



Meeting Date: 02/13/07

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" 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: Cyndi Hookstra, Management Analyst III *CH* Agenda Item No. 0-2
 Reviewed By: City Manager *MMH* City Attorney *NH* Finance *SW* Other (Specify) Public Works

DATE: February 6, 2007

TO: City Council

FROM: Michael Henderson, Deputy Public Works Director *M Henderson*
Public Works Department

FROM: Michael More, Financial Services Manager *Michael More*
Finance Department

SUBJECT: Allocation of Funds from Sale of 14 Acres of City Property and Victoria Lakes Course Construction Phase III

RECOMMENDATION

1. Approve a special budget appropriation in the amount of \$9,933,108 from the sale of 14 acres of City property (the "Property") to repay the loan due from the Golf Course Enterprise Fund to the Wastewater Enterprise Fund.
2. Approve a special budget appropriation in the amount of \$7,569,310 from the sale of the Property to pay for the construction of Phase III of the Victoria Lakes Golf Course.
3. Approve a special budget appropriation in the amount of \$387,855 from the sale of the Property to the Assessment District 2000-1 (Oxnard Blvd/Highway 101) Fund.
4. Approve the allocation of the remaining proceeds from the sale of the Property toward defeasance of the bonds associated with the River Ridge Golf Course.
5. Authorize the City Manager to execute a loan agreement in the form of Attachment No. 2, providing for a loan of up to the sum of \$8,500,000 from the Water Enterprise Fund to the Golf Course Fund, such agreement to be executed and such loan to be used only in the event funds are needed in connection with the repurchase of 14 acres of property from Casden Oxnard, LLC pursuant to Agreement No. 6802, executed November 28, 2006.

6. Authorize the City Manager to execute a loan agreement in the form of attachment No. 2 providing for a loan up to the sum of \$8,500,000 from the Wastewater Enterprise Fund to the Golf Course Fund, such agreement to be executed and such loan to be used only in the event funds are needed in connection with the repurchase of 14 acres of property from Casden Oxnard, LLC pursuant to Agreement No. 6802, executed November 28, 2006.

DISCUSSION – Golf Course Financing

On November 28, 2006, City Council approved Agreement No. A-6802 (the “Agreement”) between the City and Casden Oxnard LLC (“Buyer”), for the sale of 14 acres adjacent to the River Ridge Golf Course. The Property consists of an approximate 4 acres referred to as “River Ridge Fields” (the “4 Acres”), and a 10 acre parcel located west of Ventura Road, south of the Santa Clara River, and east of the River Ridge Golf Course (the “10 Acres”). Both the 4 Acres and the 10 Acres (collectively, the “Property”) were declared surplus on September 19, 2000, and the City complied with all surplus property procedures as established in Government Code Section 54220.

The Agreement contains a provision that allowed the Buyer to close escrow on or before January 10, 2007. In the event the Buyer is unable to obtain entitlements to build a certain number of units on the Property (e.g., 129 units on the 10 Acres and 36 units on the 4 Acres), the City is obligated to buy back the Property within 60 days’ notice of the Buyer’s request. This obligation expires on March 31, 2008. The Buyer exercised its option to close escrow early. As a result, the City received net proceeds of \$23,864,525 on January 10, 2007.

Staff is recommending that a portion of the net proceeds from the sale be appropriated to provide for the following:

- **Payoff of Assessment District No. 2000-1 lien.** A total of \$387,855 must be allocated to pay off the lien on the Property associated with Assessment District No. 2000-1 (Oxnard Blvd/Hwy 101 Interchange).
- **Payoff of Wastewater Loan to Golf Course Fund.** A total of \$9,933,108 (\$9.5 million in principal and \$433,108 in interest) is due to the Wastewater Enterprise Fund from the Golf Course Fund. It is more advantageous for the Golf Course Fund if the debt were paid off now due to the interest rate it is paying.
- **Construction of Phase III of the Victoria Lakes Golf Course.** Staff recommends that \$7,569,310 of the proceeds from the sale of the Property be appropriated toward the completion of Phase II and the construction of Phase III of the Victoria Lakes Golf Course.

In conjunction with the approval of the above appropriations, staff requests that City Council authorize the City Manager, if and when necessary, to execute two loan agreements, one between the Water Enterprise Fund and the Golf Course Fund in the amount of up to \$8,500,000 and one between the Golf Course Fund and the Wastewater Enterprise Fund in the amount of up to \$8,500.00. The loans would be a backup financing source that would *only* be drawn upon in the event that the Buyer of the Property exercises its option to sell the Property back to the City no later than March 31, 2008. These loans are intended to only provide an interim solution until staff could secure permanent financing. The loans cannot be drawn upon for any other purpose than the contingent obligation to buy back the Property from the Buyer.

If the above appropriations are approved, the balance remaining from the sale of the Property would be \$5,974,252. Staff recommends that this remaining balance be held as restricted cash in the Golf Course Fund until after the expiration of the time in which the Buyer can sell the Property back to the City, March 31, 2008. Interest earned on this money during this period would be used to offset interest expense on the debt of the original River Ridge Golf Course. After March 31, 2008, staff recommends that the remaining \$5,974,252 be used to legally defease a majority of the remaining debt on the original River Ridge Golf Course, which will have a remaining balance of \$8,130,249 at that time. Staff will present a proposal to City Council for the appropriation of the remaining funds in April 2008.

DISCUSSION – Golf Course Construction

The construction contract for Phase II of the Victoria Lakes Golf Course at the River Ridge Golf Club has been awarded and construction is underway. The estimated opening date for the completed 36-hole golf course is October 2007 with building construction estimated to be completed by December 2008.

The final phase of the Victoria Lakes Golf Course construction is Phase III. Phase III is the buildings, building improvements and other costs necessary to convert the River Ridge Golf Club into a 36-hole facility. In keeping with the City's desire to provide a first class golf club, careful analysis has been given to the type and size of the buildings necessary to support the operations and seamless blending of a 36-hole golf course. It is important to note that construction costs continue to rise and the buildings are an important complement to the completion of construction of all 36-holes. Building site development costs will vary with each building.

The building modifications are as follows.

Maintenance Building (\$945,000). Staff recommends a 4,150 square foot two bay maintenance building with one set of gender specific restrooms for both golfers and maintenance staff. This would also include a small concession area to service golfers. The addition of the small concession area would equate to only 10% of the cost because the utilities will already be in place from the initial construction of the building itself. It is estimated the concession area will recover the initial investment cost within three years.

Maintenance Storage Facilities (\$540,750). Staff recommends building one 6,500 square foot storage building and using the existing sprung structure which is 3,200 square feet. This is the sprung structure currently serving the Victoria Lakes Golf Course. The total cost of the strung structure would include relocation costs and contract buy out fees.

Clubhouse Remodel/Cart Storage (\$378,000). A total of 144 golf carts are needed for a 36-hole course. The current club house basement can accommodate 80 golf carts. To accommodate an additional 64 golf carts, staff recommends the existing cart basement be re-designed to provide an additional 36 spaces. With minor modifications, the southwest corner of the exterior porch will provide ten more spaces and an additional ten can be housed at the maintenance storage buildings. This will leave the course short eight cart spaces. After all of the buildings are built, additional storage area may be identified.

Victoria Lakes Restroom/Concession Building (\$131,250). Staff recommends constructing the new concession building with two bathrooms at the old trailer location for the convenience of the golfers. The cost of the original restroom facility estimate was \$150,000. Because the utility connections are already in place at the old trailer site, the construction cost will be 20% less than originally estimated. Restrooms in this vicinity are necessary because players spend approximately two and half hours between hole number 4 and hole number fourteen. Staff recommends a permanent restroom facility at this location since operational maintenance costs are higher for portable restrooms and they are also unsightly. In addition, this is a convenient location for the golfers to purchase refreshments as they play their round of golf. It is estimated the concession area will recover the initial investment cost within three years.

Kiosk (\$42,000). Staff recommends a replica of the existing starter building for use as the starter building for the Victoria Lakes Course. This will provide a consistent and familiar appearance to the course.

Site Development (\$141,750). The maintenance and storage builds are located on the old landfill burn site. The site must meet engineering and State Water Board requirements prior to building construction.

Additional Construction Costs

These are other costs of the golf course construction that are needed for the completion of the course. These other costs include, requirements as part for the Landfill Post Closure Plan, redesign of the buildings as described in this report, waters supply modifications due to the sale of the surplus golf course property, and other necessary improvements.

The Landfill Post Closure Plan requires certain elevations of dirt covering the landfill and the dirt must be of a pre-approved specific type. During Phase II, additional dirt was needed because the landfill continued to settle as the dirt was added and compacted to meet these required elevations. As result of this, the general contractor, Duininck Brothers Inc. (DBI) has requested additional compensation from the City for the additional cost incurred while compacting the additional dirt needed to meet the elevations on the landfill. In addition, a gas collection system is required as part for this Landfill Post Closure Plan. This system keeps any moisture from seeping into the landfill and eliminates water from running into the sewer system. This moisture is then withdrawn from the collection system and disposed off accordingly. Once the dirt placement phase of the construction was completed and the greens seeded, they must be maintained during the grow-in process. Staff recommends an agreement with High Tide and Green Grass for these grow-in services. They are the existing golf course contractor and will provide the necessary consistency and equipment to accomplish this delicate process. (\$2,245,600)

These other costs are for issues that have come to light as part of the construction process moving forward. These other costs are described as follows. Strategic Golf Design will need to redesign the structures with the approved changes per this report. For security, there is also a request to fund the perimeter fencing along Patterson Road and Victoria Avenue. The golf course parking lot has never been replaced and the asphalt is failing in several places. The water supply or deep well will need to be replaced due to the sale of the surplus ten acres. This is the existing deep well that feeds the golf course on this site. A cost that is not a result of the construction but is a necessary repair expense at the Vineyard Course is the replacement of the main irrigation pump at the current hole number 10. There

Golf Course Phase III

have been numerous attempts to repair this pump. After 23 years, it has now reached the point of replacement. This pump is necessary to supply the golf course with irrigation water. (\$1,940,000)

Staff recommends the approval of the River Ridge Golf Club Phase III with the building design modifications and other costs described in this report and the appropriation of a portion of the proceeds from the sale of the property described above as funding for this construction project and the repayment of the loan from the Wastewater fund.

FINANCIAL IMPACT

A total of \$9,933,108 will be appropriated to 651-6905-896-8507/8508 to repay the Wastewater loan. The amount of \$7,569,310 will be budgeted for Phase II/III expenditures for the Victoria Lakes Golf Course in 651-6905-824-8604 (Project No. 026901). In addition, \$387,855 will be appropriated to 513-9717-826-8605 (Project No. 873113) for the Oxnard Blvd/Highway 101 project relative to special assessments on the Property. The remaining balance from the sale of the Property, \$5,974,252 will be held as restricted cash in the Golf Course Fund, and will be appropriated at a later date, which is anticipated to be April 2008.

(MH/ch)

Attachment #1 - Special Budget Appropriation

#2 - Financial Agreement Form

#3 - Cost estimate - Phase III Golf Course Buildings

CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

February 13, 2007

Request is hereby made for an appropriation of total

\$ 17,890,273

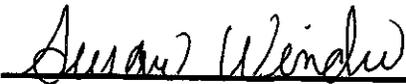
Reason for appropriation: Appropriation of interest earnings.

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Golf Course Operating (651)	Golf Course Operating Fund 651-6905-	
	581-7524 - Sale of Real Property	(23,476,670)
	896-8507 - Loan Principal Payment	9,500,000
	896-8508 - Loan Interest Payment	433,108
	824-8604 (#026901) - Improvements	<u>7,569,310</u>
	Net Estimated Change to Golf Course Operating Fund Balance	\$ <u>5,974,252</u>
Assess. Distr. 2000-1 Fund (513)	Assessment District 2000-1 Fund	
	513-1901-591-7554 - Sp. Assessment Revenue	(387,855)
	513-9717-826-8605 (873113) - Improvements	<u>387,855</u>
	Net Estimated Change to Assessment District 2000-1 Fund Balance	\$ <u>-</u>


 Program Leader

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE


 Susan Wendler

Disposition	Approved _____
	Rejected _____
Transfer by Journal Voucher _____	City Manager _____

ATTACHMENT NO. 1
 PAGE 1 OF 1

FINANCIAL AGREEMENT

This Financial Agreement is entered into as of this ____ day of _____, by and between the City of Oxnard, a municipal corporation duly organized and validly existing under the laws of the State of California through its Wastewater Enterprise Fund (the "Wastewater Fund") on the one hand, and the City of Oxnard, duly established under the laws of the State of California through its Golf Course Fund (the "Project Fund") on the other hand.

RECITALS

WHEREAS, the Project Fund desires to borrow an amount of _____ Dollars (\$_____) from the Wastewater Fund in connection with repurchase of approximately 14 acres of property adjacent to the River Ridge Gold Course; and

WHEREAS, the Wastewater Fund has available funds in unreserved, undesignated fund balances to loan to the Project Fund the sum of _____ Dollars (_____).

WHEREAS, such available funds are currently invested earning interest at amounts comparable to the Local Agency Investment Fund ("LAIF") rate of interest; and

WHEREAS, such available funds are projected to remain available for the next fiscal year; and

WHEREAS, the Project Fund has agreed to pay an interest rate of LAIF during the term that such funds are used by the Project Fund; and

WHEREAS, the Wastewater Fund benefits from the loan by being able to earn a reasonable interest rate on idle funds; and

WHEREAS, the Project Fund benefits from the loan because the funds will allow timely purchase of the above-referenced property;

AGREEMENT

NOW THEREFORE, the Project Fund and the Wastewater Fund hereby agree as follows:

Section 1 Wastewater Fund Loan to Project Fund

The Wastewater Fund agrees to loan the Project Fund _____ Dollars (\$_____). The loan will accrue simple interest from the date received by the Project Fund at the average interest rate of LAIF. The LAIF rate shall be the average rate for each month ending one month prior to the payment due date.

Section 2 Fund Repayment of Loan

The Project Fund hereby agrees to repay the Wastewater Fund the principal balance then outstanding, plus interest as set out above, on or before _____, unless the Project Fund and the Wastewater Fund have negotiated an extension of the loan pursuant to Section 4 of this Financial Agreement.

Section 3 Prepayment of Loan

Without Penalty, the Project Fund may prepay all or a portion of the principal and interest at any time.

Section 4 Term

The term of this Financial Agreement shall be from _____, to _____, with the remaining amount of the loan, pursuant to Section 2 of this Financial Agreement being due and payable on that date. Upon mutual written agreement of the Wastewater Fund and the Project Fund, the term of this loan may be extended.

Section 5 Execution in Counterparts

This Financial Agreement may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 6 Governing Law

This Financial Agreement shall be interpreted in accordance with the laws of the State of California.

Section 7 Integration

This Financial Agreement constitutes the whole agreement between the parties hereto with respect to the subject matter hereof, and neither party nor any of its agents or employees has made any representation except as specifically provided herein.

Section 8 Amendment

This Financial Agreement may be modified in writing when agreed to by both the Wastewater Fund and Project Fund.

IN WITNESS WHEREOF, the parties hereto have executed and attested the execution of this Financial Agreement as of the date set forth above.

CITY OF OXNARD, through its
Golf Course Fund

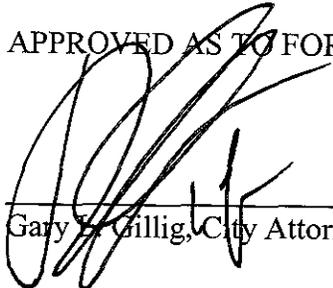
CITY OF OXNARD, through its
General Fund

Edmund F. Sotelo, City Manager

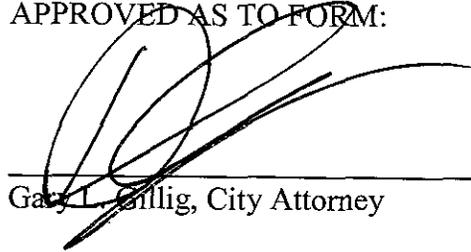
Edmund F. Sotelo, City Manager

APPROVED AS TO FORM:

APPROVED AS TO FORM:



Gary L. Gillig, City Attorney



Gary L. Gillig, City Attorney

APPROVED AS TO CONTENT:

APPROVED AS TO CONTENT:

Susan Winder, Acting Finance Director

Susan Winder, Acting Finance Director

River Ridge Golf Club

Buildings:

<i>Item</i>	<i>Cost Estimate</i>
Maintenance Building	\$945,000.00
Maintenance Storage/Sprung Structure	\$540,750.00
Clubhouse Remodel	\$378,000.00
Victoria Lakes Restroom/Concession	\$131,250.00
Kiosk	\$42,000.00
Site Development	\$141,750.00
Subtotal	\$2,178,750.00
Indirect Costs (25%)	\$544,590.00
Contingency (15%)	\$326,810.00
Total for Buildings	\$3,050,150.00

Additional Construction Costs:

Phase II additional dirt and transportation	\$803,000.00
VRSD required gas collection system (Vineyard Course)	\$360,000.00
Dirt Liability Contingency	\$850,000.00
Maintenance and Grow-in of all new holes	\$232,600.00
Subtotal	\$2,245,600.00
Perimeter Fencing – Patterson/Victoria Roads	\$200,000.00
Parking Lot Resurfacing	\$400,000.00
Water Supply Modifications	\$950,000.00
Replacement of the irrigation pump (Vineyard Course)	\$140,000.00
Strategic Golf Design Contract	\$250,000.00
Subtotal	\$1,940,000.00
Contingency (10% excluding dirt liability)	\$333,560.00
Total Other Costs:	\$4,519,160.00

Summary Phase III Costs:

Buildings	\$3,050,150.00
Additional Construction Costs	\$4,519,160.00
Total Phase III:	\$7,569,310.00

ATTACHMENT NO. 3

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