bond sales through FY 2021/22, and the anticipated debt services requirements during the same five-year planning period.

The City has identified a back log of capital improvements that must be addressed to reduce risk associated with the wastewater facilities, increase operational efficiency and reliability, address issues of sustainability and performance, and respond to increasing regulatory requirements. The Public Works Integrated Master Plan found deficiencies that were significant enough to warrant a nearly full replacement of the City's existing treatment plant.

After the completion of the Master Plan, the City contracted with AECOM to build on the recommendations of the master plan and develop a refined CIP plan for the next 10 years. As of the writing of this report, the CIP includes \$309 million in treatment plant and collections systems projects aimed at addressing emergency concerns and rehabilitating or replacing aging infrastructure. The projects included in the CIP are split into 3 categories by priority and timing of implementation.

Years 1 and 2: Repair high risk facilities which have been identified as a health and safety concern or urgent need to maintain plant functionality.

Years 3 through 5: Rehabilitation activities necessary to maintain required minimum redundancy and treatment facility.

Years 6 through 10: Abandonment of older facilities that have reached the end of their useful life (1975 or older), repurposing and renewal of other facilities to provide a modern treatment process (such as membrane bioreactor (MBR) or other technology), and efficiency improvements including reduced pumping and more efficient treatment equipment.

Table 8 presents these capital investments by fiscal year for the five year rate planning period in thousands of dollars. The longer term CIP is presented in Figure 2. A detailed table of the CIP is included for reference in Appendix B. The analysis assumes a capital cost escalation factor of 3.2% per year based on the long-term average of the Engineering News Record Construction Cost Index (ENRCCI).

Table 8: Capital Improvement Plan Summary

Unit Operation	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Wastewater Collection System	\$0	\$1,690	\$4,420	\$5,956	\$2,754
Collections Vehicles	156	597	105	280	430
Preliminary Treatment / Headworks	0	310	0	3,709	3,950
Primary Treatment	655	0	0	0	0
Secondary Treatment	780	0	0	0	0
Biosolids Treatment	0	0	0	0	0
Electrical/Instrumentation	0	0	0	0	0
Site work	0	0	920	2,435	1,095
Building	205	0	0	0	0
Engineering and Design for Plant Wide Rehab	0	1,500	2,877	2,877	2,877
Solids Treatment	590	590	1,290	1,340	2,500
Pump Station	0	0	1,800	6,344	2,844
Electrical / Instrumentation	1,255	830	405	9,490	8,544
Treatment Vehicles	378	36	0	80	0
Total - Current Dollars	\$4,018	\$5,552	\$11,817	\$32,510	\$24,993
Total - Escalated Dollars	\$4,018	\$5,730	\$12,585	\$35,732	\$28,349

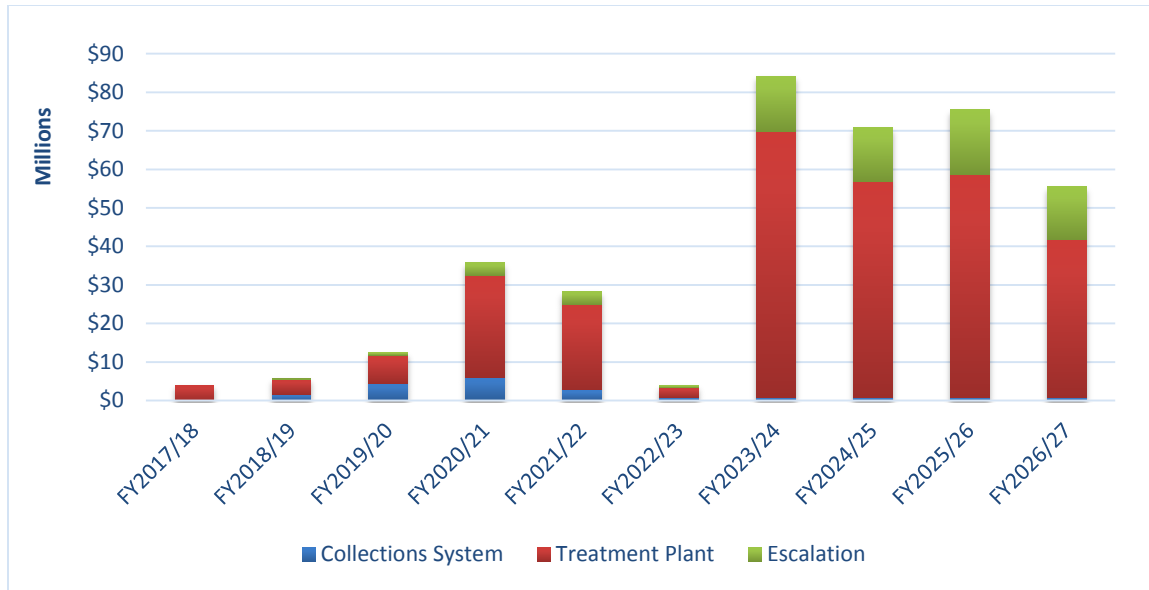


Figure 2: Ten Year Capital Improvement Plan

2.6.1 Capital Funding

Capital improvements will be funded using a several sources of funding including user rates, connection fees, debt proceeds, and contributions from the regional agencies. Table 9 below shows the expected funding from each source.

Table 9: Capital Funding Sources

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<u>Capital Expenditures</u>					
R&R Projects	\$4,018	\$5,730	\$10,399	\$29,525	\$23,424
Connection Fee Eligible ¹	\$0	\$0	\$2,186	\$6,208	\$4,925
Total Capital Expenditures	\$4,018	\$5,730	\$12,585	\$35,732	\$28,349
<u>Capital Funding</u>					
Connection Fee Revenue	\$0	\$0	\$0	\$2,595	\$394
Capital Fund Balance ²	\$0	\$0	\$0	\$5,827	\$4,184
Carried Bond Proceeds	\$0	\$0	\$0	\$23,737	\$6,878
New Bond Proceeds	\$0	\$0	\$12,585	\$0	\$12,640
Rate Funded (Pay As You Go)	\$4,018	\$5,730	\$0	\$3,573	\$4,252
Total Capital Funding	\$4,018	\$5,730	\$12,585	\$35,732	\$28,349
(1) Based on Master Plan growth projections, assumes existing facilities have excess capacity to serve growth.					
(2) Includes contributions from regional agencies based on contract capacity shares.					

2.6.2 Bond Funding Requirements

The City's planned investments in capital improvements will be financed through a mixture of cash from user rates and the sale of revenue bonds. The bond sales for years 1 through 5 will have a total face value of \$152 million, and produce nearly \$120 million in bond proceeds.

Additional bonds will be required after that time in order to complete the rehabilitation of the OWTP and the collection system. The amount of bond proceeds required during that time will be refined as the designs of the OWTP are completed. Based on this analysis, preliminary estimates for the amount of bond proceeds required to complete the OWTP rehabilitation and planned collections system projects could range from \$500 million to \$600 million in total for years FY 2020/21 through FY 2031/32.

The projected debt issuances within the next five years and associated debt service will cover the costs of the immediate needs at the OWTP and for the collection system. Completion of the rehabilitation and renewal of the OWTP after that time will require further debt issuances, possibly significant.

Table 10 provides a summary planned bond sales, and associated bond program requirements for the five-year period from FY 2017/18 through FY 2021/22.

Table 10: Planned Debt Issuances

Bond Program Requirement	FY 2019/20	FY 2021/22	Five-Year Bonding Requirements
Bond Proceeds	\$43,200	\$12,640	\$55,840
Issuance Costs	\$939	\$275	\$1,214
Capitalized Interest	\$2,817	\$824	\$3,642
Principal Amount of Bonds	\$46,957	\$13,739	\$60,696
Annual Debt Service¹	\$3,455	\$1,011	
(1) Total annual debt service after 12 month capitalized interest period and 1 year of interest only payments.			

2.7 **Infrastructure Use Fees**

Infrastructure use fees are payments from the wastewater fund to the City to cover street maintenance and public safety (Police and Fire). They are intended to recover the revenues that the enterprise funds (including wastewater) would contribute to the City through taxes if they were private entities. The current infrastructure use fee structure was developed in a study completed in 2014. Since that time, the fees have been adjusted annually in the

budgeting process. The analysis assumed that the fees will increase each year based on the general inflation rate of 2.5 percent.

Based on the recommendations of the Utility Rate Advisory Panel, the analysis assumes that the infrastructure use fees will be suspended for two years FY 2017/18 and FY 2018/19. Beginning in FY 2019/20, the fees are included in full. Suspension of the fees during years one and two will allow for reserves to be built more quickly while mitigating a portion of the necessary rate increases. Table 11 below shows the current and projected infrastructure use fees in thousands of dollars.

Table 11: Infrastructure Use Fees

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Division	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Streets (Fund 105)	\$1,322	\$1,068	Suspended	Suspended	\$1,150	\$1,179	\$1,209
Public Safety (Fund 101)	\$992	\$992	Suspended	Suspended	\$1,068	\$1,095	\$1,122
Total IUF	\$2,314	\$2,060	\$0	\$0	\$2,218	\$2,274	\$2,331

2.8 Financial Policy Requirements

In January of 2016, the Oxnard City Council adopted a series of financial policies for the utility enterprise funds (Water, Wastewater, and Environmental Resources). While all of the policies were considered in the analysis, the two that have the greatest impact are the reserve policy and the debt coverage ratio policy.

2.8.1 Reserve Policy

The reserve policy sets a target reserve (cash on-hand) balance that the utilities should strive to achieve. The overall reserve target is set based on three components related to each utility's O&M costs, depreciation, and annual debt service. The available reserves will be unrestricted and are to be held in the Collections and Treatment Operating Funds (Funds 611 and 621).

2.8.1.1 Reserve Policy Components

O&M Component

The O&M component of the reserve policy is intended to provide sufficient resources to pay budgeted operating and maintenance expenses recognizing the timing differences between payment of expenditures and receipt of revenues. It also provides a source of funds to allow the wastewater utility to operate during short term fluctuations in revenues and/or

expenditures. The operating component target is equal to 90 days of O&M costs, including infrastructure use fees, in a given fiscal year.

Debt Service Component

The debt service component of the reserve policy is intended to provide ability to make debt service payments in an extreme event that may impact the wastewater utility's ability to recover revenues or if critical infrastructure repairs are needed to restore systems after a failure or emergency. It is intended to prevent an event where the wastewater utility would be unable to pay its debt service obligations during such emergencies, or extreme market disruptions. The debt service component target is equal to 180 days of debt service payments (principal and interest) due in a given fiscal year.

Capital Component

The capital component of this reserve is intended to provide funds to provide the ability to repair system or replace equipment in the event of an unanticipated breakdown or failure. It can also provide funds to maintain continuity of construction over fiscal years to be reimbursed by bond proceeds or other resources. The debt service component target is equal to one year of depreciation in a given fiscal year.

Table 12 below identifies the annual target amount for each reserve component as well as the total reserve target for each year.

Table 12: Annual Reserve Policy Targets

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
O&M Component					
Projected O&M Expenses ¹	\$19,535	\$19,638	\$22,345	\$22,901	\$23,472
Reserve Goal	90 Days of Operating Expenses				
O&M Component Target	\$4,817	\$4,842	\$5,510	\$5,647	\$5,788
Debt Service Component					
Projected Debt Service ²	\$9,696	\$9,670	\$9,638	\$12,325	\$12,940
Reserve Goal	180 Days of Debt Service Expenses				
Debt Service Component Target	\$4,782	\$4,769	\$4,753	\$6,078	\$6,382
Capital Component					
Reserve Goal	1 Year of Depreciation ³				
Capital Component Target	\$9,345	\$9,644	\$9,952	\$10,271	\$10,599
Combined Reserve Target	\$18,943	\$19,255	\$20,215	\$21,995	\$22,769
(1) Includes Infrastructure Use Fees for FY 2019/20 through FY 2021/22.					
(2) Includes debt service on projected new debt issuances.					
(3) Escalated from FY 2014/15 actual depreciation based on capital escalation of 3.2%.					

2.8.1.2 Impact of Reserve Policy on Credit Rating

In addition to providing the benefits discussed above, reserve policies such as those adopted by the City Council are viewed favorably by credit ratings agencies. Credit rating agencies often use a utility's amount of cash on hand, as well as the adopted policy behind that amount, as one of the factors determining the utility's viability as a debt issuer, and therefore its credit rating. The cash on hand, or liquidity measurement, is typically expressed in days of operating expenses. Fully funded, the reserves policy would provide between 330 and 360 days of O&M expenditures depending on the specific fiscal year. This of reserves is typical among the City's peer agencies.

2.8.2 Debt Coverage Ratio Policy

A minimum level of annual rate revenues is required in order to satisfy legal and/or policy driven debt coverage obligations. Debt coverage refers to the collection in revenues to meet all operating expenses and debt service obligations plus an additional multiple of that debt service. The debt coverage ratio is used as a means of assessing an agency's debt service performance or capacity. It is important to note that the debt service requirement is a revenue generation requirement, and not a reserve or expenditure requirement. Thus, revenues collected to meet the coverage requirement will still be available to the agency to fund other operating, capital, or reserve needs.

The equation below shows the general calculation for debt coverage.

$$\text{Debt Coverage Factor} = \frac{\text{Revenues} - \text{Ongoing Operating Expenditures}}{\text{Annual Debt Service}}$$

The adopted policy sets a target coverage ratio of 1.25 x.

2.9 Cash Flow and Debt Coverage Tests

The wastewater utility's financial health is measured by two tests of the adequacy of utility revenues to pay for all operating and debt service requirements, as well as sufficient reserves to meet legal and operational commitments.

Cash Flow Requirements

The Cash Flow test evaluates the adequacy of utility revenues to pay for all current operating costs, scheduled debt service payments, and any additional operating requirements that result from policy decisions of the City while maintaining policy targeted minimum reserves. If these policy targeted minimum balances on certain reserves aren't met, the City must raise revenue in order to replenish these reserves. The purpose of the

test is to anticipate and manage financial conditions in order to maintain a prudent financial balance.

Debt Coverage Requirements

The Debt Coverage test evaluates whether the City is generating sufficient revenues to meet financial reserve commitments made to City bondholders. Typically, a wastewater agency is obligated to provide security to its bondholders by pledging to maintain a safe margin between utility revenues and operating expenses. Instead, the City of Oxnard's current debt obligations require a revenue only coverage ratio of 1.0 x and that the City maintains a reserve balance of 25 percent of one year worth of debt service. However, it is assumed that the City's future bond issuances will be covered by the standard 25 percent safe margin of revenue above that which is required to pay for annual operating expenses and debt service, in line with the City's adopted financial policies.

In this study, the City's ability to maintain annual revenues at 125 percent of its expenses is tested. The Debt Coverage test ensures that the City anticipate and manage financial conditions in order to maintain its legal commitments to bondholders.

2.10 Recommended Rate Revenue Increases

While modestly increased flows demands will help generate increased user fee revenues beyond FY 2017/18, the upcoming fiscal year poses a significant problem for the City. Table 13 presents a five year financial forecast assuming that no rate increases are implemented. Revenues under existing rate will not be sufficient to cover the revenue requirements as discussed in this report. In FY 2017/18, the utility would break even, not adding significantly to the already depleted reserves. In FY 2018/19 the utility would experience a \$1.2 million deficit. A rebound of \$2.5 million in FY 2019/20 due to decreased rate funded capital in that year would be followed by deficits of about \$4 million and \$5.6 million in FY 2020/21 and FY 2021/22 respectively. Additionally, debt coverage levels would fall below both the legally required levels (as set forth in the current bond agreements) starting in FY 2020/21.

Table 13: Financial Forecast without Increases

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<u>Revenues Without Increases</u>					
Oxnard Rate Revenues	\$30,082	\$30,608	\$31,144	\$31,425	\$31,698
Regional Service Fees	2,382	2,455	2,529	2,606	2,609
Other Operating Revenues	796	806	831	813	772
Total Operating Revenues	\$33,260	\$33,869	\$34,504	\$34,844	\$35,078
<u>Expenses</u>					
Operating Expenses	\$19,535	\$19,638	\$20,127	\$20,627	\$21,141
Debt Service	9,696	9,670	9,638	12,325	12,940
Infrastructure Use Fees	0	0	2,218	2,274	2,331
Rate Funded Capital (PAYGO)	4,018	5,730	0	3,573	4,252
Total Expenses	\$33,250	\$35,038	\$31,983	\$38,799	\$40,665
Operating Surplus (Deficit)	\$10	(\$1,168)	\$2,521	(\$3,956)	(\$5,586)
Year End Transfer For Capital	0	0	0	0	0
Operating Reserve Increase (Decrease)	\$10	(\$1,168)	\$2,521	(\$3,956)	(\$5,586)
Operating Fund Balance	\$7,535	\$6,366	\$8,888	\$4,932	(\$654)
Operating Fund Reserve Goal	\$18,943	\$19,255	\$20,215	\$21,995	\$22,769
Percent of Goal Funded	40%	33%	44%	22%	-3%
Debt Coverage Ratio	1.42 x	1.47 x	1.26 x	0.97 x	0.90 x

In order to mitigate the issues discussed above, rate increases of 5.25 percent would be required. Table 14 presents a financial forecast that includes 5.25 percent rate increases to be implemented on July 1 of each fiscal year. As shown, these increases will allow the wastewater utility to build its reserves to the Council's target by FY 2020/21, and to meet the policy debt coverage ratio in all years. A detailed table showing the revenue requirement analysis is included for reference in Appendix C.

Over the five year projection period, Oxnard rate revenues will increase from about \$30 million per year to about \$41 million per year. About \$1.6 million of that increase is attributable to growth in billed sewer usage. Revenues from rate increases will be used to build reserves and to cash fund capital, as well as to keep pace with increasing operating expenses. A greater share of the revenues will be used for reserves in the years before the reserves meet the target level. After that time, a greater share of the rate increase revenues

will be used to fund capital investments. This is also shown in Figure 3 by the darker purple bars, which show increases in the operating reserve, and the light purple and lightest blue bars, which show reserve funds set aside for capital projects and rate funded capital, respectively.

Table 14: Financial Forecast with Proposed Rate Increases

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Pre-Increase Revenues¹					
Oxnard Rate Revenues	\$30,082	\$32,215	\$34,500	\$36,638	\$38,897
Regional Service Fees	\$2,382	\$2,455	\$2,529	\$2,606	\$2,609
Other Operating Revenues	<u>796</u>	<u>806</u>	<u>831</u>	<u>813</u>	<u>772</u>
Total Operating Revenues	\$33,260	\$35,476	\$37,860	\$40,057	\$42,278
Expenses					
Operating Expenses	\$19,535	\$19,638	\$20,127	\$20,627	\$21,141
Debt Service	9,696	9,670	9,638	12,325	12,940
Infrastructure Use Fees	0	0	2,218	2,274	2,331
Rate Funded Capital (PAYGO)	<u>4,018</u>	<u>5,730</u>	<u>0</u>	<u>3,573</u>	<u>4,252</u>
Total Expenses	\$33,250	\$35,038	\$31,983	\$38,799	\$40,665
Operating Surplus (Deficit)²	\$10	\$438	\$5,877	\$1,258	\$1,613
Debt Coverage Ratio²	1.42 x	1.64 x	1.61 x	1.39 x	1.45 x
Rate Increase	5.25%	5.25%	5.25%	5.25%	5.25%
Effective Date	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020	July 1, 2021
Revenues From Rate Increase	\$1,579	\$1,691	\$1,811	\$1,924	\$2,042
Total Operating Revenues With Rate Increase	\$34,840	\$37,168	\$39,671	\$41,981	\$44,320
Year End Transfer For Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>40</u>	<u>2,880</u>
Operating Reserve Increase (Decrease)	\$1,590	\$2,130	\$7,689	\$3,141	\$775
Operating Fund Balance	\$9,114	\$11,244	\$18,932	\$22,074	\$22,849
Operating Fund Reserve Goal	\$18,943	\$19,255	\$20,215	\$21,995	\$22,769
Percent of Goal Funded	48%	58%	94%	100%	100%
Debt Coverage Ratio	1.58 x	1.81 x	1.80 x	1.55 x	1.61 x
(1) Projected revenues from Oxnard user rates before each year's increase is implemented, includes revenues from prior year increases where applicable.					
(2) Based on revenues before each year's increase is implemented, includes revenues from prior					

year increases where applicable.

Figure 3 compares recommended revenue requirements for the wastewater utility to revenues from existing (dashed red line) and proposed rates (solid blue line). The difference between requirements and revenues represents the amount of new revenue required from rate increases to balance utility finances.

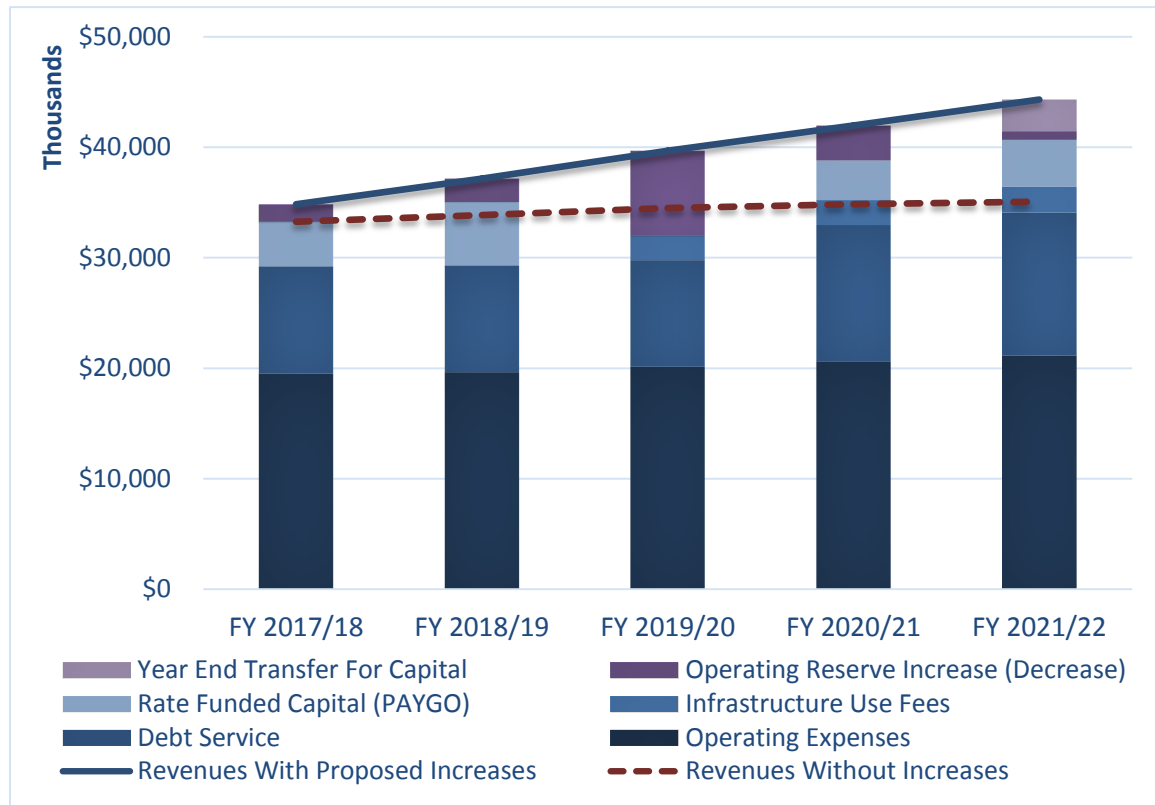


Figure 3: Revenues and Requirements with Existing and Proposed Rates

Table 15 shows the projected additions to and uses of funds, and projected fiscal year end fund balances, with the proposed rate increases.

Table 15: Projected Fund Balances with Proposed Rate Increases

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<u>Operating Funds</u>					
<u>Operating Reserve</u>					
Beginning Balance	\$7,525	\$9,114	\$11,244	\$18,932	\$22,074
Additions From Rates	1,590	2,130	7,689	3,182	3,655
Use of Funds	0	0	0	0	0
Year End Transfer for Capital	0	0	0	(40)	(2,880)
Ending Balance	\$9,114	\$11,244	\$18,932	\$22,074	\$22,849
<u>Available for Capital</u>					
Beginning Balance	\$0	\$0	\$0	\$1,536	\$509
Transfer From Operating Reserve	0	0	0	40	2,880
Capital Contributions from Regional Agencies	0	0	1,154	4,291	3,675
Interest on Bond Proceeds	0	0	383	469	86
Use of Funds for Capital Projects	0	0	0	(5,827)	(4,184)
Ending Balance	\$0	\$0	\$1,536	\$509	\$2,966
<u>Connection Fee Funds</u>					
Beginning Balance	\$1,018	\$1,412	\$1,807	\$2,201	\$0
Revenues from Connection Fees	394	394	394	394	394
Use of Funds for Capital	0	0	0	(2,595)	(394)
Ending Balance	\$1,412	\$1,807	\$2,201	\$0	\$0
<u>Projected Bond Issuance Funds</u>					
Beginning Balance	\$0	\$0	\$0	\$30,615	\$6,878
New Bond Proceeds	0	0	43,200	0	12,640
Use of Funds	0	0	(12,585)	(23,737)	(19,518)
Ending Balance	\$0	\$0	\$30,615	\$6,878	\$0

3.0 COST OF SERVICE ANALYSIS

A cost of service analysis was performed in order to test the reasonableness the City's wastewater rate structure. The main components of the validation analysis were an allocation of wastewater costs to functional components and a subsequent allocation of functional costs to customer classes.

3.1 Net Revenue Requirements for City Users

The first step in determining the cost of service is the calculation of net rate revenue requirements for City users. This is the amount of revenue that needs to be collected through the City's user rates from residential, non-residential, and formula (industrial) customers. The net rate revenue requirement is calculated by summing the costs (requirements) that need to be recovered, then subtracting any offsetting revenues that lessen the amount of revenue needed from user rates. Table 16 shows the calculation of net revenue requirements for the cost of service test year, FY 2017/18.

Table 16: Net Rate Revenue Requirements for FY 2017/18

	FY 2017/18
<u>Requirements</u>	
Operating Expenditures	\$29,232
Rate Funded Capital	4,018
Additions to Reserves	1,590
Las Posas Incremental Cost	123
<u>Less Offsetting Revenues</u>	
Revenues from Regional Users	(\$2,382)
Interest on Investments	(30)
Other Reimbursements - Collections	(660)
Other Reimbursements - Treatment	(106)
Las Posas Incremental Revenue	(123)
Overall Net Rev Requirement	\$31,661

A significant source of offsetting revenues are the charges received from regional users of the OWTP. These users contract with the City for wastewater treatment and based on their agreements, own a share of the OWTP's capacity. The rates that the regional customers pay are intended only to cover the costs of treating and disposing of wastewater. Regional agencies that also use portions of the Oxnard collection system pay for those services under separate agreements. Additionally, regional users contribute directly for capital projects at the OWTP based on each's share of plant capacity.

3.2 Allocation to Functional Components

The next step in the analysis identifies functional cost components that capture the various services used by utility customers. Once identified, net revenue requirements are allocated to each functional component on a line-item basis. Service metrics are identified for each functional cost component that accurately and equitably capture customer use of the service. The service metrics are used to allocate the functional costs to each customer class.

Error! Reference source not found. identifies the functional components of Oxnard's wastewater utility and the corresponding share of total revenue requirements allocated to each component.

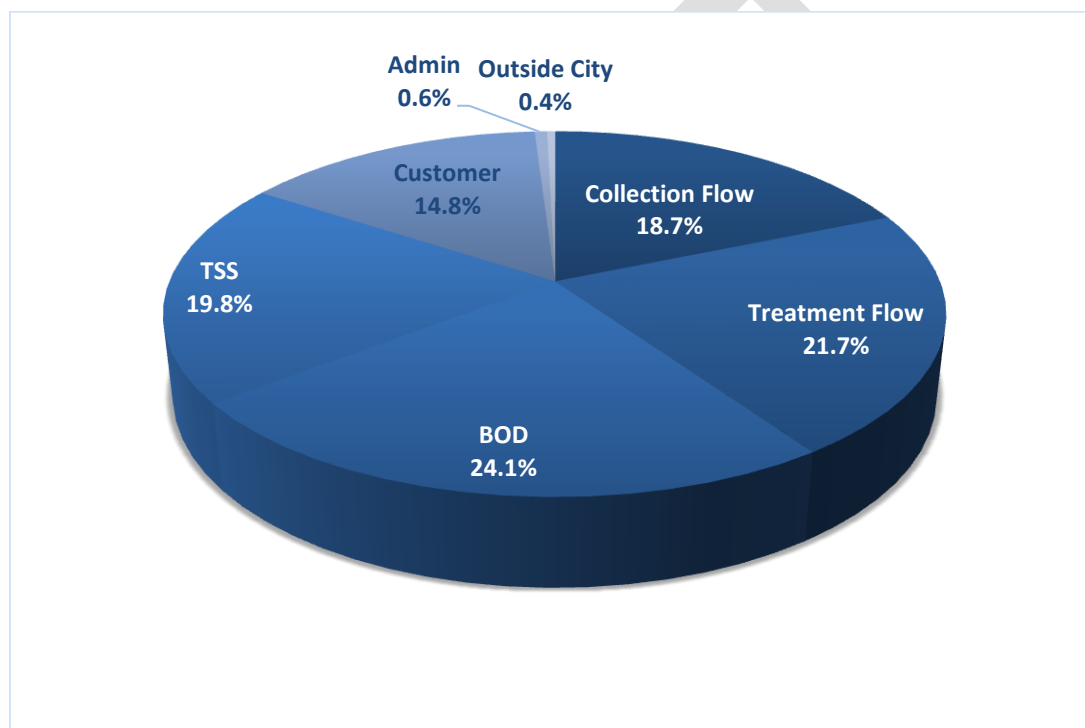


Figure 4: Allocation Oxnard Users Revenue Requirements

3.2.1 City Customer Functional Allocation

Table 18 shows for each functional component, its cost allocation rate, allocated net revenue requirements (for FY 2017/18), total number of service units generated by City of Oxnard ratepayers, and the unit of measure or service metric used to allocate charges to rate classes.

Table 17 shows the allocation of net rate revenues requirements for FY 2017/18.

3.2.2 City Customer Functional Allocation

Table 18 shows for each functional component, its cost allocation rate, allocated net revenue requirements (for FY 2017/18), total number of service units generated by City of Oxnard ratepayers, and the unit of measure or service metric used to allocate charges to rate classes.

Table 17: Allocated Net Revenue Requirement for FY 2017/18

Functional Category	Collection Flow	Treatment Flow	BOD	TSS	Customer	Admin	Outside City
<u>Requirements</u>							
Operating Expenditures	\$6,129	\$6,020	\$7,359	\$6,021	\$3,519	\$184	\$0
Rate Funded Capital	203	1,372	812	626	1,005	0	0
Additions to Reserves	298	346	385	315	236	10	0
Las Posas Incremental Cost	0	0	0	0	0	0	123
<u>Less Offsetting Revenues</u>							
Revenues from Regional Users	\$0	(\$833)	(\$879)	(\$670)	\$0	\$0	\$0
Interest on Investments	(6)	(7)	(7)	(6)	(5)	(0)	0
Other Reimbursements - Collections	(594)	0	0	0	(66)	0	0
Other Reimbursements - Treatment	0	(37)	(39)	(30)	0	0	0
Las Posas Incremental Revenue	(111)	0	0	0	(12)	0	0
Overall Net Rev Requirement	\$5,920	\$6,861	\$7,630	\$6,256	\$4,676	\$194	\$123
	18.7%	21.7%	24.1%	19.8%	14.8%	0.6%	0.4%

Table 18: Functional Components and Service Metrics

Functional Component	Allocation Rate	Net Rev Req	Service Metric
Collection Flow	18.7%	\$5,920	Billed (MG)
Treatment Flow	21.7%	\$6,861	Billed (MG)
BOD	24.1%	\$7,630	BOD (lbs)

TSS	19.8%	\$6,256	TSS (lbs)
Customer	14.8%	\$4,676	Accounts
Admin	0.6%	\$194	Dwelling Units
Outside City	0.4%	\$123	Outside Accounts
Total	100%	\$31,661	

3.3 Customer Class Allocations

Customer classes aggregate groups of customers with similar service requirements who can be served at similar unit costs. Each class represents a particular type of demand and similar system load characteristics for purposes of recovering the costs of wastewater services. Customer classes include single family residential (baseline and large lot¹ sub-classes), multi-family residential, commercial, restaurant, laundry, contract customers, industrial (including water purifiers/desalters), and regional customers located outside of the city.

3.3.1 Allocation of Functional Components to Customer Classes

Next, the functional unit costs, applied to each customer class based on customer service characteristics of each class, including the number of customer accounts, sewer flow (HCFs), and pounds of BOD and TSS. Table 19 reports the service units produced by each customer class for each of the functional components. Table 20 shows the corresponding percentage share of each service unit for each class that is used to allocate costs from each functional component to each class. The table reports data for FY 2017/18.

Projections of these service units by customer class are repeated for each subsequent fiscal year. The service units, when multiplied time the corresponding unit cost of service, produces an allocation of wastewater revenue requirements by functional component for each customer class. That data is in turn used to calculate rates for each class.

Table 19: Customer Class Characteristics and Service Units

Customer Class	Service Units					
	Billed Collection Flow (MG)	Billed Treatment Flow (MG)	BOD (lbs)	TSS (lbs)	Accts	DUs ¹
Single Family ²	2,497	2,497	5,087,018	5,087,018	34,830	34,830
Multi-Family ³	1,082	1,082	2,204,198	2,204,198	2,025	17,260

¹ Large residential lots include all single family residences with lot size in excess of 7,000 square feet.

CM - Commercial	567	567	943,422	943,422	2,012	2,012
CL - Commercial Laundry	85	85	140,995	140,995	35	35
RS – Commercial Restaurant	157	157	654,175	654,175	383	383
Commercial Schools	31	31	58,782	52,251	76	76
Formula Users (Industrial)	907.29	907	1,351,333	1,111,667	24	24
Total	5,327	5,327	10,439,925	10,193,727	39,385	54,619

* DUs = Dwelling Units

Single Family includes rate classes R, S, LS, and SH.

Multi-Family includes rate classes M and MH.

Table 20: Percent of Oxnard Service Units by Class

Customer Class	Billed Collection Flow (MG)	Billed Treatment Flow (MG)	BOD	TSS	Accts	DUs
Single Family	46.9%	46.9%	48.7%	49.9%	88.4%	63.8%
Multi-Family	20.3%	20.3%	21.1%	21.6%	5.1%	31.6%
CM - Commercial	10.6%	10.6%	9.0%	9.3%	5.1%	3.7%
CL - Commercial Laundry	1.6%	1.6%	1.4%	1.4%	0.1%	0.1%
RS – Commercial Restaurant	3.0%	3.0%	6.3%	6.4%	1.0%	0.7%
Commercial Schools	0.6%	0.6%	0.6%	0.5%	0.2%	0.1%
Formula Users (Industrial)	17.0%	17.0%	12.9%	10.9%	0.1%	0.04%
Total	100%	100%	100%	100%	100%	100%

Table 21 provides an example for the Single Family Residential category. The allocation of wastewater revenue requirements to this class of ratepayers is the product of multiplying the net revenue requirements for each functional component by each class's percentage share of that functional component passed on service units. This set of calculations is repeated for all customer classes in order to assess each class's share of costs.

Table 21: Single Family Example Allocation for FY 2017/18

Functional Component	Net Rev Req	Metric	Rate Class S Share	Allocated Rev. Req. (thousands)
Collection Flow	\$5,920	Billed Collection Flow (MG)	47%	\$2,775
Treatment Flow	\$6,861	Billed Treatment	47%	\$3,216

		Flow (MG)		
BOD	\$7,630	BOD (lbs)	49%	\$3,718
TSS	\$6,256	TSS (lbs)	50%	\$3,122
Customer	\$4,676	Accts	88%	\$4,136
Admin	\$194	DUs	64%	\$124

Table 22 compares the overall percentage of costs allocated to each customer type to the overall percentage of revenue generated under the existing rate structure. As shown, revenues generated under the existing rate structure are in close alignment with the results of the cost of service allocation. Thus, the City's existing rate structure is considered to be reasonable.

Table 22: Allocation Comparison

	Revenue Under Existing Rates	Allocation Results
Residential	73%	73%
Non-residential	15%	15%
Formula (Industrial)	12%	12%

3.4 Revenue Requirement Adjustment to Existing Rates

The City has elected to implement rates by making a revenue requirement based adjustment to the current rate structure.

The Capital Improvement Plan currently being completed by the City has identified extensive capital projects at the wastewater treatment plant and throughout the collection system. Over the coming months, the City will be reviewing options for the treatment plant including rehabilitation of the existing facilities with newer, more efficient, technologies. The implemented capital projects will likely impact the wastewater system and operations in a manner that will affect the allocation of expenditures to functional components and ultimately to each rate class. It is recommended that the City undertake a full cost of service adjustment once the capital program is defined and the associated capital and operational costs are better understood.

Additionally, the loadings assumptions used to calculate rates for each customer class were developed approximately 10 years ago. It is recommended that the City perform a sampling study to update those assumptions to reflect changing customer characteristics and water

usage pattern. The sampling program should be of sufficient scope to provide a representative sample set for each of the City's rate classes.

DRAFT

4.0 WASTEWATER RATES

4.1 Current Wastewater Rates

The City's current wastewater rate structure was last updated on October 1, 2013. The rates use a combination of fixed and variable rates and charges to collect revenues from customers. Customers are split into three major groups: Regional Users, Formula Users, and Non-Formula Users.

Regional customers are the users that own capacity rights at the Oxnard Wastewater Treatment Plant. The City is the majority owner and the operator of the plant. The City of Port Hueneme, Point Mugu, and CBC Naval Base Ventura County each own a lesser share of the plant's capacity. Regional users are charged for services monthly based on their measured flow and loading and the Regional Monthly User Charge (RMUC) equation. The RMUC reflects that regional users contribute to capital projects at the plan based on their respective shares of capacity ownership, rather than paying for a portion of capital projects through their ongoing rates.

Formula customers are typically large industrial users that do not readily fit into one of the City's Non-Formula rate classes due to their unique flow and loading characteristics. Formula customers are charged for services monthly based on their measured flow and loading and the Oxnard Monthly User Charge (OMUC) equation. The City Currently serves 22 formula users that combined discharge approximately 2.4 mgd into the wastewater system, accounting for about 12 percent of the average treatment plant flows.

Non-Formula customers include residential, commercial, and institutional users of the wastewater system. They are charged monthly for wastewater service based on their estimated wastewater discharge and their account characteristics.

Rates for residential users consist of a flat fee and a volumetric fee. The flat fee for single family customers is imposed on a per account basis, for multi-family and multi-unit customers it is based on dwelling units. Volumetric charges applying estimated monthly wastewater discharge to inclining block tiered rates.

Rates for commercial and institutional users consist of a volumetric fee and a minimum monthly charge. Volumetric charges applying estimated monthly wastewater discharge to inclining block tiered rates. If the calculated volumetric charge is less than the minimum monthly charge, the minimum monthly charge is imposed. The minimum monthly charge is intended to recover costs that are required to provide service regardless of the amount of wastewater discharged.

Table 23 through Table 27 present the City's existing wastewater rates.

4.2 Proposed Wastewater Rates

The proposed wastewater rates retain the City's current rate structure, adjusting the rates in each year based on the recommended revenue requirements. Given that the City's operations have not changed considerably since the last comprehensive cost of service adjustment, the existing structure still provides an adequate level ratepayer equity. Table 28 through Table 33 show the proposed rates for FY 2017/18 through FY 2021/22.

Table 23: Current Regional and Formula (Industrial) User Rates

Regional and Formula Users Current Rates				
Customer Class	Non-Metered Return Rate	Discharge	BOD	SS
		MG	KLBS	KLBS
Regional Treatment and Disposal Facility Users (RMUC)		\$1,515.40	\$171.68	\$251.59
Oxnard Wastewater System Users (OMUC)	90%	\$2,908.78	\$697.59	\$551.70
Formula Users are regional and in-city users that apply the "formula" method to calculate monthly user charges. Regional Users: Oxnard, Port Hueneme, Naval Base Ventura County Oxnard Users: Commercial/ Industrial Users Only MG = million gallons of wastewater discharge KLBS = 1000 pounds of pollutant load (BOD or SS)				

Table 24: Current Non-Formula, Non-Residential Rates

Non-Formula, Non-Residential Users HCF = 100 cubic feet of wastewater discharge				
Commercial Customer Class	Wastewater Return Rate	Flow Rate Tiers based on HCF/Month		
		\$3.31	\$4.14	\$8.28
Commercial/School	85%	0-50 HCF	51-930 HCF	Over 930 HCF
Restaurant	80%	0-20 HCF	21-160 HCF	Over 160 HCF
Commercial Customer Class	Wastewater Return Rate	Flow Rate Tiers based on HCF/Month		
		\$3.31	\$3.66	\$4.57
Laundry/Laundromat	90%	0-105 HCF	106-525 HCF	Over 525 HCF
Minimum Monthly Fees				
Commercial	\$18.90			
Restaurant	\$17.53			
Laundry/Laundromat	\$87.00			
School	\$66.36			

Table 25: Current Residential Rates

Residential Customer Class	Wastewater Return Rate	Flow Rate Tiers based on HCF/Month		
		\$1.85	\$2.06	\$2.87
Single Family Residential	80%	0-9 HCF	10-18 HCF	Over 18 HCF
Single Family Residential (Large Lots - in excess of 7,000 square feet)	60%	0-16 HCF	17-25 HCF	Over 25 HCF
Multi-Family Residential Class	Wastewater Return Rate	Flow Rate Tiers based on HCF/Month		
		\$1.50	\$1.68	\$2.34
Multi-Family Residential	90%	0-6 HCF	7-12 HCF	Over 12 HCF
Monthly Base Rates				
Single Family Residential	\$28.45			
Multi-Family Residential - 1-6 Units	\$20.81			
Multi-Family Residential - Over 6 Units	\$10.37			

Table 26: Current Non-Metered and Outside City Rates

	Monthly Flat Rate per Account		
Non-Residential/Non-Metered Users	\$48.85		
	Monthly Flat Rate per Account		
Outside City Users - Single Family	\$77.32		
Outside City Users - Multi-Family	\$53.99		
Los Posas Sewer Line Users:	Flow Rate Tiers based on HCF/Month		
	\$6.39	\$7.99	\$15.98
Commercial and Industrial Users	0-50 HCF	51-930 HCF	Over 930 HCF

Table 27: Current Security and Contamination Prevention Fee

Monthly Security & Contamination Prevention Fee	
Fixed Fee per Customer Account	\$0.65

Table 28: Adopted Regional Users Rates

Regional Users Adopted Rates				
City of Oxnard User Charge Formula: Where: RMUC= Regional Monthly User Charge in dollars Vm=monthly wastewater discharge in millions of gallons Bm= monthly BOD discharge in thousands of pounds Sm= monthly SS discharge in thousands of pounds				
Regional Users - Proposed Rates				
Service		1/1/2018	1/1/2019	1/1/2020
Monthly Wastewater Discharge/Millions of Gallons	p =	\$1,666.94	\$1,733.62	\$1,802.97
Monthly Biological Oxygen Demand Discharge/Thousands of Lbs.	q =	\$188.85	\$196.41	\$204.27
Monthly Suspended Solids (SS) Discharge/Thousands of Lbs.	r =	\$276.75	\$287.82	\$299.34

Table 29: Proposed Formula Users Rates

Formula Users						
City of Oxnard User Charge Formula: Where: OMUC= Oxnard Monthly User Charge in dollars Vm=monthly wastewater discharge in millions of gallons Bm= monthly BOD discharge in thousands of pounds Sm= monthly SS discharge in thousands of pounds						
Formula Users - Proposed Rates		Effective Date				
Service		7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021
Monthly Wastewater Discharge/Millions of Gallons	p =	\$3,061.50	\$3,222.23	\$3,391.40	\$3,569.45	\$3,756.85
Monthly Biological Oxygen Demand Discharge/Thousands of Lbs.	q =	\$697.59	\$734.22	\$772.77	\$813.35	\$856.06
Monthly Suspended Solids (SS) Discharge/Thousands of Lbs.	r =	\$551.70	\$580.67	\$611.16	\$643.25	\$677.03

Table 30: Proposed Non-Residential Rates

Commercial/Schools Wastewater Use - Proposed Rates					
Percentage Wastewater Return = 85% Rate Per Hundred Cubic Feet (HCF)	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 50 HCF/Month	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
51 to 930 HCF/Month	\$4.36	\$4.59	\$4.84	\$5.10	\$5.37
Over 930 HCF/Month	\$8.72	\$9.18	\$9.67	\$10.18	\$10.72
Restaurants Wastewater Use - Proposed Rates					
Percentage Wastewater Return = 80% Rate Per Hundred Cubic Feet (HCF)	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 20 HCF/Month	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
21 to 160 HCF/Month	\$4.36	\$4.59	\$4.84	\$5.10	\$5.37
Over 160 HCF/Month	\$8.72	\$9.18	\$9.67	\$10.18	\$10.72
Laundry/Laundromat Wastewater Use - Proposed Rates					
Percentage Wastewater Return = 90% Rate Per Hundred Cubic Feet (HCF)	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 105 HCF/Month	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
106 to 525 HCF/Month	\$3.86	\$4.07	\$4.29	\$4.52	\$4.76
Over 525 HCF/Month	\$4.81	\$5.07	\$5.34	\$5.63	\$5.93
Minimum Monthly Fees (Non-Residential)					
Minimum Monthly Fees (Non-Residential) - Proposed Rates Service	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Commercial	\$19.90	\$20.95	\$22.05	\$23.21	\$24.43
Restaurant	\$18.46	\$19.43	\$20.46	\$21.54	\$22.68
Laundry/Laundromat	\$91.57	\$96.38	\$101.44	\$106.77	\$112.38
School	\$69.85	\$73.52	\$77.38	\$81.45	\$85.73

Table 31: Proposed Residential Rates

Single Family Wastewater Use - Proposed Rates					
Percentage Wastewater Return = 80%	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Rate Per Hundred Cubic Feet (HCF)					
0 to 9 HCF/Month	\$1.95	\$2.06	\$2.17	\$2.29	\$2.42
10 to 18 HCF/Month	\$2.17	\$2.29	\$2.42	\$2.55	\$2.69
Over 18 HCF/Month	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73
Single Family Wastewater Use; Large Lots* - Proposed Rates					
Percentage Wastewater Return = 60%	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Rate Per Hundred Cubic Feet (HCF)					
0 to 16 HCF/Month	\$1.95	\$2.06	\$2.17	\$2.29	\$2.42
17 to 25 HCF/Month	\$2.17	\$2.29	\$2.42	\$2.55	\$2.69
Over 25 HCF/Month	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73
*Lot Size of over 7,000 square feet					
Multi-Family and Multi-Unit Wastewater Use - Proposed Rates					
Percentage Wastewater Return = 90%	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Rate Per Hundred Cubic Feet (HCF)					
0 to 6 HCF/Month*	\$1.58	\$1.67	\$1.76	\$1.86	\$1.96
7 to 12 HCF/Month*	\$1.77	\$1.87	\$1.97	\$2.08	\$2.19
Over 12 HCF/Month*	\$2.47	\$2.60	\$2.74	\$2.89	\$3.05
*Tiers for Multi-Family/Multi-Unit Residential wastewater rates are variable and are determined by multiplying each tier allotment by the number of units.					
Monthly Base Rates (Residential)					
Service	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Single Family	\$29.95	\$31.53	\$33.19	\$34.94	\$36.78
Multi-Family/Unit					
Units 1 to 6	\$21.91	\$23.07	\$24.29	\$25.57	\$26.92
Units 7+	\$10.92	\$11.50	\$12.11	\$12.75	\$13.42

Table 32: Proposed Non-Metered and Outside City Rates

Non-Metered Water Users - Proposed Rates	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Monthly Charge Per Account	\$51.42	\$54.12	\$56.97	\$59.97	\$63.12
Outside City Users - Proposed Rates	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Outside City - Residential Monthly Charge Per Account	\$79.72	\$83.32	\$87.04	\$90.96	\$95.11
Outside City - Multi Monthly Charge Per Account	\$55.66	\$58.18	\$60.79	\$63.55	\$66.38
Las Posas Commercial/Institutional	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 50 HCF/Month	\$6.57	\$6.87	\$7.17	\$7.48	\$7.81
51 to 930 HCF/Month	\$8.21	\$8.56	\$8.94	\$9.33	\$9.73
Over 930 HCF/Month	\$16.42	\$17.12	\$17.86	\$18.62	\$19.43

Table 33: Proposed Security and Contamination Prevention Fees

Security and Contamination Fee - Proposed Rates	Effective Date				
	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Monthly Charge Per Account	Discontinue	Discontinue	Discontinue	Discontinue	Discontinue

4.3 Customer Impacts

The impact of the proposed rates on the City's wastewater customers will vary based on each customer's rate class and monthly usage. Detailed tables showing the impact on a variety of customers are included for reference in Appendix D.

APPENDIX A – PROJECTED O&M

DRAFT

APPENDIX B – CAPITAL IMPROVEMENT PLAN

DRAFT

APPENDIX C – REVENUE REQUIREMENTS

DRAFT

APPENDIX D – CUSTOMER IMPACTS

DRAFT



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Report
AGENDA ITEM NO.: 1

DATE: May 16, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Jesus Nava
Assistant City Mgr

A handwritten signature in black ink, appearing to read "Jesus Nava".

SUBJECT: 2017 and 2018 City of Oxnard License Agreement (# A-7972) with Blue Star Operations Services, LLC (Dallas Cowboys) for the Use of City Facilities at River Ridge for a Training Camp. (10/10/10)

CONTACT: Jesus Nava, Assistant City Mgr
Jesus.Nava@oxnard.org, 385-7497

RECOMMENDATION:

That City Council approve and authorize the Mayor to execute a two-year agreement with an additional two-year extension option with Blue Star Operations Services, LLC for a professional football training camp to be held at the City's River Ridge Fields.

BACKGROUND

The City of Oxnard's ownership of sports facilities at River Ridge provides the opportunity for the City to partner with community sports groups, the business community and the Residence Inn by Marriott to host a professional sports training camp. The Dallas Cowboys have held their summer training camp in Oxnard eleven (11) times over the past sixteen (16) seasons. To date the City Council has approved seven (7) agreements for the use of city facilities. The recommended agreement is for two (2) years, beginning in 2017 and ending in 2018. There is also an option for the City Manager to extend the agreement for an additional two years, for 2019 and 2020.

This year's camp will be held for four weeks, from July 22, 2017 to August 18, 2017. The payment to the City for the use of the facilities will be \$75,000. As in prior years, the hotel

2017 License Agreement with Blue Star Operations Services LLC (10/10/10)

May 16, 2017

Page 2

facility provides housing and food service, while the City fields provide the sports practice amenities. The layout of the site will be similar to last year with a few minor modifications.

There will be no sale of alcohol by the City. Concession sales will be conducted by local high school organizations and other charitable organizations. Proceeds will go to the organizations.

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 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.

This agenda item also supports the Economic Development strategy. The purpose of the Economic Development strategy is to develop and enhance Oxnard's business climate, promote the City's fiscal health, and support economic growth in a manner consistent with the City's unique character. This item supports the following goals and objectives:

Goal 2. Enhance business development throughout the City.

Objective 2a. Develop a strong citywide economy which attracts investment, increases the tax base, creates employment opportunities, and generates public revenue.

Objective 2b. Improve relationships and communication between the City and the business community.

Objective 2c. Capitalize on historic, cultural and natural resources.

FINANCIAL IMPACT

The financial impacts associated with the approval are estimated to be \$232,200 in revenues offset by \$223,000 of expenditures for a net gain of \$9,200. The financial impacts to other City groups and organizations is based on the amount of concession sales gained by each group. Those funds go directly to those organizations.

ATTACHMENTS:

2017 License Agreement with Blue Star Operations Services LLC (10/10/10)
May 16, 2017
Page 3

Attachment A. Final License Agreement with Blue Star Operations LLC

Attachment B: 2017 Agreement Summary - JN

Attachment C: 2017 Statement of Revenues & Expenditures - JN

Attachment D. PHS Letter - Cowboys Camp

Attachment D. CIHS Letter - Cowboys Camp

Attachment D. HHSs Letter - Cowboys Camp

Attachment D. 2017 Letter Of Support OCVB

Agreement No. A-7972

LICENSE AGREEMENT
(Dallas Cowboys Summer Training Camp)

This License Agreement ("Agreement") is made and entered into in the County of Ventura, State of California, this ____ day of May, 2017 by and between the City of Oxnard, a municipal corporation ("City") and Blue Star Operations Services, LLC ("BSOS").

WHEREAS, City is the Owner of certain land and structures consisting of two practice fields (the "Fields"), and an athletic building; and

WHEREAS, the City currently owns an approximately 9.5 acre vacant parcel located northeast of the fields, and understands that BSOS needs that area or a similarly located area (the "Parking/Marketing Area") to hold its Training Camp in Oxnard; and

WHEREAS, the City agrees to make available at no cost, an additional 1.6 acre (approximately) parcel which consists of the fairway of the 13th hole of the adjacent golf course.

WHEREAS, the City will obtain rights to or otherwise provide a Parking/Marketing Area either through a sub-license or through other means in order to ensure that BSOS has sufficient space for parking and marketing of its training camp; and

WHEREAS, the Parking/Marketing Area together with the Fields and the athletic building shall be collectively called the "Facilities", all depicted (the Parking/Marketing Area as presently contemplated) on the site plan attached hereto as Exhibit C and incorporated in full by this reference; and

WHEREAS, City desires to allow BSOS to use the Facilities to conduct BSOS training camp (the "Training Camp") for the next two years with an opportunity to extend Training Camp for an additional two years; and

WHEREAS, BSOS desires to use the Facilities for the Training Camp.

NOW, THEREFORE, City and BSOS hereby agree as follows:

1. USE OF THE FACILITIES

a. City hereby grants to BSOS an exclusive license to use and BSOS agrees to use the Facilities, subject to the terms of this Agreement. BSOS shall have the exclusive use

Agreement No. A-7972

of the Facilities and shall use the Facilities for the “Training Camp Window” (as defined below) for 2017, and 2018. On or before February 15 of any given year, the City shall in writing notify BSOS that City has secured and will provide a Parking/Marketing Area, and shall describe the Parking/Marketing Area in detail sufficient to enable BSOS to determine whether it is suitable for BSOS purposes. On or before April 1 of any given year BSOS shall notify the City in writing of the dates it intends to use the Facilities that summer (the “Training Camp Window”). The Training Camp Window (which will include set up and break down) will be at least 16 days but no more than 40 days. The exclusivity will only last as long as the Training Camp Window in any given year.

b. BSOS agree to provide the City with a training camp aerial layout that meets the permitting requirements of the City by May 1 of each year. The aerial layout will depict the entire training camp facilities, and will have clear labels indicating the expected placement of items such as fire exits, fire extinguishers, generator-powered light poles, etc.

c. This agreement may be extended for an additional two years (2019 and 2020), upon mutual agreement by both parties, on the terms set forth in this Agreement. BSOS shall provide a written request for extension to the City of Oxnard on or before April 1, 2019, which may be granted by the City Manager’s written approval.

d. Other than a material breach by either party of this Agreement or as otherwise set forth herein, the only early termination option shall be as follows. BSOS, in its discretion, may terminate this Agreement upon 30 days written notice if:

i. The City cannot provide a Parking/Marketing Area commensurate with the area provided for the 2017 Training Camp (or otherwise satisfy BSOS parking and marketing needs); or

ii. BSOS terminates its Hotel Agreement with the Residence Inn at Oxnard.

iii. If this Agreement is terminated pursuant to Paragraph 1.d.i or 1.d.ii., above, neither party shall be entitled to compensation or recovery of damages from the other party.

e. Upon execution of this Agreement and for the years thereafter, the Parties will, in good faith, discuss various other training camp alternatives and infrastructure improvements for BSOS Training Camp.

f. The Residence Inn by Marriott River Ridge Hotel has legally assigned access and use of the hotel tennis courts to BSOS for the duration of the training camp agreement. BSOS along with the City agree to mutually coordinate and agree upon the “VIP” visitors access areas on the fields in a manner so as to provide access to both BSOS’ and City’s guests. BSOS and City shall also mutually agree upon the terms, conditions and area for the “VIP” visitor access area within the Residence Inn by Marriott River Ridge Hotel tennis

courts and VIP parking area in a manner so as to provide access to both BSOS' and City's guests.

2. **ALTERATION OF THE FACILITIES, UPDATES, AND MAINTENANCE.**

a. Except as otherwise provided for in this Agreement, BSOS shall not make any alterations to the Facilities or any part thereof, or change the appearance of the Facilities without the prior written consent of the City Manager or designee ("Manager"). Any alterations to the Facilities, except for portable furniture and trade fixtures, shall become at once a part of the realty of the Facilities and shall, at the termination of each Training Camp Window, belong to City.

b. Any alterations to the Facilities shall conform to the requirements of all federal, state, and local laws and conform to the reasonable rules and regulations of City.

c. If Manager approves BSOS' request to make any alterations or attach fixtures to the Facilities, then City may require that any such alterations or fixtures be removed prior to termination of each Training Camp Window. Any removal of alterations or fixtures shall be at BSOS' sole cost and expense and accomplished in a good and professional manner. Any damage caused by such removal shall be repaired at BSOS' sole cost and expense.

d. The Facilities will be provided to BSOS in the same condition, reasonable wear and tear excepted, as the Facilities were at the commencement of occupancy by BSOS in July, 2016.

e. (1) Once Training Camp has commenced, City will maintain the Fields (including but not limited to watering, replacing sod, mowing, striping, groundskeeping, lining and preparing the Fields for practice by experienced groundskeepers) to BSOS' reasonable requirements. The cost and expense of such maintenance shall be shared fifty percent (50%) by BSOS and fifty percent (50%) by City.

(2) City acknowledges that the condition of the Fields is a material inducement to BSOS entering into this Agreement, and the failure to prepare the Fields as described above and using the 2016 training camp field condition as the bench mark for this agreement will allow BSOS to terminate this Agreement by written notice describing the field preparation breach and receive a refund of all amounts previously paid to City in connection with the Training Camp Window in question. Such refund shall be the sole remedy in damages for failure to satisfy City's obligation under this subparagraph.

(3) The City and BSOS will each have responsibilities concerning equipment and facilities as set forth in Exhibit A.

f. (1) City agrees that BSOS shall have the right to hang banners, signs, and other

similar materials (“materials”) advertising its sponsors, provided same shall not advertise any alcoholic beverage (except beer and wine), tobacco products, or illegal or immoral products. BSOS shall pay the costs of producing and installing such materials and shall remove them prior to the end of the annual Training Camp Window.

(2) City shall have the right to place five (5) banners advertising Training Camp sponsors of City or City amenities. City agrees none of such sponsors shall be a competitor of any of BSOS’ sponsors. City’s banners shall not exceed three feet by ten feet.

(3) City shall retain any funds received from City’s Training Camp sponsors related to the five (5) City sponsors’ banners. Such banners of City and its sponsors shall be of the same size and quality as the banners for BSOS’ sponsors and shall be placed in locations designated by BSOS, but in comparable locations to BSOS’ sponsors’ banners.

g. City shall erect perimeter and interior sports fence panels in and around the Fields at a cost and expense shared fifty percent (50%) by the City, and fifty percent (50%) BSOS. This includes fencing to delineate the marketing area (“Midway”) and to delineate infield fencing for “autograph alley” and “VIP” fields areas. City shall not be responsible for any security fencing within the Residence Inn by Marriott River Ridge hotel property. Hotel or BSOS at their sole cost and expense shall erect any security fencing within the Residence Inn by Marriott River Ridge hotel property.

h. City shall, at its sole cost and expense, provide bleachers at the fields, for a minimum of 2,000 fans during Training Camp. BSOS shall provide bleachers for 1,000 fans at training camp, at its sole cost and expense.

3. **DESCRIPTION OF USES/TIMES.**

a. City grants BSOS the use of the Facilities for the conduct of its Training Camp as typically conducted, the sale of souvenirs, BSOS Experience and any other lawful use which is not a nuisance.

b. BSOS may use the Facilities twenty four (24) hours a day, seven days a week during the Term.

c. Beginning with the first day of the Training Camp Window, City agrees to make available reasonable storage space either at the Facilities or elsewhere in City for certain BSOS equipment to be used at Training Camp.

d. City agrees to make best efforts to secure permits and permissions to allow BSOS to do remote activations with mobile units (e.g. Merchandise Trucks, Hall of Fame trailer, etc.) at the following locations:

- The Collection
- Downtown Oxnard
- Marine Emporium Landing

4. **EVENT STAFF.** City shall provide the following event staff volunteers at the Facilities:

a. At each practice session:

(1) One (1) event staff person for each fifty (50) fans in attendance, but no less than twenty event staff persons.

(2) No less than ten (10) or more than twenty (20) parking attendants and traffic controllers.

(3) No less than two (2) miscellaneous event staff persons to be dispatched to locations designated by BSOS.

b. All event staff shall report to their stations at least one (1) hour before each practice session and shall remain on duty until one (1) hour after the conclusion of each practice session. At least three event staff shall report to BSOS training camp designee two hours before each practice session.

c. If requested to do so by BSOS, City will conduct a training session for all such event staff during the week prior to the commencement of team practices, with the assistance and input of BSOS Training Camp designee.

d. All volunteer event staff and parking attendants/traffic controllers shall receive a t-shirt designating them as such to be supplied by BSOS at no cost to City. At least once during each training camp year, BSOS shall host a volunteer appreciation event to be determined by mutual agreement between the City and BSOS.

5. **SECURITY STAFF AND POLICE OFFICERS.**

a. BSOS and City shall mutually in good faith confer and attempt to agree on the number of persons, hours, and locations of armed, uniformed police officers providing security at the Training Camp sessions. The final determination concerning the appropriate number of police officers shall be made by the City, acting reasonably, in consideration of the health, safety, and welfare of the public. City agrees to pay the costs of police officers.

b. BSOS agrees to select and manage the staff of a private security company to provide security at the Training Camp sessions.

c. BSOS and City agree that at least one security person shall be on the Facilities for 24 hours each day.

d. BSOS agrees to pay the costs of the security staff. Security staff shall be at a reasonable level using the 2014 Training Camp as a benchmark.

6. **LIMITS ON BSOS' USE.** BSOS shall not use or permit the Facilities or any part thereof to be used for any purpose or purposes other than the express purpose or purposes for which the use of the Facilities is granted to BSOS in this Agreement.

7. **PROHIBITED ITEMS AT THE FACILITIES.** BSOS shall not sell or permit to be kept, used, displayed, or sold in or about the Facilities any:

- a. Article that may be prohibited by standard forms of fire insurance policies;
- b. Alcoholic beverages;
- c. Tobacco products;
- d. Firearms or weapons listed in Section 16590 of the California Penal Code; or
- e. Illegal narcotics or drugs as defined in the California Penal Code.

8. **TICKET BOOTHS, PROGRAMS, CONCESSIONS, SOUVENIRS.**

a. City hereby grants to BSOS the right to operate ticket booths, program sales locations and souvenir stands within the Facilities.

b. City shall retain all revenues from the sale of concessions generated by local high school district organizations and other charitable organizations at the Training Camp sessions. BSOS agrees that City may share such revenues with any public or private organizations at City's discretion. BSOS shall retain all revenues from the sale of concessions generated by sponsors.

c. BSOS, at their sole cost and expense, may erect on the Facilities: (1) a mini-theme park called "The Dallas Cowboys Experience" including inter-active activities and other Cowboys-related events, including a "Hall of Fame"; (2) souvenir booths for the sale of Cowboys-related merchandise; (3) tents and other structures for entertainment of its sponsors; and (4) media tents and structures, and (5) upon the parties mutual agreement, a Legends Hospitality Food Truck. BSOS will be responsible for staffing such areas and the removal of same prior to the end of the Term. BSOS agrees that City is not liable for the damage, loss, theft, or destruction of any item displayed in the "Hall of Fame." BSOS agrees to obtain all Ventura County and City permits required for the operation of such areas with the reasonable cooperation of City.

d. City shall make reasonable efforts in identifying interested businesses throughout the City that will allow BSOS merchandise truck to use locations to sell BSOS

merchandise.

e. BSOS agrees that City through local youth nonprofit organizations shall manage “The Dallas Cowboys Experience.” BSOS agrees that City may charge a fee not to exceed \$5.00 for admission to “The Dallas Cowboys Experience” which fees will be retained by the nonprofit.

f. BSOS agrees that City may charge a fee for parking on the Facilities. City shall be solely responsible for management and control of such parking. City shall receive one hundred percent (100%) of the parking revenues.

g. BSOS agrees City may authorize and operate food concessions (including the Legends Hospitality Food Truck, if available and mutually agreed upon). Manager may authorize the local high school district organizations and other charitable organizations to operate concession stands and other food concessions. Such concessions must all be approved by the Manager.

h. City agrees to cause concession vendors to use Pepsi and Dr. Pepper soft drink products and Deja Blue water products. City may purchase such products from vendors it chooses in its sole discretion.

i. BSOS shall retain one hundred percent (100%) of revenues generated by BSOS’ use of the Facilities, including the sale of BSOS and National Football League merchandise during the term of this Agreement (which shall be wholly retained by BSOS).

j. BSOS agrees that the City may advertise and market the training camp event in conjunction with the Oxnard Chamber of Commerce and the Oxnard Convention & Visitors Bureau through the use of various media methods. City agrees that BSOS may, at its discretion, create, market and merchandise a training camp logo each year which incorporates the City of Oxnard name and logo in conjunction with BSOS logo and/or name.

9. **NO SMOKING.** BSOS agrees that smoking shall be prohibited at the Facilities during the Term of this Agreement.

10. **STANDARDS OF QUALITY.** During BSOS' use of the Facilities, BSOS shall use reasonable efforts to maintain the highest degree of standards of quality of products. BSOS and its representatives, agents, servants, employees and assigns shall at all times be courteous, polite, and shall not engage in what would be universally considered offensive conduct.

11. **MAINTENANCE AND REPAIR.**

a. City shall keep and maintain the Facilities in a good, neat, clean and orderly condition and state of maintenance and repair. Such maintenance and repair shall be at a reasonable level using the 2016 Training Camp as a benchmark for maintenance. Without

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limiting the generality of the foregoing, maintenance and repair shall include all equipment or facilities serving the Facilities, such as walls (interior or exterior), foundations, ceilings, roofs, floors, windows, doors, plate glass, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, about, or adjacent to the Facilities. City shall be responsible for fifty percent (50%) of the cost of such maintenance. BSOS shall be responsible for fifty percent 50% of the cost of such maintenance. Cost of maintenance shall be determined based on actual cost of material and contract labor and the “loaded” payroll rate for City employees. Notwithstanding the above, BSOS shall be responsible for any repair cost caused by the gross negligence or intentional misconduct of its Players or its employees.

b. City’s routine maintenance and repair shall include on a daily basis the removal of debris from the bleachers, walkways and Fields following practice sessions, cleaning of the bleachers, cleaning public restrooms, the athletic building (after each practice session), and ticket booths. Trash will be picked up from the bleachers area and midway after each practice session and from the entire Facilities at the end of each day, and disposed of.

12. BSOS EVENTS AND DONATIONS.

a. BSOS agrees to cooperate with City in planning and conducting one (1) free cheerleading clinic. City will be responsible for providing reasonably adequate security for such event only when conducted at the Facility, BSOS and City shall mutually and reasonably agree to the terms, conditions, date and time of this clinic.

b. At City’s discretion, The Gene and Jerry Jones Foundation shall annually donate Ten Thousand U. S. Dollars (\$10,000.00) to a charity of City’s selection or BSOS shall donate Ten Thousand U. S. Dollars (\$10,000.00) in school supplies to local schools. These will be mutually exclusive options.

c. BSOS shall, at its sole cost, provide lunch and memorabilia to punt, pass and kick contest winners. BSOS and City shall mutually and reasonably agree to the terms, conditions, dates, and times of such contests.

d. City and BSOS agree to provide lunches to event staff volunteers on each day of the Training Camp. City agrees to pay fifty percent (50%) and BSOS agree to pay fifty percent (50%) of the cost of such lunches.

13. REPRESENTATIVES OF CITY AND BSOS. City hereby designates Manager as the person responsible for administration of this Agreement. Unless otherwise notified by BSOS, BSOS hereby designate Jason Cohen as the persons responsible for administration of this Agreement and Training Camp.

14. AMPLIFIED SOUND SYSTEM.

a. BSOS agrees that any amplified sound system will be used in a manner that minimizes the impacts of sound from BSOS’ use of the Facilities on the neighborhoods

surrounding the Facilities.

- b. BSOS' use of the Facilities shall not violate City's sound regulation ordinance.

15. **RESPONSIBILITIES OF CITY.**

a. City agrees to reasonably cooperate with and assist BSOS to enable BSOS to accomplish BSOS' responsibilities as set forth in this Agreement.

b. City shall reasonably assist BSOS with hotel reservations, including pricing, and obtaining other business opportunities in Oxnard.

c. City shall reasonably assist BSOS to obtain approval from the Point Mugu Naval Base for BSOS charter airplane to land at such base as required.

d. City shall coordinate bringing in food trucks for concessions in addition to the High Schools providing food in the tents.

e. City shall make reasonable efforts to assist BSOS in obtaining use of Oxnard High School fields for DCC kid's camp and football camp

f. City shall encourage the Oxnard Convention and Visitors' Bureau to use the billboard on Highway 101 heading to camp for advertising

g. City shall coordinate police escort upon team arrivals and departures to and from Point Mugu and/or the Oxnard Transportation Center.

h. City shall provide overflow parking, as well as shuttle service for transportation to and from the overflow parking.

i. In addition to its other responsibilities, City agrees at its sole cost and expense, to:

(1) Except as provided for below in subparagraph 15(k)(2), pay for all electrical, gas, water, and sewer utility charges at the Facilities.

(2) Provide parking and labor, materials and supplies to provide electrical service for media trucks, office and storage trailers, and exercise equipment in an area to be mutually agreed upon by City and BSOS. The cost of such labor, materials, supplies and electrical service shall be paid by BSOS.

(3) Deliver to and from the Facilities work-out equipment from local high schools consisting of blocking sleds and other items reasonably requested by

BSOS. BSOS shall reimburse the reasonable value to the provider of any such work-out equipment damaged, lost, stolen or destroyed while in the custody or control of BSOS.

16. **PERMITS, LICENSES, CERTIFICATES.** BSOS, at BSOS' sole expense, shall obtain and maintain during the term of this Agreement, all permits, licenses, and certificates required in connection with BSOS' use of the Facilities under this Agreement, including, if required by law, a business license from City. City will fully cooperate with BSOS in acquiring such permits, licenses and certificates.

17. **DISCHARGE OF CLAIMS, LIENS AND TAXES.**

a. BSOS shall discharge or provide for the discharge of all claims that BSOS may have authorized or incurred for labor, materials and supplies furnished for or in connection with the Facilities and pay all taxes, assessments or other governmental charges lawfully levied or assessed upon or in respect to its use of the Facilities or any part thereof or upon any of its revenues therefrom, except taxes otherwise payable by City.

b. BSOS agrees to keep and shall keep the Facilities free and clear of any mechanic's or materialmen's lien or other liens of any kind or nature for any work done, labor performed, or materials or supplies contracted for by BSOS.

18. **INDEMNITY.**

a. City agrees to indemnify and hold harmless BSOS, its officers, affiliates, owners, directors, partners, agents and employees from and against any and all claims, demands, obligations, causes of action (including pre-lawsuit court orders), losses, lawsuits and all other damages, liabilities (determined by verdict, judgment or good faith settlement of a claim), fines, judgments and reasonable costs and expenses associated therewith (including the payment of reasonable attorney fees and disbursements) of defending a claim of liability (together "Losses") to the extent such Losses arise out of: (1) the City's performance of services or actions taken by City, or those acting under it, in connection with this Agreement; (2) any breach by City of any representation and warranty herein; and (3) the failure of City, or those acting under it, to comply with the terms and conditions of this Agreement. The obligations to indemnify contained in this section shall survive the expiration or termination of this Agreement. For the avoidance of doubt City will hold BSOS, Dallas Cowboys Football Club, Ltd., Pro Silver Star, Ltd., Cowboys Stadium, L.P., Dallas Cowboys Merchandising, Ltd., and their officers, affiliates, owners, directors, partners, agents and employees (the "Released Parties") harmless (and will not sue any named entity herein) in connection with any injuries or Losses suffered by City in connection with this Agreement (and its performance under this Agreement) provided, however, this release and hold harmless shall only apply to the extent such Losses arise out of: (1) the performance of services or actions taken by City, or those acting under it, in connection with this Agreement; (2) any breach by City of any representation and warranty herein; and (3) the failure of City, or those acting under it, to comply with the terms and conditions of this Agreement.

Agreement No. A-7972

b. To the fullest extent permitted by law, BSOS shall (1) immediately defend; (2) indemnify; and (3) hold harmless City of Oxnard, 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: (i) Cowboys Training Camp, the Dallas Cowboys Experience, or the sale of tickets or concessions; (ii) BSOS' use of the Facilities for the purposes set forth herein; or (iii) BSOS performance or nonperformance of this Agreement. 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.

c. The duty to defend is a separate and distinct obligation from BSOS' duty to indemnify. BSOS shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, immediately upon tender to BSOS 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 BSOS 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 BSOS 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, BSOS may submit a claim to City for reimbursement of reasonable attorneys' fees and defense costs.

d. This Section shall survive the termination of this Agreement and the license granted hereunder. The provisions of this Section shall not be restricted by and do not affect the provisions of this License relating to insurance.

19. INSURANCE.

a. BSOS shall obtain and maintain during the performance of any services under this Agreement the insurance coverages as specified in Exhibit B attached hereto and incorporated in full herein by this reference, issued by a company reasonably satisfactory to the Risk Manager, provided that such insurance coverages shall have limits of Five Million U.S. Dollars (\$5,000,000) for general liability and One Million U.S. Dollars (\$1,000,000) for automobile coverage.

b. BSOS shall, prior to performance the start of each Training Camp Window, file with the Risk Manager evidence of insurance coverage as specified in Exhibit B. Evidence of insurance coverage shall be forwarded to the Risk Manager, addressed as specified in Exhibit B.

c. Maintenance of proper insurance coverages by BSOS is a material element of this Agreement. BSOS' failure to maintain or renew insurance coverages or to provide

evidence of renewal may be considered as a material breach of this Agreement.

d. In addition to all other City requirements, all endorsements must contain the following identification information: the policyholder, the insurer, the date of issuance, the policy number, and the identification of the authorized agent.

20. **PAYMENT OF ESTIMATED EXPENSE.** On or prior to the first day of each year's training camp, BSOS will pay to the City half the sum of \$25,000 for a two (2) week training camp, or \$50,000 for a three (3) week training camp, or \$75,000 for a four (4) week training camp ("Costs"), which represents a good-faith estimate of the total sum to be paid to the City under this Agreement. At the conclusion of training camp, City will provide BSOS with a final reconciling invoice. Upon receipt, BSOS shall the remaining sum which shall not exceed the Costs totaled above. Payment of the amount shown on the invoice minus the specified prepayment shall be made within 120 days of the last day of training camp.

21. **CITY NOT A BAILEE.** BSOS understands and agrees that City does not in any way purport to be a bailee hereunder and provided City provides the security services provided under Paragraphs 4 and 5 above, is in no way responsible for BSOS' lost, stolen, or damaged property unless City or its agents take possession of BSOS' property.

22. **INDEPENDENT CONTRACTOR; ADMINISTRATION OF PERSONNEL.** City shall not have any control over the manner, mode, or means by which BSOS, its agents, subcontractors, subconsultants or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of BSOS' employees, agents, subcontractors, subconsultants, or Players or in fixing their number, compensation or hours of service. BSOS shall perform all services required herein as an independent party of City and shall remain at all times as to City a wholly independent party with only such obligations as are consistent with that role. BSOS shall not at any time or in any manner represent that BSOS or any of its employees, agents, subcontractors, subconsultants or Players are employees, agents, subcontractors or subconsultants of City. City shall not in any way or for any purpose become or be deemed a partner of BSOS in any business or otherwise or a joint venturer or a member of any joint enterprise with BSOS.

All BSOS' employees who perform services in conjunction with or for City pursuant to this Agreement shall remain employees of BSOS and shall not have any claim or right to employment, civil service protection, salary, or benefits or claims of any kind from the City based on this Agreement. The City shall not be called upon to assume any liability for the direct payment of any salaries, wages, or other compensation to any BSOS personnel performing services hereunder. As used in this Agreement, the term "employees" includes but is not limited to players on BSOS' football team.

23. **CONFLICT OF INTEREST.** No officer or employee of City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee

participate in any decision relating to this Agreement that affects his or her financial interest or the financial interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested in violation of any State Statute or regulation. BSOS warrants that BSOS has not paid or given and shall not pay or give any third party any money or other material consideration for obtaining this Agreement.

24. **ASSIGNABILITY OF AGREEMENT.** The experience, knowledge, capability and reputation of BSOS, its principals and employees, were a substantial inducement for City to enter into this Agreement. Therefore, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, sublet, hypothecated or otherwise transferred voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City.

25. **SUCCESSORS AND ASSIGNS.** City and BSOS agree that this Agreement shall be binding upon and inure to the benefit of the heirs, executors, Administrators, successors and assigns of City and BSOS.

26. **FAIR EMPLOYMENT PRACTICES.**

a. BSOS agrees that all persons employed by BSOS shall be treated equally by BSOS without regard to or because of race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law, and in compliance with all anti-discrimination laws of the United States of America, the State of California, and City.

b. BSOS agrees that, during the performance of this Agreement, BSOS and any other parties with whom BSOS may subcontract shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not discriminated against because of their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

c. BSOS agrees to state in all of its solicitations or advertisements for applicants for employment that all qualified applicants shall receive consideration for employment without regard to their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

d. BSOS shall provide City staff with access to and, upon request by Manager, provide copies to Manager to all of BSOS' records pertaining or relating to BSOS' employment practices, to the extent such records are not confidential or privileged under State or federal law.

27. **FORCE MAJEURE.** City and BSOS agree that neither City nor BSOS shall be responsible for delays or failures in performance resulting from acts beyond the control of City or BSOS. These acts shall include, but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after this Agreement was

executed, fire, communication line failures, earthquakes, or other natural disasters.

28. **SURRENDER OF POSSESSION.**

a. BSOS agrees to yield and deliver peaceably to City the possession of the Facilities promptly at the end of each Training Camp Window and on the date of termination of this Agreement, whether termination is for cause, expiration or otherwise.

b. Except as otherwise provided in this Agreement, BSOS shall have the right at the end of or during any Training Camp Window to remove its equipment, supplies, furnishings, inventories, removable fixtures and other personal property from the Facilities at BSOS' own expense and without damage to the Facilities. If BSOS fails to remove this property on or before the Training Camp Window, City may remove this property to a public warehouse for deposit or retain the property in City's own possession and sell the property at public auction. The proceeds of which shall be applied first to the expenses of removal, storage and sale, and second, to any sums owed by BSOS to City, with any balance remaining to be paid to BSOS. If the expenses of this removal, storage, and sale shall exceed the proceeds of sale, then BSOS shall pay this amount to City upon demand.

c. No agreement of surrender or acceptance of surrender of possession of the Facilities shall be valid unless and until the same shall have been reduced to writing and signed by the duly authorized representatives of City and BSOS. Except as expressly provided in this Paragraph, neither the doing of, nor omission of, any action or thing, by any of the officers, agents, or employees of City shall be deemed an acceptance of surrender of possession of the Facilities.

29. **TIME OF ESSENCE.** City and BSOS agree that time is of the essence in regard to performance of any of the terms and conditions of this Agreement.

30. **COVENANTS AND CONDITIONS.** City and BSOS agree that each term and each provision of this Agreement to be performed by City and BSOS shall be construed to be both a covenant and a condition.

31. **GOVERNING LAW.** City and BSOS agree that the construction and interpretation of this Agreement and the rights and duties of City and BSOS hereunder shall be governed by the laws of the State of California.

32. **COMPLIANCE WITH LAWS.** BSOS agrees to comply with all City, State, and federal laws, rules, and regulations, now or hereafter in force, pertaining to this Agreement and during all operations of the Facilities conducted by BSOS.

33. **SEVERABILITY.** City and BSOS agree that the invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

34. **WAIVER.** City and BSOS agree that no waiver of a breach of any provision

of this Agreement by City or BSOS shall constitute a waiver of any other breach of the same provision or any other provision of this Agreement. Failure of City or BSOS to enforce at any time, or from time to time, any provision of this Agreement, shall not be construed as a waiver of such provision or breach.

35. **COUNTERPARTS.** City and BSOS agree that this Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

36. **AUTHORITY TO EXECUTE.**

a. City acknowledges that the person executing this Agreement on behalf of City has been duly authorized by City Council to do so on behalf of City.

b. BSOS acknowledges that the person executing this Agreement has been duly authorized by BSOS to do so on behalf of BSOS.

37. **NOTICES.**

a. Any notices to BSOS may be delivered personally or by mail addressed to Blue Star Operations Services, LLC, Attention: Jason Cohen, General Counsel, One Cowboys Center, Frisco, Texas 75034.

b. Any notices to City may be delivered personally or by mail addressed to City of Oxnard, City Manager's Office, 300 West Third Street, Oxnard, California 93030, Attention: Jesus Nava, Assistant City Manager.

38. **AMENDMENT.** City and BSOS agree that the terms and conditions of the Agreement may be reviewed or modified at any time. Any modifications to this Agreement, however, shall be effective only when agreed to in writing by Manager and BSOS.

39. **ENTIRE AGREEMENT.** City and BSOS agree that this Agreement constitutes the entire agreement of the parties regarding the subject matter described herein and supersedes all prior communications, agreements, and promises, either oral or written.

Agreement No. A-7972

CITY OF OXNARD

BLUE STAR OPERATION SERVICES, LLC

Tim Flynn
Mayor
Signing Location: Oxnard, CA

Date

Jason Cohen
[Title]
Signing Location: Frisco, TX

Date

ATTEST:

Michelle Ascencion
City Clerk
Signing Location: Oxnard, CA

Date

Tom Walker
[Title]
Signing Location: Frisco, TX

Date

APPROVED AS TO FORM:

Stephen M. Fischer
City Attorney
Signing Location: Oxnard, CA

Date

APPROVED AS TO INSURANCE:

Mike More
Risk Manager
Signing Location: Oxnard, CA

Date

Exhibit A**LIST OF ITEMS AND RESPONSIBILITIES****A. City Items:**

1. Provide two (2) sixty-foot high scissor lifts at the Fields.
2. Ensure all doors are securely closed and locked as needed.
3. Pavement throughout the entire length of the midway

B. BSOS Items:

1. Provide and install trailers and portable buildings and pay for custodial service for such buildings.
2. Provide and install a forty-foot high scaffolding tower at the Fields, if needed by BSOS.
3. Provide by purchase or service contract two (2) industrial washers, capable of washing fifty pounds of laundry, and two industrial dryers, capable of drying seventy-five pounds of laundry, if needed by BSOS.
4. Make best efforts to assist the City in holding a special event (for example, "Oxnard Day") that would include, cheerleaders, and/or other notable Cowboys representatives.

Exhibit B – Insurance Coverages

**INSURANCE REQUIREMENTS FOR TENANTS AND CONCESSIONAIRES
(WITH AUTOMOBILE LIABILITY REQUIREMENT)**

1. Tenant/concessionaire shall obtain and maintain during the term of the Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the agreement by Tenant/concessionaire, its agents, representatives, or employees.

a. Commercial General Liability Insurance, including Contractual Liability, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business Automobile Liability Insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office Automobile Liability Coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Workers' Compensation Insurance in compliance with the laws of the State of California, and Employer's Liability Insurance in an amount not less than \$1,000,000 per claimant.

2. Tenant/concessionaire shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-M. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before work commences. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be forwarded to the Risk Manager, addressed as follows:

City of Oxnard
Risk Manager
Reference No. _____
300 West Third Street, Suite 302
Oxnard, California 93030

3. Tenant/concessionaire agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled by either party, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Tenant/concessionaire agrees that the Commercial General Liability and Business Automobile Liability Insurance policies shall be endorsed to name City, its City Council, officers, employees and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Tenant/concessionaire; products and completed operations of Tenant/concessionaire; premises owned, occupied or used by Tenant/concessionaire; or automobiles owned, leased, hired or borrowed by Tenant/concessionaire. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-M or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/04 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance coverages **(this must be endorsed)**. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. Any deductibles or self-insured retentions must be declared to and approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the tenant/concessionaire shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

Certificates of Insurance

The sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. **Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed.** Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. **Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.**

Endorsement Forms

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that you use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the attached.

INS-M.doc

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

PRODUCER

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

CODE

SUB-CODE

COMPANIES AFFORDING INSURANCE COVERAGE

INSURED

COMPANY

LETTER **A**

SPECIFY COMPANY NAMES IN THIS SPACE

COMPANY

LETTER **B**
COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☒ CLAIMS MADE ☒ OCCUR. ☒ OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$1,000,000 PRODUCTS COMP/OP AGG. \$1,000,000 PERSONAL & ADV. INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
A	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS
CERTIFICATE HOLDER

City of Oxnard

Attn: Risk Manager

Reference No. _____

300 W. Third Street, Suite 302

Oxnard CA 93030

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Rev. 5/17

Rev. 5/17

City of Oxnard, CA					
Summary of New Agreement with Blue Star Operations LLC					
General Terms		Current Agreement		Proposed Agreement	
Term		2015	2016	2017	2018
Renewal Option		n/a	n/a	2019	2020
Specific Terms		City	Cowboys	City	Cowboys
Field Maintenance		50%	50%	50%	50%
Advertising Banners		5	No limit	5	No limit
Perimeter Fencing		50%	50%	50%	50%
Hotel Security Fencing		n/a	100%	n/a	100%
Minimum Bleacher Seating		2000	1000	2000	1000
Bleacher Rental Costs		100%	100%	100%	100%
Event Volunteers		No less than 20	n/a	No less than 20	n/a
Parking Volunteers		No less than 10	n/a	No less than 10	n/a
Miscellaneous Volunteers		No less than 2	n/a	No less than 2	n/a
Volunteer T-Shirts		n/a	100%	n/a	100%
Volunteer Meals		50%	50%	50%	50%
Security - City Police		100%	n/a	100%	n/a
Security - Private Security		n/a	100%	n/a	100%
Parking Revenues		100%	n/a	100%	n/a
Daily Parking Fee		\$20 M-Sun	n/a	\$10 M-F \$15 S-S	n/a
Food Concessions		100%	n/a	100%	n/a
Cowboy Events		n/a	1 Cheer Camp	n/a	1 Cheer Camp
Cowboy Events		n/a	Punt, Pass and Kick	n/a	Punt, Pass and Kick
Utilities		100%	Included in Field Use Fee	100%	Included in Field Use Fee
Media Truck Labor & Utilities		n/a	100%	n/a	100%
City Permits & Licenses		n/a	100%	n/a	100%
General Liability Insurance		n/a	\$5 million	n/a	\$5 million
Automobile Insurance		n/a	\$1 million	n/a	\$1 million

City of Oxnard, CA
New Agreement with Blue Star Operations LLC
2017 Statement of Revenues and Expenditures

2017 Revenues:

<u>Direct Payments</u>	Amounts
Field Use Payment	\$ 75,000
Jones Foundation Payment	\$ 10,000
Subtotal:	\$ 85,000
<u>City Generated</u>	
Parking Fees	\$ 135,000
Sponsorship Banners	\$ 10,000
Food Trucks	\$ 1,000
Subtotal:	\$ 146,000
<u>Cost Recovery</u>	
City Permits & Inspections	\$ 1,200
Total Revenues:	\$ 232,200

2017 Expenditures:

Field Maintenance	\$ 25,000
Utilities	\$ 25,000
Facilities Maintenance	\$ 5,000
Uniformed Police Services	\$ 20,000
Perimeter Fencing	\$ 10,000
Bleacher Rentals	\$ 50,000
Parking Lot Attendees	\$ 18,000
Conservation Corp	\$ 20,000
Miscellaneous Staff Costs	\$ 25,000
Subtotal:	\$ 198,000
Improvements to Midway	\$ 25,000
Total Expenditures:	\$ 223,000
Projected Surplus +/-Deficit -	\$ 9,200



PACIFICA
H I G H S C H O O L

Pacifica High School
Athletic Booster Club
P.O. Box 50003
Oxnard, California 93030
(805) 607-5409

City of Oxnard
800 Hobson Way
Oxnard, California 93030

Oxnard City Council:

The Dallas Cowboy Training Camp is a major part of Pacifica High School Athletic Boosters fundraising efforts. The training camp accounts for more the 50% of our annual fundraising. The funds generated from the training camp, have allowed the Athletic Boosters to provide the athletic programs at Pacifica High School with much-needed funds for the teams to cover necessary expenses when the school is unable to.

We continue to be appreciative of the Dallas Cowboys, the City of Oxnard, and other parties involved, which have allowed the Athletic Boosters to be a part of the training camp.

We look forward to this upcoming 2017 Dallas Cowboys Training Camp.

Sincerely,

Carol Maldonado

Carol Maldonado
President

2016 – 2017 Board Members

Carol Maldonado (President)
Tom Zavala (Vice President)
Monica Vargas (Treasure)
Stephanie Moncada (Secretary)

*"To ensure every person the opportunity to develop intellectually, morally, and physically in a structured and creative environment by
fostering success in academics, arts, and athletics."*



Monday, May 8, 2017

Dear City of Oxnard Council Members,

On behalf of Channel Islands High School Athletics, I would like to thank all City Council members for their continued support of having the local high schools participate in the Dallas Cowboys Training Camp.

The students at Channel Islands High School have benefited greatly by participating and utilizing this opportunity to not only fundraise but also as an avenue to extend what the students learn in the classroom and the athletic fields to real world applications. These social and academic skills include cooperation, problem-solving, grit, building team chemistry, and a sense of accomplishment. Also, having students participate helps them view the city positively; a city where the community members support one another, and a great city where a high-profile professional team, like the Dallas Cowboys, want to spend their summer.

Economically, the athletic programs have benefited from participating at the Dallas Cowboys Camp. Although our district supports us in many ways (transportation, facilities...etc.) there are some monetary gaps that fundraising at the Cowboys Camp has assisted the teams. Teams have used the fundraising money to buy uniforms, equipment, and pay for tournaments. As many as 10-15 teams participate at the Camp, so the participation is high and inclusive to all.

Once again, to all members of the City Council of Oxnard, thank you for your continued commitment to having the local high schools participate at the Dallas Cowboys Training Camp. We at Channel Islands High School deeply appreciate the community support.

Sincerely,

Phyra Prum

Phyra Prum
English/ Social Science Teacher
Athletic Director
Channel Islands High School
phyra.prum@ouhsd.k12.ca.us
(805)385-5953



"Working Together to Prepare Individuals for Lifelong Success"



HUENEME
H I G H S C H O O L

500 W. Bard Road • Oxnard, California 93033 • (805) 385-2667 • (805) 385-2817 fax

Monday, May 08, 2017

To Whom It May Concern,

I am writing to show my support for the City of Oxnard hosting the Dallas Cowboys Camp. I believe wholeheartedly that the City of Oxnard should try to pursue all efforts to host this NFL Camp. I have worked closely with the Dallas Cowboys Camp concession sales, as a high school food vendor, for the last four years and feel confident expressing the great benefits it provides to our local High Schools.

Over the last four years, the Dallas Cowboys Camp has allowed Hueneme High to fundraise over \$50,000 for its athletic programs. The funds generated at the Cowboys Camp, have allowed Hueneme High the opportunity to revamp its 22 sports programs and provide the basic necessities for our student-athletes. The Cowboys Camp has enabled us to purchase new uniforms and new safety equipment, that we would not be able to do, with any other fundraisers.

I am confident that the Dallas Cowboys Camp has also been a great way of bringing the City of Oxnard together. I have been a lifelong resident of Oxnard, and it makes me proud to have Hueneme High student-athletes (my alma mater), work in conjunction with our other local area high school boosters, the City of Oxnard Parks & Recreation, the Oxnard Fire Department, and the Oxnard Police Department; this goes to show, on a national scale, what a truly great city we live in.

I would, therefore, without reservation, give my total support to any efforts made by the City of Oxnard to host the Dallas Cowboys Training Camp. Thank you for your time and consideration.

Regards,

Pablo Gallegos
Athletic Director
Head Boys Cross Country / Track & Field Coach
Cell Phone: 805-901-3798

"Students First: every day, every school, and every classroom"

5/10/17

Oxnard City Council
300 3rd Street,
Oxnard, CA 93030

Dear Oxnard City Council Members,

The Oxnard Convention and Visitors Bureau enthusiastically endorses the 2017 Dallas Cowboys Training Camp. We respectfully request Oxnard City Council to approve Oxnard as the host city for the 2017 Dallas Cowboys Training Camp.

The Dallas Cowboys are a professional American football team and compete in the National Football League (NFL) as a member club of the league's National Football Conference (NFC) East division. The Cowboys will play in this year's Hall of Fame Game, kicking off an over-the-top celebration as team owner Jerry Jones is inducted into the Pro Football Hall of Fame.

The Dallas Cowboys Training Camp provides visitors an opportunity to see the players up close. In addition, the camp provides food booths, merchandise, the Oxnard Convention and Visitor's Bureau information booth and a children's play area (FunZone). Visitors come from all over California and other states to watch the Cowboys practice. Visitors spend on hotels, food, gas, and entertainment in the local economy and was documented in a 2012 Economic Impact Study as bringing over 1 million dollars into our local economy through visitor spend.

We appreciate and thank you for your time spent considering this important decision. We ask the City Council Members to support and approve the 2017 Dallas Cowboys Training Camp.

Thank you for your consideration,



Joshua Travers
Executive Director
Oxnard Convention & Visitors Bureau



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Report
AGENDA ITEM NO.: 2

DATE: May 16, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Purchase of 15 Compressed Natural Gas Trucks (5/10/10)

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

RECOMMENDATION:

That City Council approve and authorize the Mayor to execute Purchase Order #6034 in the amount of \$4,851,760 for the purchase of ten (10) residential refuse collection vehicles, two (2) commercial ("front-loader") collection vehicles, and three (3) industrial ("roll-off") collection vehicles from Velocity Truck Center.

BACKGROUND

On April 28, 2015 the City Council approved the purchase of five CNG refuse trucks to begin phasing out existing diesel powered trucks that have exceeded their useful life and continue to require an increasing high level of maintenance. The Environmental Resources Division (ER) requests approval to purchase an additional fifteen (15) CNG powered refuse collection trucks to continue the ER fleet upgrade process.

The ER fleet is currently comprised of vehicles with an average age of over 12 years. According to the Organizational Assessment and Audit of Corporate Support, Accountability and Value Systems received by Council on March 17, 2015, many of the vehicles are beyond their prescribed, serviceable life. While safe to operate, down-times and maintenance costs to keep these vehicles on the road safely are continually increasing as the vehicles age.

Purchase of 15 Compressed Natural Gas Trucks (5/10/10)

May 16, 2017

Page 2

With the exception of five (5) recently-acquired CNG collection vehicles now in service, the remaining ER collection fleet vehicles are diesel. The cost of diesel fuel can be up to three times as high as CNG fueled vehicles; the exact ratio of diesel to CNG varies with oil prices and market conditions. Most solid waste, refuse and organic collection agencies in California (public and private) and high-density urban environments nationwide are in the process of converting, or have completely converted their diesel fleets to CNG or other alternative fuel vehicles. This is now recognized as a fundamental Best Management Practice (BMP) in the industry. Further, CNG fuel is a much cleaner alternative to diesel and greatly reduces a vehicle's effect on the environment by reducing greenhouse emissions by up to 90%. CNG is also domestically produced and its use reduces dependence on foreign oil.

In order to continue the fleet modernization and CNG conversion process, staff evaluated the operational needs after incorporating the five (5) new CNG vehicles into ER's overall operation. Currently, the vehicles most in need of replacement are ten (10) residential refuse collection vehicles. Additionally, two (2) commercial ("front-loader") collection vehicles and three (3) industrial ("roll-off") collection vehicles; are needed. ER and Fleet Division staff worked together to develop specifications for the fifteen (15) proposed CNG replacement vehicles.

CNG vehicles are approximately 10% more costly initially to purchase than diesel equivalents, but the difference is quickly offset by lower fuel and maintenance costs and the community's appreciation of the improved air quality. Additional safety and diagnostic items also contribute more to the unit cost of each vehicle. These items include cameras, maintenance software, GPS systems and fire suppression apparatus. The efficiencies and risk reductions submit to offsetting the initial costs of these devices. Staff consulted with other public and private collection agencies to ensure that industry standards were included in the specifications. All of the essential and accessory items on these vehicles are accepted in the industry as fundamental BMPs. A determination was also made to replace diesel vehicles with CNG not only due to the cost and environmental factors, but also due to the potential to fuel these vehicles in the future with gas produced by the Del Norte facility through the conversion of organic waste.

Staff recommends to piggy back on a bid issued by the City of Los Angeles on August 12, 2014 for fifteen (15) CNG powered refuse collection vehicles in lieu of issuing a formal request for bid. The City will acquire the fifteen (15) new CNG trucks with competitive pricing previously vetted through a public agency competitive bid process completed by the City of Los Angeles. Velocity Truck Center is a local vendor, located at 2501 Camino Del Sol in Oxnard. Velocity Truck Center will honor the City of Los Angeles piggy back bid. The proximity of Velocity Truck Center to the Del Norte Facility and the City of Oxnard Fleet Garage provides quicker response times for maintenance and warranty work not provided by the City's Fleet Division.

The cost of the fifteen (15) refuse collection vehicles is \$4,851,760. A Master Lease Agreement with Bank of America provides financing at low interest rates allowing the Environmental Resources Enterprise Fund to efficiently utilize working capital, thereby adding to ratepayer value while upgrading the fleet. The estimated annual interest rate is 2.1% for a five (5) year term. The estimated \$529,327 payment will be scheduled and budgeted semi-annually.

Purchase of 15 Compressed Natural Gas Trucks (5/10/10)

May 16, 2017

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STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016. However, this item does address findings of the Organizational Assessment and Audit Corporate Support, Accountability, and Value System received by the Council on March 17, 2015.

FINANCIAL IMPACT

The funding for these vehicles will be part of the FY2017-18 Environmental Resources budget. Current user rates will be sufficient to cover the annual lease/purchase expense of approximately \$530,000, and will be budgeted annually for five years. The vehicles will be purchased at the end of the lease for \$1.00 and title of the vehicles will transfer to the City of Oxnard.

ATTACHMENTS:

Attachment A: Velocity Vehicle PO 6304 (1)



PURCHASE ORDER
CITY OF OXNARD
300 WEST 3RD STREET
OXNARD, CA 93030

**PURCHASE
ORDER NO.
006304**

DATE: 5/1/2017

VENDOR PHONE: (562)447-1260

VENDOR FAX: () -

VENDOR #: 19164

VENDOR ADDRESS: VELOCITY TRUCK CENTER OF VC
P.O. BOX 101284
PASADENA, CA 91189-1284

SHIP TO: ENVIRONMENTAL RESOURCES
DEL NORTE RECYCLING CTR.
111 DEL NORTE BLVD.
OXNARD, CA 93030

Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence

DELIVER BY		REQUISITION #	REQUISITION DATE	CONFIRMED BY	
06/30/2017		0000003221	04/28/2017	FORMELY BIG T'S	
FOB		ACCOUNT NUMBER		AUTHORIZED BY	
		63163078918606		MARISELA HART	
ITEM #	QUANTITY/ UNIT	DESCRIPTION ARTICLE OR SERVICE		UNIT COST	EXTENDED COST

1	PURCHASE OF FIFTEEN (15) COMPRESSED	
1.00 / DL	NATURAL GAS	1.0000
		4,851,760.00.00
	(CNG) POWERED REFUSE COLLECTION TRUCKS	

TOTAL PURCHASE AMOUNT

\$4,851,760.00.00

**In order to receive payment, email all invoices to:
invoices@oxnard.org**

**In the subject line, reference the Purchase
Order number above.**

AUTHORIZED SIGNATURE. _____

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

PURCHASE ORDERS
TERMS AND CONDITIONS

The City Purchasing Officer and the Vendor agree as follows:

1. Vendor shall furnish to City the labor, materials, equipment, supplies and/or services described in the Purchase Order preceding this page.
2. City shall pay to Vendor the price, or prices, specified in the Purchase Order upon delivery of the labor, materials, equipment, supplies and/or services, and acceptance thereof by the City Purchasing Officer, or upon the completion of the services to be performed and acceptance thereof.
3. If the Purchase Order is continuing in nature, City shall pay to Vendor the amount due Vendor for labor, materials, equipment or supplies furnished, or services completed and accepted.
4. Vendor shall deliver the labor, materials, equipment or supplies, or cause the services to be performed, within the time and in the manner specified in the Purchase Order. Vendor shall be excused in performance for delays resulting from causes beyond the control of Vendor.
5. If services are performed or labor furnished to City under the Purchase Order, Vendor agrees to indemnify, hold harmless and defend City, its City Council, and each member thereof, and every officer, employee, representative or agent of City, from any and all liability claims, demands, actions, damages (whether in contract or tort, including personal injury, death at any time, or property damage), costs and financial loss, including all costs and expenses and fees of litigation or arbitration, that arise directly or indirectly from any acts or omissions related to this Agreement performed by Vendor or its agents, employees, subcontractors, consultants and other persons acting on Vendor's behalf. This agreement to indemnify, hold harmless and defend shall apply whether such acts or omissions are the product of active negligence, passive negligence, willfulness or acts for which Vendor or its agents, employees, subcontractors, consultants and other persons acting on Vendor's behalf would be held strictly liable. Vendor's obligation to defend shall arise when a claim, demand or action is made or filed, whether or not such claim, demand or action results in a determination of liability or damages as to which Vendor is obligated to indemnify and hold harmless.
6. Insurance
 - a) Vendor shall obtain and maintain during the performance of any services under this Agreement the following insurance coverage issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Vendor obtain and maintain such insurance coverage.
 - i. Commercial general liability insurance, including a contractual liability endorsement, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability coverage (Occurrence Form CG0001ED, November 1988);
 - ii. Business automobile liability insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Auto Liability Insurance Services Office coverage (Occurrence Form CA000TED, June 1992) covering Code No. 1, "any auto";
 - iii. Workers' compensation insurance in compliance with the laws of the State of California, including employer's liability insurance in an amount not less than \$1,000,000 per claimant.
7. Vendor, in the performance of any services or the furnishing of any labor under this Purchase Order, shall be considered an independent contractor, and Vendor and Vendor's agents and employees shall not be considered officers or employees of the City.
8. Vendor, without the written consent of the City Purchasing Officer, shall not:
 - a) Assign the Purchase Order, or any interest therein, or any money due thereunder; or
 - b) Make any changes, alterations or variations in the terms of the Purchase Order.
9. The cost of inspection on deliveries, or offers to make deliveries that do not meet specifications, will be paid by Vendor or deducted by City from amounts due Vendor.
10. Vendor shall indemnify and hold harmless City, its officers and employees, from liability, claims, loss or expense of any kind or nature on account of any copyrighted or uncopyrighted composition, patented or unpatented process or invention, article or appliance furnished or used under this Purchase Order.
11. Vendor shall comply with all applicable federal, state and local ordinance, laws and regulations and shall obtain and pay for all required licenses and permits, including a City of Oxnard business license.
12. Return or exchange of materials, equipment or supplies will not be permitted without written approval by the City Purchasing Officer.
13. All materials, supplies and equipment furnished under the Purchase Order shall, where applicable, be in full compliance with the Safety Orders and Regulations of the Division of Industrial Safety of the State of California and the Williams-Steiger Federal Occupational Health and Safety Act of 1970.
14. City may terminate this Purchase Order at any time by giving written notice of termination to Vendor. If termination is for cause, termination shall become effective on the date of the notice or at a later date, specified in the notice. If termination is without cause, termination shall become effective five days after the date of the notice or at a later date specified in the notice.
15. Vendor shall comply with all applicable equal employment opportunity requirements of the California Department of Fair Employment and Housing in performing or contracting for any services under this Purchase Order.
16. For public projects, Vendor shall pay prevailing wages in accordance with Labor Code Sections 1720 et seq.

ADDITIONAL REQUIREMENTS FOR GRANT-FUNDED PROJECTS

17. The following requirements apply to any Purchase Order funded in whole or in part by federal grant funds.
 - a) Upon expiration of the time specified on the reverse side, this Purchase Order shall terminate unless City and Vendor have mutually agreed in writing to an extension of time.
 - b) If legal action is brought by either party because the other has failed to comply with terms or conditions of this Purchase Order, the prevailing party shall be awarded its attorney's fees and costs in addition to its damages and/or equitable relief.
 - c) Vendor shall comply with all applicable requirements of Executive Order 11246 as amended by Executive Order 11375 and the regulations adopted pursuant thereto (41 CFR Chapter 60), which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin.
 - d) Vendor shall insure that the grantee (City), the Federal Grantor Agency, the Comptroller General of the United States, or any duly authorized representative, shall have access to any books, records, documents and papers, specifically relating to this Purchase Order, for the purpose of making audit, examination, excerpts and transcriptions for not less than three years after completion of the project and/or until the completion of the final project audit as required by the Federal Grants Agency.