



## MINUTES

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

December 8, 2011  
10:00 a.m.

### A. Roll Call

Chairperson MacDonald called the meeting to order at 10:05 a.m. 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, Martin Erickson, Jim Cameron, Mike More, Beth Vo, and Tamara Reese. Members of the public present were: Bert Perello and Steve Nash. Guests included: Steve Kinney with EDCO and Scott Rodde with the National Development Council.

### B. Public Comments

Mr. Nash stated his objection to using Measure "O" funds for the potential Grow Oxnard Fund. Mr. Perello stated Measure "O" spending for a program like the Grow Oxnard Fund is not what the voting public wants this money used for. Mr. Perello also suggested posting FPTF business on the City Manager's board for the public to see.

### C. Review and Approval of Minutes from October 19, 2011

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

### D. Task Force Business

- Measure "O" Grow America Fund

Mr. Cameron made introductory comments on the Grow America Fund and introduced Mr. Rodde, a director with the National Development Council. Mr. Rodde stated the NDC has been in existence since 1969 and noted he has been with the firm since 1976. Through the Grow America Fund, the NDC works with communities and their partners to provide funding for small businesses. They have worked with a variety of California cities, including Long Beach and Sacramento.

Mr. Rodde outlined the programs his firm offers. Typically, the monies provided are a 25:75 ratio, with cities providing 25% of capital and the NDC providing 75%. Loan amounts range

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from \$75,000 to \$2 million, but are typically in the \$200,000 range. Mr. Rodde outlined the various types and terms of loans made to small businesses.

Mr. Rodde explained the process potential borrowers go through to receive funding. He noted in today's economy, banks are deleveraging and have added many layers of approval, making small business loans often difficult to obtain.

Discussion followed on where the City's contribution of funds might come from. Possible sources include: redevelopment funds, CDBG, General Fund, and Measure "O".

The NDC works with community groups, such as the local Chamber of Commerce, the Downtown Management Association, and EDCO. Traditionally, many of NDC's small business loans have been made to minority, veteran, and women owned companies. The NDC works in partnership with local banking communities. Current loan interest rates are prime + 1% or 4.25%. NDC reports quarterly to their partners.

Mr. Rodde suggested use of this program could act as a "signaling tool" that the City of Oxnard cares about small businesses and job creation.

Currently, NDC's loan loss rate is about 8%. Mr. Rodde stated his firm works with borrowers to help them avoid default.

Mr. Erickson stated one of the reasons Mr. Rodde was asked to present this information today was City Council's concern about local small businesses and job creation. Currently, Oxnard's unemployment rate of 13.3% is higher than both state and federal levels. He added Measure "O" is a general purpose sales tax and could be used in this type of program.

Various questions were asked throughout the presentation. These questions and their answers included:

- Can businesses applying for loans be screened by type? Yes.
- Would the City be in a first or second lienholder position on loans? Preferably it would be in the first position, but that is not always possible.
- Where do NDC's funding sources come from? Community foundations and banks.
- Are loans primarily made to new or existing businesses? Usually to existing businesses.
- Is the NDC regulated by the SBA and does it receive regular audits? Yes.
- Can a City provide funding from various sources? Yes.
- What is the rate NDC charge on the loans it makes? A 2.5% loan management charge.

Mr. Holmberg asked for more information on the secondary loan program. Mr. Rodde reported the SBA section 7A loan guarantee allows that portion of the loan to be securitized.

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Mr. Kinney stated NDC's loan program would be valuable to the community to create and grow local small businesses and employment. He discussed how NDC's program differs from the VCTC loan program, which targets a different need.

Mr. Perello expressed concerns about NDC's partnership with EDCO. Chairperson MacDonald asked Mr. Perello and Mr. Nash their opinions about using a mix of City funds for the 25% capital required by the NDC. Both agreed that would be a better choice than using Measure "O" funds alone, depending on the conditions. Mr. Rodde was asked to provide references from other cities that have used the NDC, as well as additional information on its background, programs, and services.

- Fiscal Year 2011 - 2012 Financial Update

Mr. Cameron shared handouts outlining current national and local economic trends. He shared that a FY 2011-2012 financial update will be presented to Council at its December 13 meeting.

The economy appears to be in a slow state of recovery, although it could be impeded by Europe's debt crisis. Oxnard's unemployment rate is still very high, but has been reduced from 15.6% one year ago to its current rate of 13.3%. Sales tax figures have been up locally and throughout the nation. Home sales prices had been stable until October's reading.

Additional discussion regarding General Fund revenue projections included: franchise fees paid by The Gas Company will likely not return to previous levels, as well as the Vehicle License Fee not being restored by the State. It was noted the County of Ventura charges one quarter of one percent for tax bill assessment services provided to the City.

Currently, Mr. Cameron is predicting a General Fund revenue shortfall of about 1% for fiscal year 2011-2012. He noted other traditional methods of addressing revenue shortfalls have already been implemented, such as: reduced hiring, early retirements, and deferring capital projects. Addressing this revenue shortfall will be more difficult. Discussion followed about raising some fees, which has not been done in about five years.

#### E. Discussion of Future Agenda Items

- Scheduling regular meetings of the Fiscal Policy Task Force to the second Thursday of each month at 10 a.m.

#### F. Adjournment

The meeting was adjourned at 11:10 a.m.