



Meeting Date: 06 / 20 / 06

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Melissa L. Hettena *Melissa* Agenda Item No. I-9
 Reviewed By: City Manager *AMH* City Attorney *DA* Finance *CFM* Other (Specify) _____

DATE: June 5, 2006

TO: City Council
Housing Authority Board of Commissioners

FROM: S.D. Gonzalez, Housing Director *SDG*
Housing Department

SUBJECT: Reimbursement Agreement (Agreement) between Las Cortes, Inc. (Las Cortes), the City of Oxnard (City), and the City of Oxnard Housing Authority (OHA)

RECOMMENDATION

1. That the City Council approve and authorize the Mayor to execute a Reimbursement Agreement (A-6701) with Las Cortes, and the OHA for the reimbursement of staff salaries, cost of supplies, and the use of facilities.
2. That the OHA Board of Commissioners (Board) approve and authorize the Chairman to execute a Reimbursement Agreement (A-6701) with Las Cortes, and the City for the reimbursement of staff salaries, cost of supplies, and the use of facilities.

DISCUSSION

At its March 7, 2006 meeting, the Board authorized the formation of Las Cortes, a non-profit housing development corporation, to create and pursue affordable housing opportunities in the City. Las Cortes' initial project is the acquisition and operation of what are now 260 units of public housing located at 31-1, The Courts, which will become affordable housing developments owned and operated by Las Cortes.

Las Cortes anticipates that in connection with its acquisition of the nonprofit portion of 31-1, The Courts project, that it will hire staff and secure premises and supplies for the operation of its business. Las Cortes may require, for some period of time, the use of City and OHA resources in connection with its operation. Specifically, Las Cortes may use City or OHA staff, facilities, and office supplies to help it commence its operation.

The Agreement requires Las Cortes to pay the City and/or OHA as the case may be for supplies, services and personnel resources which the City or OHA provide to Las Cortes. All transactions will be carried out so that Las Cortes will be paying fair market value for the services, premises, or goods supplied.

Certain City employees pursuant to a previously executed separate agreement between the City and the OHA (Authority/City Agreement), provide services to the OHA. The OHA pays the City for such services in the amounts at rates determined under the terms of such agreement. To the extent that employees covered by the Authority/City Agreement perform services for Las Cortes, Las Cortes will reimburse the OHA in the amount and at rates which the OHA pays to the City for services of such employees. The rate is the burdened payroll rate for these employees. Las Cortes shall reimburse the City for the services of City employees not subject to the Authority/City Agreement at the City's burdened payroll rate for these employees. Las Cortes will reimburse the OHA pro rata for workers compensation insurance premium paid by the OHA in connection with Las Cortes' use of City employees.

Las Cortes, as a newly formed nonprofit corporation, is in its initial stages of operation. As such, the agreement provides that if Las Cortes does not have funds to pay invoices immediately, the City and HA will allow Las Cortes to accumulate charges with interest at the rate which the City earns on its investments in the local agency investment fund. Any outstanding balances shall be due upon initial lease up of the nonprofit units at 31-1, The Courts, and paid from Las Cortes' operating capital after deducting debt service and reasonable operating expenses.

The Agreement covers payment for services for a period not to exceed three years.

FINANCIAL IMPACT

The financial impact is as explained above.

Attachment #1 – Reimbursement Agreement
#2 – Las Cortes Three Year Budget

**AGREEMENT BETWEEN THE CITY OF OXNARD,
THE CITY OF OXNARD HOUSING AUTHORITY, AND LAS CORTES, INC.
CONCERNING REIMBURSEMENT**

RECITALS

1. This Agreement Between the City of Oxnard, The City of Oxnard Housing Authority, and Las Cortes, Inc ("Agreement") is entered into as of _____, 2006 by and between the City of Oxnard ("City"), the City of Oxnard Housing Authority ("Authority"), and Las Cortes, Incorporated ("Las Cortes").
2. On or about March 7, 2006, the Authority authorized the formation of Las Cortes, a non-profit corporation, to create and pursue affordable housing activities in the City of Oxnard.
3. Las Cortes was incorporated on March 16, 2006. Las Cortes' initial project is the acquisition and operation of what are now 260 units of public housing, which will become affordable housing developments operated by Las Cortes (the 31-1 Project).
4. The parties to this Agreement anticipate that, in connection with its acquisition of the 31-1 Project and its pursuit of other projects, Las Cortes will hire staff and secure premises and supplies for the operation of its business.
5. Las Cortes may use for some period of time, City and Authority resources in connection with its operations. Specifically, Las Cortes may use City or Authority staff and City or Authority facilities to help it commence operations and take steps necessary to participate in the 31-1 Project. Las Cortes may also use certain City or Authority office supplies.

AGREEMENT

6. The parties agree that Las Cortes will pay the City and/or the Authority as the case may be for supplies, services and personnel resources which the City or Authority provide to Las Cortes. All transactions will be carried out so that Las Cortes will be paying a fair value for the services, premises, or goods supplied or a value equivalent to what other persons and entities pay the City or the Authority for the same services, premises, or goods.
7. Certain City employees, pursuant to a separate agreement between the City and the Authority, provide services to the Authority. The Authority pays the City for such services in the amounts and at rates determined by such separate agreement. To the extent that such employees performs services for Las Cortes, Las Cortes will reimburse the Authority in the amount and at rates which the Authority pays to the City for services of such employees. This rate is the burdened payroll rate for these employees. Las Cortes shall reimburse the City for the services of City employees not the subject of agreement

between the City and Authority at the City's burdened payroll rate for these employees. Las Cortes will reimburse the Authority pro rata for workers compensation insurance premiums paid by the Authority in connection with Las Cortes' use of City employees as described above.

8. Las Cortes will reimburse the Authority and the City for the cost of all supplies or services, including the cost of conference room or office space, provided by the City and the Authority to Las Cortes at rates equivalent to the rates which third parties would be charged for similar services and supplies. The City and Authority shall invoice Las Cortes on at least a quarterly basis.

9. The City and Authority recognize that Las Cortes is in its initial stages of operation. To the extent that Las Cortes does not have operating capital to immediately pay invoices, the City and Authority will allow Las Cortes to accumulate charges with interest at the rate which the City earns on its investments in the local agency investment fund. Any outstanding balances shall be due upon initial lease up of the 31-1 project and shall be paid from Las Cortes income after deducting debt service and reasonable operating expenses. Should the parties disagree on the amount of available income at any point in time, the City Manager of the City shall make the final determination.

10. The Housing Authority will cause Las Cortes to be named as an insured under its existing commercial and general liability policies. The City will cause Las Cortes to be named as an insured under its excess coverages with the Big Independent Cities Excess Liability Pool. Las Cortes will reimburse the City and Housing Authority for all expenses incurred in connection with securing these coverages.

11. This Agreement shall serve as the agreement between the parties concerning the payment for services for a period not to exceed 3 years, provided, that nothing herein shall prevent the parties hereto from amending this Agreement during such period of time, or by adopting a new agreement by a writing signed by all parties during such 3 year period.

CITY OF OXNARD
HOUSING AUTHORITY

by _____
its _____

LAS CORTES, INC

by 
its _____

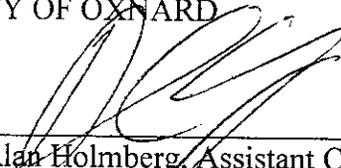
CITY OF OXNARD

by _____
its _____

APPROVED AS TO FORM:

CITY OF OXNARD

by

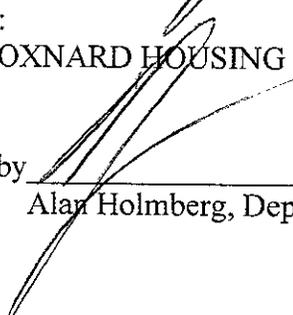


Alan Holmberg, Assistant City Attorney

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OXNARD HOUSING AUTHORITY

by



Alan Holmberg, Deputy General Counsel

**LAS CORTES
PROJECTED THREE YEAR BUDGET**

Description	Year 1	Year 2	Year 3	Total	Notes
Stationary	\$ 800	\$ 100	\$ 100	\$ 1,000	
Office space	2,400	2,400	2,400	7,200	
Office supplies	2,500	1,250	1,250	5,000	\$200/mo (postage, pencils, paper, etc.)
Office equipment	1,500			1,500	printer, fax
Misc sundry	1,000	500	500	2,000	fed ex fees, etc
Insurance	9,500	9,500	9,500	28,500	
Special counsel	25,000	10,000	10,000	45,000	
Staff time	150,000	150,000	150,000	450,000	1.5 staff equivalent (\$30/hour*1.45 benefits rate *2080 hours*1.5 staff persons=\$150,0000)
Travel	3,400	3,300	3,300	10,000	
Training	1,000	1,000	1,000	3,000	
Professional services	10,000	10,000	10,000	30,000	audits, tax preparation, misc studies (I.e. cost study)
501(c)(3) filing fee	500			500	
non-profit minimum tax	1,000	1,000	1,000	3,000	
phone lines	650	650	600	2,000	~\$50/mo
TOTAL	\$ 209,250	\$ 189,700	\$ 189,650	\$ 588,700	

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ATTACHMENT NO. 2
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RESPONSIBILITIES

- Naming of project
- Develop/monitor proforma
- Budget report review
- Lease-up of 260 non-profit units
- Staffing support for non-profit
- Rental management plan
- Implementation of the DDA for Non-Profit Housing including ground lease
- Develop operating budget
- Community center
- Operating policies
- Setup accounting systems?