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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF VENTURA — HALL OF JUSTICE

12 **Aaron Starr,**

13 Petitioner,

14 vs.

15 **Michelle Ascencion** in her official capacity as
16 Oxnard City Clerk; and
17 DOES 1 through 25, inclusive,

18 Respondents;

19 **Tim Flynn,**

20 Real Party in Interest.

Case No.: 56-2018-00508329-CU-WM-VTA

Assigned for all purposes to:
Hon. Vincent J. O’Neill, Dept. 41

IMMEDIATE ACTION REQUIRED
ELECTION LAW MATTER:
Priority Over All Civil Matters
CCP § 35; Elec. Code § 13314(a)(3)

**Supplemental Declaration of Aaron Starr
in Support of Petition for Writ of Mandate**

BY FAX

Action Filed: February 22, 2018
Hearing Date: March 7, 2018

Hearing:

Date: March 7, 2018

Time: 8:30 a.m.

Dept.: 41

Judge: Hon. Vincent J. O’Neill

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Petitioner Aaron Starr replies to Real Party in Interest Tim Flynn’s Opposition as follows:

DECLARATION OF AARON STARR

I, Aaron Starr, declare:

1. I am a competent adult and resident of Oxnard, CA. I am the Petitioner in this action and make this Supplemental Declaration in further support of my Petition for a Writ of Mandate to correct the statements in Tim Flynn’s candidate statement that are false, misleading, and/or inconsistent with the Elections Code and in response to information Flynn submitted in opposition to the Petition.

2. I make this declaration of my personal knowledge of the facts stated herein and could competently testify to them if called to do so.

3. Attached as Exhibit B to my initial declaration was a portion of the City’s adopted budget for fiscal year 2017-2018. Attached as **Exhibit M** to this declaration is a true and correct copy of the first 20 pages of that budget document. These 20 pages are the entirety of the City Manager’s Budget Message, which is included on pages 5 through 20. I include this information to highlight the annotated text on page 8, which includes the entire sentence that was partially quoted in Tim Flynn’s opposition as well as the remainder of the Budget Message.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: 03/04/2018

Aaron Starr

AARON STARR

EXHIBIT M

EXHIBIT M

ADOPTED BUDGET FISCAL YEAR 2017-18



Elected Officials



Tim Flynn,
Mayor



Carmen Ramirez,
Mayor Pro Tem



**Bryan A.
MacDonald,**
Councilman



Bert Perello,
Councilmember



Oscar Madrigal,
Councilmember



Michelle Ascencion,
City Clerk



Phil Molina,
City Treasurer

Senior Leadership Team



Stephen Fischer,
City Attorney



Greg Nyhoff,
City Manager



Ruth Osuna,
Assistant
City Manager



Jesús Náva,
Assistant
City Manager



Scott Whitney,
Police Chief



Darwin Base,
Fire Chief



Jim Throop,
Chief Financial Officer



Ingrid Hardy,
Cultural and Community
Services Director



Ashley Golden,
Development Services
Director



Steve Naveau,
Human Resources
Director



Kymberly Horner,
Economic
Development Director



Keith Brooks,
Information Technology
Director



Arturo Casillas,
Housing Director



Daniel Rydberg,
Public Works Director

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FY 2017-18
Adopted Budget

Budget Message



Budget Message

June 1, 2017

TO: City Council
Housing Authority Commissioners
Successor Agency to the Community Development Commission

FROM: Greg Nyhoff, City Manager
Office of the City Manager

SUBJECT: Recommended Operating Budget for Fiscal Year (FY) 2017-18

Last fiscal year's budget was prefaced with hope and a positive outlook for a better Oxnard and City Government. The City Council established 2-year Strategic Priorities that have guided our direction during the 2016-2017 fiscal year. I am pleased to say we are fiscally stronger and have accomplished numerous strategic priorities throughout the year.

2014-2016 was "extraordinarily challenging" as we conducted independent reviews of many of the core operations of the City. In 2012, the District Attorney issued his report which raised questions about inadequate record keeping. We initiated audits and reviews of the internal services functions, most notably, the City Manager's Office, the Finance, and the Human Resources Departments.

These independent reviews led to 128 recommended actions and 110 audit findings from our new financial auditors. The audits revealed that our foundation of good governance was severely damaged. It was a challenging time for the community, City Council and staff as we openly and transparently presented report after report of past failures and future challenges. During this process, the City Council committed to full transparency.

We had to reduce spending by millions of dollars by resetting services, staffing levels and borrowing 16 million dollars from the Measure O funds.

There are many new faces working for the City who have committed to making a difference and working together alongside our tenured employees to make all proud of our organization going forward.

In Fiscal Year 2016-2017 we moved from extraordinary challenges to stabilization. The new budget includes the same staffing levels, a few improvements and reliance on Measure O funding to assist in police vehicle replacement, and several facility repairs. City Council established strategic priorities and we are well on our road to recovery.

The proposed budget for 2017-2018 continues to strengthen our financial and organizational foundation and begins our transition to a well-run organization and a City that has their financial health in order. Because the City Council and the community made the difficult and necessary decisions in the past, I am pleased to say that a tremendous turnaround has occurred over the past several years.

Budget Message

The 2017-2018 budget builds on the City Council, community and City staffs 2-year strategic priorities of restoring fiscal and organizational health to Oxnard. The budget further supports the City Council goals of:

- Quality of Life Strategy
- Organizational Effectiveness Strategy
- Economic Development Strategy
- Infrastructure and Natural Resources Strategy

The proposed budget funds the operations of City Departments at the same level as the prior year. However, the base budget reflects increases due to employee salary and benefit increases called for in labor association agreements. Also included in this budget message are a list of recommended augmentations to the base budget that I believe will further support the community's needs.

There have been many changes throughout the last 3 years. I must acknowledge the employees for their ongoing efforts to fix what is broken while at the same time tending to the daily requirements of operating City services for a community of over 200,000 residents. I would also like to acknowledge the contribution that the City's Boards and Citizens Advisory Groups and other volunteers groups make to the City of Oxnard.

I thank you for making many difficult and sometimes unpopular decisions. Your decisions have always been made with all residents interests in mind. The remainder of the budget message outlines the overall proposed budget in greater detail.

During the budget workshops on June 5th and 7th Department Directors will briefly talk about accomplishments, challenges and their FY2017-18 budget and budget augmentation request.

Budget Message

To: The Honorable Tim Flynn, Mayor and Members of the Oxnard City Council
 Housing Authority Commissioners
 Successor Agency to the Community Development Corporation

From: Greg Nyhoff, City Manager

Subject: City Manager’s Adopted Budget for Fiscal Year 2017-18

The adopted budget for Fiscal Year 2017-18 totals \$414.2 million. This is an increase of \$35.13 million, or 9.0% from prior year. The new budget balances revenues and expenditures, and uses a planned minimal \$514,547 from General Fund reserves. It maintains current levels of City services and includes budget augmentations for Police, Fire, Development Services and the Office of the Treasurer.

A summary of the adopted budget by major funds is as follows:

| Funds | 2017-18 Adopted |
|--|--------------------|
| GENERAL FUND | 125,484,375 |
| HALF CENT SALES TAX | 12,985,871 |
| STREET MAINTENANCE | 221,504 |
| STORM WATER MANAGEMENT | 1,287,385 |
| PERFORMING ARTS CNTR FUND | 2,072,128 |
| GOLF COURSE OPERATING | 895,178 |
| PUBLIC SAFETY RETIREMENT | 13,891,720 |
| STATE GAS TAX | 7,159,287 |
| Special Revenue Funds | 9,866,677 |
| Landscape & Community Facility Maintenance Districts | 12,027,135 |
| Assessment Districts Funds | 4,228,459 |
| Enterprise Funds | |
| Water Funds | 58,871,273 |
| WasteWater Funds | 62,024,032 |
| Environmental Resources Funds | 45,889,239 |
| Total Enterprise Funds | 166,784,544 |
| Internal Service Funds | |
| 701-PUBL LIAB & PROP DAMAGE | 2,988,144 |
| 702-WORKERS COMPENSATION FUND | 5,576,787 |
| 725-CUSTOMER BILLING OPR FUND | 1,318,715 |
| 731-INFORMATION TECHNOLOGY | 5,334,513 |
| 735-FACILITIES MAINTENANCE | 3,895,699 |
| 741-FLEET SERVICES FUND | 10,379,809 |
| Total Internal Service Funds | 29,493,667 |
| Total All Funds | 386,397,930 |
| Less: Internal Service Funds | (29,493,667) |
| Net Adjusted Appropriations | 356,904,263 |
| Public Housing | 7,427,140 |
| Rental Assistance – Section 8 | 20,414,903 |
| Total Public Housing (Non-City) | 27,842,043 |
| Total of All Funds | 414,239,973 |

Budget Message

| FUND | 2016-17 Adopted | 2017-18 Adopted | \$ Change | % Change |
|--|--------------------|--------------------|--------------|-------------|
| General Fund * | 122.35 | 125.48 | 3.14 | 3% |
| Half Cent Sales Tax | 15.19 | 12.99 | -2.20 | -14% |
| Street Maintenance | .20 | .22 | .02 | 11% |
| Storm Water Management | 1.22 | 1.29 | .07 | 6% |
| Performance Arts Center | 1.66 | 2.07 | .41 | 25% |
| Golf Course Operating ** | 5.28 | .90 | -4.38 | -83% |
| Public Safety Retirement | 10.43 | 13.89 | 3.47 | 33% |
| State Gas Tax | 6.76 | 7.16 | .40 | 6% |
| Special Revenue Funds | 12.13 | 9.87 | -2.27 | -19% |
| Landscape & Community Facility Maintenance Districts | 9.84 | 12.03 | 2.19 | 22% |
| Assessment Districts Funds | 4.82 | 4.23 | -.59 | -12% |
| Enterprise Funds | | | | |
| Water Funds | 60.53 | 58.87 | -1.66 | -3% |
| Wastewater Funds *** | 34.10 | 62.02 | 27.92 | 82% |
| Environmental Resources Funds | 43.01 | 45.89 | 2.88 | 7% |
| Total Enterprise Funds | 137.65 | 166.78 | 29.14 | 21% |
| Internal Service Funds | | | | |
| Public Liability & Property Damage | 2.94 | 2.99 | .05 | 2% |
| Workers Compensation Fund | 5.45 | 5.58 | .13 | 2% |
| Customer Billing Operating Fund | 1.09 | 1.32 | .23 | 21% |
| Information Technology | 4.45 | 5.33 | .88 | 20% |
| Facilities Maintenance | 3.53 | 3.90 | .37 | 10% |
| Fleet Services Fund | 9.20 | 10.38 | 1.18 | 13% |
| Internal Service Funds | 26.65 | 29.49 | 2.84 | 11% |
| Housing Authority (Non-City) | 24.95 | 27.80 | 2.89 | 12% |
| Total All Funds | 379.11 | 414.20 | 35.13 | 9% |

* Includes \$304,500 of additional requests from Proposed Budget

** Change of Accounting Reporting from Gross to Net

*** Change of Accounting Reporting for Operating Transfer

BUDGET OVERVIEW

The adopted budget includes a number of additions that reflect City Council decisions, priorities and policy directives. They are implemented to resolve long-standing issues, meet labor agreements, increase public safety services and improve the financial condition of the City's Water and Wastewater utilities.

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Budget Message

Limited Benefitted Positions

Limited benefitted positions, commonly called LBEs, have been funded in the new budget as full-time equivalents based on the recommendations of the department directors and the Human Resources department. LBEs have existed in the City's budget for decades with some employees working full-time, some part-time. In prior budgets, the positions were funded through a general appropriation of funds for temporary labor and were not listed as full-time equivalents.

Over the last year, the City's departments worked with the Human Resources staff to identify the limited benefitted positions that would be converted to full-time equivalents and added to the formal count of approved positions. A criterion was developed to assess each individual LBE. In general, each position had to exist for a minimum of 3 years and each employee had to work an average of 36 hours per week to ensure the necessity of the services provided by the position. Employees working as LBEs also had to have a satisfactory work history, as documented by each department director, to qualify for full-time employment.

The adopted budget converted 135 limited benefitted positions to full-time status, and now includes their individual salaries based on their approved classifications along with the associated benefits which are determined by the bargaining agreements in place. A list of the positions, by department, is included to memorialize the additions to the City's workforce.

Collective Bargaining Agreements

Employee salary adjustments are also included in the adopted budget based on the increases stipulated in the collective bargaining agreements approved by the City Council. On May 23, 2017, the Council approved two additional labor agreements with the Oxnard Mid-Managers Association (OMMA) and with the International Union of Operating Engineers Local 501 (IUOE). Council also considered for approval agreements with the unrepresented Public Safety-Fire Management, Confidential Non-Managers, Confidential Mid-Managers and Executive Employees. The costs for these new labor agreements are included in the adopted budget.

The new agreements represent two and a half years of negotiations. All new hires will be contributing towards the cost of their retirement pensions provided by the California Public Employees Retirement System (CalPERS). This is consistent with the City Council's goal to have employees pay for their share of the benefit. City employees that are classified as "Classic" employees have had the City pay their portion of the benefit (known as the "employee contribution") of 7.0% for Miscellaneous (non-Public Safety) and 9.0% for Public Safety employees. The new labor agreements include provisions that will require miscellaneous employees to pay their full contribution of 7.0% by July 2019 when the agreements are scheduled for renewal.

The current labor agreements with public safety employees (Police and Fire) require them to pay up to 5.0% of the 9.0% employee pension contribution by June 30, 2018. The City will continue to pay the remaining 4.0% until new labor contracts are negotiated.

Budget Message

The Executive group has paid five percent (5.0%) of the required employee contribution of seven percent (7.0%) since 2016. City employees hired beginning January 1, 2013 are already required by state law, per the Public Employees' Pension Reform Act (PEPRA), to pay fifty percent (50.0%) of their cost as determined by current and future CalPERS valuations.

Police Augmentations

The adopted budget increases the level of service provided to Oxnard residents by the Police Department. A total of fifteen new positions are included. Fourteen (14) of these positions were added to the budget on March 21, 2017. They included four (4) Community Service Officers, two (2) Traffic Service Assistants, three (3) Police Records Technicians, one (1) Crime Analysis Data Technician, three (3) Police Officers, and one (1) Police Commander. The cost of these additions is projected to be \$930,000, in the adopted budget.

One (1) additional position is included in the adopted budget, a Youth Intervention Police Officer, to address the current issue of gang-related crimes. Additionally, the Police Department submitted a request for an additional seven (7) police officers, and one (1) new crime analyst to augment police protection citywide and increase the level of support to officers working to prevent, deter and solve crimes in Oxnard. These augmentations were presented to the City Council during the budget workshops for consideration. On the June 13th Budget Hearing, Council approved the additional request of \$304,500 as part of the adopted budget from General Fund Reserve. The additional requests included 9 months recruitment lag of 7 Police Officers I/II in the amount of \$254,000 and 6 months recruitment lag of 1 Crime Analyst I/II in the amount of \$50,500.

Other important additions to the Police budget include \$184,000 for software maintenance for body-worn cameras, \$150,000 for overtime, and \$112,500 for contractual public security services at the City's main library and the Service Center.

Police Vehicles

On March 6, 2017, the City Council also approved \$672,000 for the purchase of police vehicles. Included were eleven (11) Ford police interceptor vehicles, six (6) light duty pickups and one (1) Ford police patrol utility truck. These vehicles will replace cars and trucks with registered high mileage.

Fire Academy and Station Coverage

On April 11, 2017, the City Council approved twenty-six (26) "Firefighter Limited Term" positions at a cost of \$1.2 million. The limited term positions (not limited benefitted) represent the new 2017 Fire Academy Class. Upon graduation, the positions will become full-time equivalents. The cost of the new academy is estimated at \$46,000 per trainee. This cost includes salaries, personal protective equipment and recruitment costs. There are currently 17 vacancies in the Fire Department that need to be filled and the class of 26 fire trainees will replace those vacancies, as well as future planned vacancies as they occur.

Budget Message

The adopted budget also includes an additional \$1 million for overtime wages associated with mandatory fire station coverage requirements. These are not new costs as they have historically been incurred due to staff vacancies and absences. However, the budget now appropriates funds to cover these recurring costs.

Please note that the current Federal Staffing for Adequate Fire and Emergency Response (SAFER) grant will come to a close. The grant funds have helped to support fire station coverage by paying for fire staff salaries. There are currently no notices of funding availability for the grant, so new grant funds are not included in the adopted budget.

Development Services Positions

An increase in service levels is proposed for the Development Services Department. The budget includes three new positions for the department: an Associate Planner, a Construction Inspector and a Building Inspector. The positions are needed to maintain development review schedules and to expeditiously approve new development proposals and projects, which are of importance to the economy of the City. Also included is a new vehicle for the building inspector.

The addition of these positions are projected to be cost neutral to the budget given that development fees will be sufficient to pay for this augmentation.

Utility Billing and Treasury Positions

The budget adds three new positions to the Office of the Treasurer. An Account Clerk is added to help with cash handling duties associated with business licensing activities. A Customer Service Representative is also added to assist with business licensing. A third Customer Service Representative is added in the Utility Billing Division to augment utility payments services and reduce the wait time for residents and businesses that stand in line at the Service Center to make payments. The addition of these positions is also considered revenue neutral given that their daily activities will produce additional revenue for the City. The new staff is funded through a combination of General Fund and utility revenues.

Landscape Maintenance and Community Facilities Districts

After much effort, the City has rectified issues related to the funding, operations and maintenance of its multiple landscape improvement and community facilities districts. In particular, the City was able to perform a comprehensive review and implement proper and correct fund accounting, utility billing and administrative charges. As a result, the districts were made whole by the Council through the approval of General Fund dollars to cover any negative fund balances and to reimburse the districts for past erroneous and ineligible utility costs and administrative fees.

Staff communication and outreach to the districts improved attendance at homeowner association and neighborhood meetings. Dedicated space on the City's website also provides information to the public that can be used to ascertain the City's activities. The use of the

Budget Message

Oxnard 3-1-1 smartphone application has assisted in tracking and responding to resident complaints and concerns.

The adopted budget created a new Special Districts Division in the Finance Department charged with the management of the districts. Ten positions are approved in the new division, all funded by the districts. The positions include one; (1) Maintenance District Administrator, two (2) Project Managers, one (1) Financial Analyst, two (2) Landscape Inspectors, one (1) Parks Maintenance Supervisor, two (2) Senior Grounds-Workers and one (1) Administrative Technician.

In addition, all work performed on the City's landscape maintenance districts will be accomplished by private landscape contractors, inspected for accuracy, and paid upon verification that the work was completed timely and appropriately.

Water Rates

The City Council approved water pass-through rates on February 7, 2017 to help offset financial losses in the Water Fund. Oxnard City Ordinance No. 2859 establishing fees and charges for City water service contains a provision that allows for the administrative adjustments to water rates for certain third party charges incurred by the City's water system. The pass-through rate adjustments covered the increase in the cost of water from United Water Conversation District and the Calleguas Municipal Water District, both which provide wholesale water to the City. While the pass-through rates adjust billings based on customer type, meter size and usage tier, the average single family residential customer realized a \$3.60 per month increase or roughly 14.0%.

On April 18, 2017, the Council also approved a new water rate structure and authorized the mailing of the California Proposition 218 notice of water rate adjustments to all customers. Once approved, the average single family household will see an increase of \$3.60 per month. The effective date of the water rate increase is September 1, 2017. The new rates will ensure that the Water Fund can meet the daily operations and maintenance costs of the water system, fund certain capital improvements, and meet debt covenants and reserve requirements.

Wastewater Rates

On May 23, 2017, the City Council unanimously approved a new set of wastewater rate adjustments for the next five consecutive years. This was a significant event for the City of Oxnard given that the last set of wastewater rates was successfully challenged at the ballot box.

Council approved the last set of rate adjustments in January 2016 and implemented the first annual rate increase of 35.0% on March 1, 2016. In November 2016, Measure M, a ballot initiative to repeal the rates, was passed by the voters of Oxnard in an attempt to nullify the rate structure.

In response, the City challenged the legality of Measure M and was granted relief by the court allowing the City to collect the 35% rate increase until the case is heard and finalized in December of 2017. The Council also authorized a new rate setting process that started in

Budget Message

January 2017 with the formation of the Utility Ratepayers Advisory Panel (URAP). The seven member panel met to listen to staff presentations and options and voted 5 to 2 to recommend new annual rate adjustments of 5.25% for the next five fiscal years. The projected monthly increase in the first year for a typical household is \$2.22.

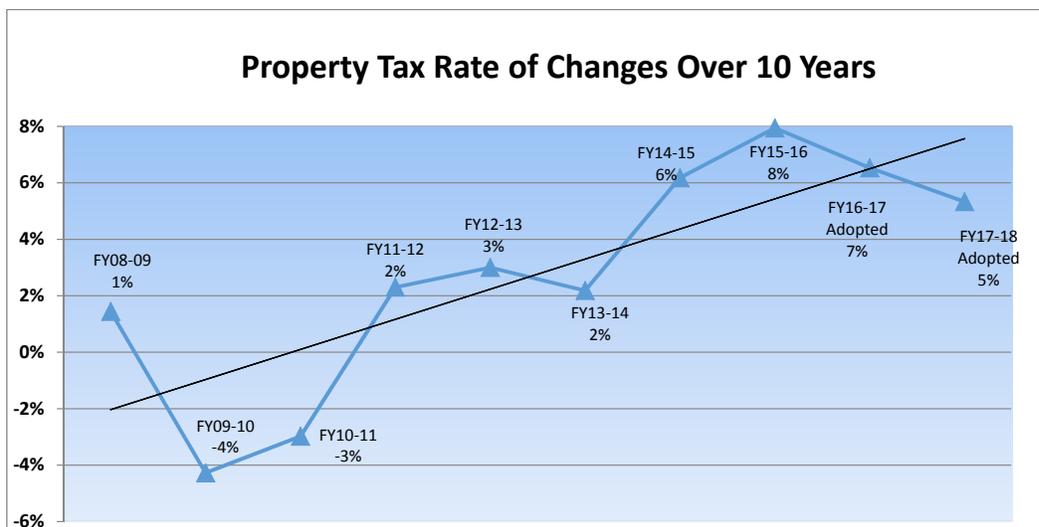
STATE OF THE ECONOMY

The adopted budget is predicated on continued growth in the local Oxnard economy and the region. Major employers include the United States Naval Base Ventura County, St. John’s Hospital, Procter & Gamble, Boskovich Farms, the County of Ventura, the Oxnard School District and the City of Oxnard.

The Channel Islands Harbor and the City’s beach location support a strong tourism sector that continues to grow and prosper. Two new hotel developments are in the works which will add to the hospitality industry in Oxnard. In addition, the City Council recently approved a two-year contract to host the Dallas Cowboys Summer Camp.

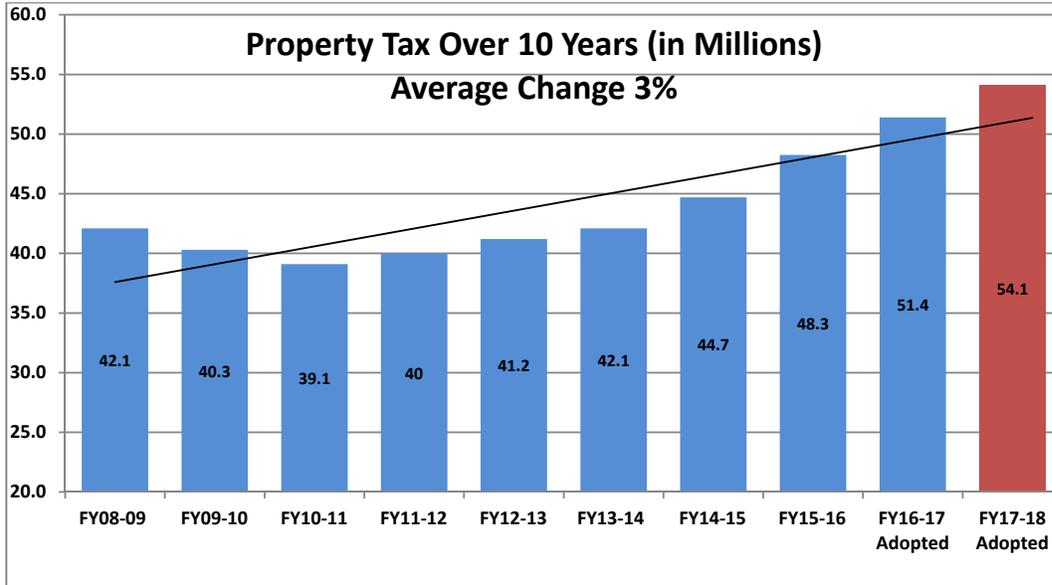
Businesses continue to expand and City residential development is strong. The Collection, a retail and entertainment complex in North Oxnard is now 75% complete and leased. The adjacent Riverpark residential community is also nearing completion. The Village, at the former Wagon Wheel site, is currently under development and will boast 50,000 square feet of new retail space, 1,500 new housing units, and a transit center.

Property taxes are estimated to produce \$51.1M in the current year. In FY2017-18, Property taxes are expected to grow by 5.0%, for an estimated \$54.1M for the General Fund. Historically, over the last ten years, the graph below depicts property tax average growth rate of 3.0%. The Ventura County Assessor projects continued growth in assessed values, due to economic influences. In addition, the City continues to experience large commercial and residential construction projects, which will also add to the assessed valuation.

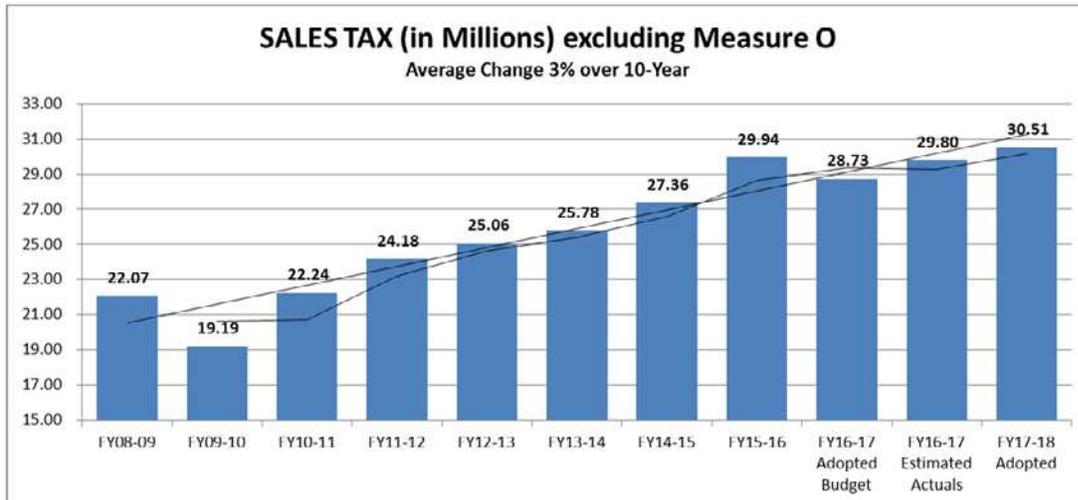


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Budget Message

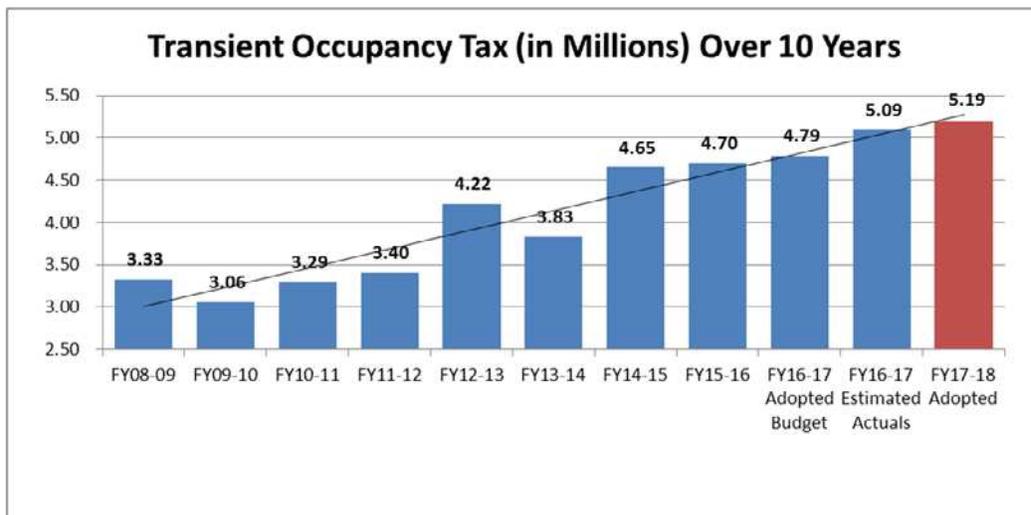


Sales taxes are projected to increase by 6.0% and produce \$30.5M in FY2017-18. This is an increase of approximately \$1.8 million over the prior fiscal year. The table below depicts sales tax over a 10-year period with historical growth averaging 3.0% per year.



Transient occupancy taxes will also grow by an expected 8.0% and produce \$5.2 million as compared to the FY2016-17 budget of \$4.8 million. This is an increase of approximately \$400,000.

Budget Message



Interest Earnings, per the Elected City Treasurer, are expected to increase by \$800,000 over prior year. This large increase, with approximately \$400,000 attributable to the General Fund, is due to the active management of the City’s investment portfolio. The City Treasurer has structured his investments in a ‘ladder format’ to reduce interest rate investment risks and better manage cash flow.

GENERAL FUND

General Fund revenues for the new fiscal year are projected to be \$125.0 million. This is an increase of \$2.9 million or 2.0% from the FY16-17 adopted budget of \$122.1 million. The major factors impacting General Fund revenues would be growth in Property Taxes, growth in Sales Taxes and the loss of the Infrastructure Use Fee, approximately \$3.0 million, from the City’s Water, Wastewater and Environmental Resources utilities.

Property Taxes represent the largest revenue source for the General Fund. In FY17-18, property taxes are expected to grow by \$2.8 million. This is a 5.0% increase from the FY2016-17 adopted budget of \$51.4 million.

Adopted General Fund appropriations total \$125.5 million for FY17-18 as compared to \$122.3 in the FY16-17 budget. The additional \$3.1 million adopted appropriation for the new fiscal year increases General Fund expenditures by 3.0%.

The largest growth in expenditures is for the Public Safety departments. Police Department appropriations will grow from \$52.5 million in FY2016-17 to \$54.9 million in FY2017-18 for an increase of approximately \$2.3 million, or 4.0%. Fire appropriations increase by \$2.5 million from \$15.9 million in FY 2016-17 to \$18.4 million in FY2017-18. This represents an increase of 16.0% in funding from prior year.

The additional fire expenditures are necessary given the need to host a 2017 Fire Academy and provide sufficient funds for mandated citywide station coverage levels.

Budget Message

WATER FUND

Given the City Council's approval of the pass-through rates and the new water rate adjustment scheduled to become effective September 2017, the Water Fund will improve over the next fiscal year. Water revenues are projected to be \$60.3 million in FY2017-18 compared to \$52.5M of Adopted Revenue in FY 16-17. This is an increase of \$7.8 million or 15% over the FY2016-17 Adopted Budget.

Water expenses in the new fiscal year are projected to be \$58.9 million, a decrease of approximately \$1.7million compared to the \$60.5 million of adopted expenditures in FY2016-17. Part of the decrease is attributable to the discontinuation of the Infrastructure Use Fee (IUF) for public safety and city facilities in the amount of \$1.2 million. Services and supplies also were reduced by \$3.2 million, and internal service charges went down by approximately \$816,000.

As a result of the rate adjustments and reduced expenses, the ending fund balance for the Water Fund on June 30, 2018 is estimated at \$16.6 million, an increase of \$1.4 million over prior year.

WASTEWATER FUND

The newly adopted Wastewater rates also strengthen the financial viability of the Wastewater Fund. The new rates allow the City to finance its ongoing daily operations and maintenance, fund needed capital improvements, and meet its outstanding debt obligations and debt covenants.

Given the approved rates for FY17-18, the wastewater fund will have projected revenues of \$63.1 million. This is an increase of \$27.3 million from FY2016-17. This increase is due primarily to a change in accounting methodology of operating transfers between Wastewater Collection and Treatment funds. Wastewater expenses are adopted at \$62.0 million, an increase of \$27.9 million from FY2016-17 adopted budget, which this increase also relates primarily to the new accounting methodology.

On June 30, 2018, the ending fund balance for the Wastewater Fund is projected to be \$11.1 million, which is an increase of \$1.1 million from prior year.

ENVIRONMENTAL RESOURCES

The Environmental Resources division is responsible for all solid waste services within the City. The proposed expense budget for FY2017-18 is approximately \$45.9 million, or \$2.9 million increase over prior year. Revenue for the enterprise fund is budgeted at \$44.3 million, which is a decrease of \$413,000 over prior year. This budgeted decrease is due to the proposed user rate increase not being adopted by Council in FY2015-16.

New user rates will be presented to Council during the FY2017-18 budget period. These rates will be needed to assist in needed repairs and upgrades to the Del Norte Collection Center, as well as the need to replace 32 refuse trucks. These trucks are all about 20 years in age, while

Budget Message

the average life expectancy for a truck is approximately 10 years to no more than 15 years. These trucks will be purchased through a lease/purchase agreement, which will allow the enterprise fund to spread the cost over multiple years.

The Environmental Resources division will be converting approximately 27 LBE positions to full-time status, as well as adding an additional 29 entry-level positions to assist in the sorting of the recyclable materials.

OXNARD FINANCING AUTHORITY

City debt payments will continue in the new budget at \$5.1 million for the General Fund, and \$26,632,843 for the Enterprise Funds. No long-term borrowings are contemplated in the new budget. The need for short-term debt may be necessitated by the requirement to replace aging fleet and stock. In particular, fire apparatus may need to be replaced.

BUDGET ADOPTION SCHEDULE

The city budget was adopted based on the following schedule:

Monday, June 5, 2017: City Council Budget Workshop No. 1, Starting at 5:00 p.m.

Wednesday, June 7, 2017: City Council Budget Workshop No. 2, Starting at 1:00 p.m.

Tuesday, June 13, 2017: Public Hearing On the Proposed FY2017-18 Budget.

Tuesday, June 20, 2017: City Council Adoption of FY2017-18 Budget.

Saturday, July 1, 2017: Start of the New Fiscal Year 2017-18.

The City Council held budget workshops to give the Council and the public an overview of department budgets and to provide information on the accomplishments, goals and specific department contributions to the Council strategic priority areas.

BUDGET WORKSHOP NO. 1 - JUNE 5, 2017 (REVISED TO REFLECT ACTUAL TIME HELD):

| <u>TIME</u> | <u>TOPIC</u> |
|--------------------|----------------------------|
| 5:00 - 5:50 P.M. | WELCOME & BUDGET OVERVIEW |
| 5:50 - 6:50 P.M. | POLICE DEPARTMENT |
| 6:50 - 7:35 P.M. | FIRE DEPARTMENT |
| 7:35 - 8:15 P.M. | DEVELOPMENT SERVICES |
| 8:15 - 8:45 P.M. | CITY ATTORNEY |
| 8:45 - 9:35 P.M. | CITY TREASURER/ CITY CLERK |
| 9:35 - 9:50 P.M. | CLOSING COMMENTS |

Budget Message

BUDGET WORKSHOP NO. 2 - JUNE 7, 2017(REVISED TO REFLECT ACTUAL TIME HELD):

| <u>TIME</u> | <u>TOPIC</u> |
|------------------|--|
| 1:00 - 1:15 P.M. | INTRODUCTORY REMARKS |
| 1:15 - 1:50 P.M. | CITY MANAGER’S OFFICE/ HOUSING AUTHORITY |
| 1:50 - 2:55 P.M. | PUBLIC WORKS –NON-UTILITIES |
| 2:55 - 3:15 P.M. | UTILITIES: ENVIRONMENTAL RESOURCES |
| 3:15 - 3:45 P.M. | UTILITIES: WATER |
| 3:45 - 4:15 P.M. | UTILITIES: WASTEWATER |
| 4:15 - 4:40 P.M. | FINANCE |
| 4:40 - 5:25 P.M. | CULTURAL & COMMUNITY SERVICES |
| 5:25 - 5:35 P.M. | INFORMATION TECHNOLOGY |
| 5:35 - 6:00 P.M. | HUMAN RESOURCES |
| 6:00 - 6:25 P.M. | MEASURE “O” |
| 6:25 - 7:00 P.M. | WRAP UP & NEXT STEPS |

CLOSING COMMENTS

The current fiscal year, that ended on June 30, 2017, was a whirlwind of activity. In a short twelve months the City staff has produced two Comprehensive Annual Financial Reports (CAFR), one for FY14-15 and one for FY15-16. The last CAFR, which was completed in February 2017, provided the City with the financial information needed to truly assess its financial condition. It provided audited beginning and ending fund balances that the City staff could trust and use to develop short-term financial goals and strategies to stabilize and build our various operating and capital budgets.

In addition, the audited financial information provided the City Council with the confidence to adopt the much needed water and wastewater rates that were imperative to the financial well-being of the City’s Water and Wastewater Funds.

The adopted budget builds on the financial information provided in the recently completed audits and attempts to limit expenditures while funding Council priorities.

ACKNOWLEDGMENTS

I want to acknowledge the efforts of City staff for their work and dedication over the last twelve months and in particular for the last six months. There has been considerable heavy lifting given the needs of the City. Much of this work was done while facing constant criticism and mistrust from certain elements of the community. It took its toll on certain members of City staff who have moved on, but others simply continued forward tirelessly and undaunted.

The City now has a new Finance Director, a new Assistant Finance Director, a new Human Resources Director, a new Police Chief, a new Fire Chief and two new Assistant City Managers. They have risen to the challenge in front of them and have worked passionately to help the City of Oxnard be successful.

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Budget Message

I especially want to commend the work of the Finance staff. They have produced this budget in record time without skipping a beat from one task to the other. Their efforts are to be duly noted.