



## MINUTES

Fiscal Policy Task Force  
Special Meeting  
Mountain View Conference Room  
300 West Third Street, Fourth Floor  
Oxnard, CA 93030

February 1, 2012  
9 a.m.

### A. Roll Call

Chairperson MacDonald called the meeting to order at 9:03 a.m. He noted that at Mr. Perello's request, the meeting would be tape recorded. Chairperson MacDonald and Vice-Chairperson Carmen Ramirez were present. In addition, the following staff members were present: Karen Burnham, Grace Magistrale Hoffman, Danielle Navas, Alan Holmberg, Christina Aerenlund, Martin Erickson, Jim Cameron, Grant Dunne, Mike More, Rob Roshanian, Beth Vo, and Tamara Reese. Members of the public present were: Bert Perello, Larry Stein, and Steve Nash, and Gretchen Wenner with the Ventura County Star. Guest present was: Jose Vera with Stone & Youngberg.

### B. Public Comments

Mr. Stein stated he was concerned about City valuations reporting and bond risk, along with total debt as it related to water bonds.

Mr. Perello asked how the City plans to address the Wastewater bond downgrade and other financial issues of the City and their impact on its ability to obtain future financing.

### C. Review and Approval of Minutes from December 8, 2011

A motion was made by Vice-Chairperson Ramirez and seconded by Chairperson MacDonald that the minutes be approved as presented.

### D. Establishment of a Regular Meeting Schedule and Meeting Location

After discussion, it was decided regular meetings of the Fiscal Policy Task Force will be scheduled for the second Wednesday of each month at 11 a.m. beginning April 11, 2012.

E. Task Force Business

- Wastewater Financial Review

Mr. Cameron shared handouts on potential Wastewater rates and discussed debt service coverage with regard to Wastewater bonds. Rate increases are intended to meet bond covenants regarding debt service coverage and increasing working capital.

Chairperson MacDonald asked how Oxnard's rates compare with other cities. Oxnard's rates are on the lower end. Rate increases of 12% and 8% this year and next are proposed with 5% increases anticipated for future years. Current Wastewater revenues are expected to surpass budgeted amounts by about \$1.6 million. A separate \$4.5 million payment for connection fees is being evaluated to determine if it would be included in the coverage calculation.

- Water Financial Review

Current water rates include pass-through adjustments from water suppliers. Water revenues are currently higher than predicted, due to increased usage as well as pass-through adjustments. In response to a question on the federal subsidy account by Vice-Chairperson Ramirez, Mr. Cameron explained the Build America Bonds were taxable bonds, with the higher interest costs subsidized by the Federal government under ARRA. While no water rate increase is proposed for FY 2012, a 3% increase is anticipated for future years.

- Water Bond Refunding

Mr. More stated the historic low interest rates have presented the opportunity to refinance the 2001 Water Bond issuance. Refinancing these bonds would yield an 11% net present value savings of about \$1 million, or about \$90,000 annually. Jose Vera with Stone & Youngberg noted the municipal bond market is currently very strong. If these bonds were refinanced, the term would not be extended and would be paid off in a 20 year period.

Discussion followed on the recent downgrade of City Wastewater bonds and its effect on future bond issuances. Mr. Cameron shared every bond fund is considered separately for revenue and debt servicing ratios for rating issues. However, demographics and management impact all bonds.

Mr. Stein asked about the GREAT program's potential customers, who will receive a 15% discount on their water costs. Mr. Roshanian stated the GREAT program water will be available for purchase in July, 2012, but noted so far there are no contractual agreements in place for the sale of the water. The proposed water rates do not include adjustments for the GREAT program, as customers and operating costs still need to be determined.

Mr. Perello asked if RFP/RFQ's were sent out to bond underwriters. Mr. Cameron responded that a pool of seven firms is in place that could potentially provide bond service. In this case, Stone & Youngberg brought forward the proposal.

Mr. Nash expressed concern that the Wastewater cost analysis might be too conservative, citing the aging bio-tower, current sewer trunk capacities, and rising energy and chemical costs. Mr. Roshanian stated the bio-tower is being analyzed for repair. Mr. Cameron noted that \$2.5 million is included annually; beginning in fiscal year 2013, for capital improvements and a potential bond issuance to provide capital for projects that may be considered in fiscal year 2014.

F. Discussion of Future Agenda Items

Vice-Chairperson Ramirez asked that a report on needed infrastructure and capital improvements for Enterprise Funds be presented at a future Fiscal Policy Task Force meeting.

G. Adjournment

The meeting was adjourned at 9:48 am.