

City of Oxnard: River Ridge Revisited

Summary

The City of Oxnard (the “City”) for many years administered the River Ridge Golf Course (“River Ridge”) under an unofficial agreement, which was slightly different from that recorded in the City’s archives and delivered to the 2002-2003 Grand Jury (the “2003 Jury”) for its review. The unofficial agreement’s requirements were less demanding than those of the official agreement. The City attributed this “quite rare, curious and astonishing” state of the record to “inadvertence, mistake or negligence.”

The City in response to the detailed report of the 2003 Jury rejected all but one of the Grand Jury’s many substantive findings and recommendations and demonstrated an adamant resistance to criticism contained in the report. Moreover, contrary to that report’s obvious intent, after ratifying the language of the expired unofficial agreement as the “correct one,” the City amended the agreement currently in force to adopt the lesser standard of audit than had been present in the unofficial agreement. In the Jury’s opinion the presentation made to the City Council on the subject of amendments was ambiguous, and may have led the City council to believe the audit amendment and change to the “joint account” language were “per the Grand Jury’s recommendations,” which they clearly were not.

By its words and deeds the City has elected to continue its “trust me” relationship with the River Ridge operator, High Tide & Green Grass, Inc. (“High Tide”), relying in practice solely on pre-expenditure budget approvals in lieu of audit or review of actual authorized expenditures of City money. In its explanation to the public the City has repeatedly referred to its right to look deeper into the reconciliation of those accounts, though it has never done so over the entire 11-year history of the agreements to date. The City, however, did procure a financial audit of the financial statements of High Tide in response to the one recommendation of the 2003 Jury upon which it acted.

The City’s lax financial oversight of the River Ridge agreements is compounded by the fact that the City, through an appointment of agency to High Tide by the city treasurer, empowered High Tide to collect the City’s River Ridge revenues, deposit them in its private corporate accounts and spend them without audit of the expenditures or the required periodic reconciliation of the accounts to authorized expenditures.

Apparently, the City’s and the City treasurer’s rationale for permitting the deposit and spending of City money from private corporate accounts is based on an erroneous analogy of the City-High Tide-River Ridge circumstances to a lessor-lessee relationship which, in fact and law, does not exist.

The 2003-2004 Grand Jury (the “2004 Jury,” or “Jury”) has concluded, as did the 2003 Jury, that such banking arrangements are inadequate and are poor business practices because they fail to protect the accountability and security of public money. Moreover, it is the opinion of the 2004 Jury, as was that of the 2003 Jury, that such deposit and

control are likely improper as not in accordance with California statutory requirements for the deposit and safekeeping of public money.

A survey of seven other publicly owned golf courses in Ventura County reveals that in all but one agreement applying to two courses, a lessor-lessee paradigm is utilized. These agreements contain almost all of the safeguards and practices recommended by the 2003 Jury and reiterated, in principle, by the 2004 Jury. The one non-lessor-lessee agreement examined is apparently deficient in that it permits the deposit of public money into a private corporate account of the operator. However, that deficiency is greatly mitigated by the terms of the agreement, which impose strict regulation and oversight over those accounts, i.e., monthly payment to the public entity of net operating income and monthly reported reconciliation of the accounts to include expenditures and submission of the bank statements as source documentation.

Background

The 2003 Jury reported on the City's stewardship of its wholly owned River Ridge Golf Course and the City's representation of that stewardship to the public.

In that report the 2003 Jury criticized both the City's stewardship of River Ridge and its representation of that stewardship to the public in several respects, *viz.*, accounting oversight of the contracted operator and City revenues, the city treasurer's controls with respect to the City's River Ridge revenue, contract deficiencies and the method of management utilized for River Ridge.

Subsequent to the publication of the 2003 Jury report, the City and the mayor, through their mandated formal responses and in the public statements of other City officials, took issue with all but one of the various substantive findings and recommendations of the report. In effect, the City and the mayor rejected those findings by word and deed and criticized the 2003 Jury for their perception of its alleged lack of thoroughness. In addition, it was disclosed in a public forum that the City had provided questionable documentation to the 2003 Jury in response to the Jury's official documentation request.

The 2004 Jury, as part of its regular and normal duties, reviewed the City's and the mayor's formal responses and took notice of other City comment and activity with respect to the 2003 Jury report and elected to proceed with its own inquiry into these matters.

Methodology

The 2004 Jury considered the formal responses of the City and the mayor and took note of other published comment of City officials. The Jury considered the court testimony of certain City officials in connection with a lawsuit against the City and, also, fresh complaint material submitted by various complainants. In addition, the Jury reviewed video tapes of city council meetings held after the 2003 Jury report was published. These videos contained material relevant to the River Ridge and High Tide matters. The Jury, at its initiation and in response to the City's invitation, also met with the City manager, the assistant City manager, the director of public works, the finance director,

the parks and recreation manager, the assistant City attorney and the president of High Tide at the City's offices. The Jury interviewed the City treasurer in chambers. The Jury also talked briefly with the City clerk before his departure for active duty with the Armed Forces and he supplied the Jury with certified copies of the various contracts involved in the history of management of River Ridge.

In reviewing the City's and the mayor's responses to the 2003 Jury's report, the 2004 Jury also considered the objective written material compiled by the 2003 Jury. The Jury collected and examined contracts for the operation and maintenance of seven publicly owned golf courses in Ventura County and discussed the management of such facilities with several officials within the county. Additionally, the Jury interviewed a major golf course management company which manages golf courses within California. The Jury discussed the duties of collection, care and accountability for public money by city and county officials with certain city and county officials charged with those responsibilities.

Findings

Contract Confusion

- F-01.** Upon request, the City clerk provided the 2003 Jury with the "Agreement for Operation, Maintenance and Management of the River Ridge Golf Club," effective on December 1, 1993 (the "Original Agreement").
- F-02.** The Original Agreement provided by the City clerk was produced from the official archives of the City.
- F-03.** In the course of litigation in connection with a legal dispute between a former employee of the City and the City, it was discovered that a slightly different version of the Original Agreement (the "Different Agreement") existed and had been the version used by both the City and High Tide in the management of River Ridge.
- F-04.** The Different Agreement is said to have been in the possession of the City attorney, the City finance director and High Tide.
- F-05.** The difference between the Original Agreement and the Different Agreement is that the Original Agreement required High Tide to submit to the City an annual financial statement showing in reasonably accurate detail the financial activities of High Tide certified by an independent auditor which had to include a statement that the *financial statements* were completed in compliance with generally accepted accounting principles (GAAP), whereas the Different Agreement had a lesser requirement.
- F-06.** The Different Agreement required that High Tide need only submit to the City an annual financial statement showing, in reasonably accurate detail, the financial activities of High Tide certified by an independent auditor that only the *annual revenues* are in compliance with GAAP.
- F-07.** The difference in these requirements is that under the Original Agreement the audit and certification applied to both High Tide *revenues and expenditures*,

whereas in the Different Agreement the language required the audit and certification of only *revenues*.

- F-08.** In practice, the City relies solely on pre-expenditure budget approvals in lieu of audit or review of actual authorized expenditures of City money. There is no requirement for supplying to the City reconciliations of the River Ridge accounts to budget.
- F-09.** City officials, in responding publicly to the 2003 Jury report, have repeatedly referred to its right to look deeper into the reconciliation of those accounts, though it has never done so over the entire 11-year history of the agreements to date.
- F-10.** The River Ridge golf course management agreement is the only business of High Tide.
- F-11.** The City clerk has stated that the Different Agreement “has been determined by staff to be the correct agreement....”
- F-12.** The determination that the Different Agreement “has been determined by staff to be the correct agreement...” is reported to have been based on the recollection of the City attorney, the reputed drafter of the Original Agreement.
- F-13.** The drafter of the Original Agreement maintains that the requirement for only a revenue audit was the “original intent.”
- F-14.** The expired Different Agreement, which had been superseded on December 15, 1998, was submitted to City council on January 6, 2004 and approved formally as having been the “correct” agreement.
- F-15.** Responsible City officials have described the presence of two differing official versions of the River Ridge agreement as “rare,” “curious,” “astonishing” and “quite rare.”
- F-16.** The City official responsible for overseeing the contracting process in the High Tide instance attributes the discrepancy to inadvertence, mistake or negligence.
- F-17.** The City manager has stated that the discrepant versions resulted from clerical error.
- F-18.** The comparable audit language in the “Second Agreement for Operation, Maintenance and Management of the River Ridge Golf Club,” effective on December 15, 1998, (the “Second Agreement,” or “Present Agreement”) is identical to that contained in the Original Agreement requiring an audit of the financial statements (revenues and expenditures) of High Tide in accordance with GAAP.
- F-19.** The language characterized as the “original intent” contained in the Different Agreement did not appear in the subsequent Second Agreement.
- F-20.** The Second Agreement was amended by the City council by a First Amendment on December 9, 2003.

- F-21.** The Second Agreement was amended to change, inter alia, the requirement for a certified independent GAAP audit of financial statements (revenues and expenditures) as required in the Original Agreement, to the lesser requirement for a certified independent GAAP audit of only the revenues, as reflected in the Different Agreement.
- F-22.** In processing the First Amendment to the Second Agreement ambiguous presentations supporting and urging the amendments may have led City Council members to believe erroneously that the proposed amendments were compatible with the recommendations of the 2003 Jury's report.
- F-23.** In the city council hearing on December 9, 2003, presenting Amendment Number One to the High Tide contract for approval, the City's River Ridge program manager responded "Yes" to a council member's question, "This is per the Grand Jury recommendations?"
- F-24.** The city council had also been informed in an agenda item memorandum dated 12/09/03 that, "During the process of responding to a recent Grand Jury report relating to the management of [River Ridge], [City] staff identified several provisions of the current agreement...that require update.... Another amendment properly describes the scope of the independent audit of the Operator's operations as a certified audit of 'annual revenues as indicated in the financial statement' and not an audit of the financial statement."

The Account Established Jointly

- F-25.** The language of the Original, the Different and the Second Agreements, before recent amendments, required that, "Operator shall establish in the name of the City and Operator, jointly, such bank accounts as required for the operation, maintenance and management of the Golf Course...."
- F-26.** The language of the Original, the Different and the Second Agreements, before recent amendment, in discussing payment to High Tide used the term "joint account" three times in each agreement.
- F-27.** The City in its response to the 2003 Jury, quite accurately stated, "There never was a joint account."
- F-28.** The 2004 Jury agrees with the 2003 Jury report's Conclusion 13, that a "joint account" under the circumstances of the River Ridge agreement would have been improper.
- F-29.** Contrary to the provisions of the Original, the Different and the Second Agreements, High Tide established private corporate accounts and deposited City revenues collected by it into these private corporate accounts.
- F-30.** Apparently in response to the 2003 Jury's report, the City staff informed the City council that "staff identified several portions of the current agreement [the Second Agreement]... that require update."
- F-31.** The council was then informed "One amendment concerns properly describing the account with a financial institution for the deposit of Golf Course revenues."

- F-32.** To “properly describe” the account for receipt of City golf course revenues, the Second Agreement was amended to read “City and Operator will establish such bank accounts, jointly...” rather than having High Tide establish such accounts “in the name of the City and Operator, jointly....”
- F-33.** Though the language discussed above was substituted in the Second Agreement, the character and operation of these accounts has not changed in any way from the prior operation of these accounts. The accounts remain sole commercial accounts in the name of High Tide.
- F-34.** Paragraph 10a. of the Second Agreement provides that “at the end of each calendar month..., [High Tide] shall pay itself from the account established jointly the minimum monthly payment provided for in...this Section 10, from which [High Tide] shall pay all expenses incurred to operate the Golf Course.”
- F-35.** High Tide does not pay itself the minimum monthly payment from the account established jointly, but pays its operating expenses directly from that account as those expenses arise and become due.
- F-36.** The public money character of the funds deposited in the High Tide River Ridge accounts, that is, public money collected by High Tide as the agent of the City treasurer, does not change until it is withdrawn by High Tide when disbursed for its own purposes to satisfy High Tide’s, not the City’s, obligations.

The City Treasurer’s Care of Public Monies

- F-37.** The 2003 Jury found that the City treasurer by letter dated February 7, 1994, appointed High Tide an agent for the City for the limited purpose of operating River Ridge.
- F-38.** The treasurer’s letter of February 7, 1994, specifically extended the agency appointment to the collection of money in the name of a City-owned facility.
- F-39.** The power granted in the treasurer’s letter of February 7, 1994, has never been revoked or modified.
- F-40.** Paragraph 10a. of the Second Agreement, amended on December 9, 2003, requires High Tide to “collect all revenues from the operation of the Golf Course and deposit such revenues in an account established jointly [as contrasted with a ‘joint account’] by the City and Operator....”
- F-41.** The City treasurer analogizes the collection of City revenues by her fiduciary agent, High Tide, to rents paid by sub-lessees as rent to a lessee of the City.
- F-42.** Rents paid by sub-lessees to a lessee are the property of the lessor with whom the sub-lessee contracted, not the property of the prime lessor.
- F-43.** No lease agreement exists in connection with High Tide’s relationship with the City for the management of River Ridge.
- F-44.** High Tide is not in a tenant-landlord relationship with the City.
- F-45.** Though the City has no power to draw on the High Tide River Ridge accounts, the City treasurer believes the City has merely a possessory right in the nature of a lien to its money in those High Tide accounts.

- F-46.** The 2003 Jury found that High Tide collected money at River Ridge as an agent for the City.
- F-47.** The City responded that High Tide was not an agent for the City, but “is an agent for the River Ridge Golf Club, which is owned by the City.”
- F-48.** The City treasurer’s and the City’s only power with respect to the corporate High Tide River Ridge accounts “established jointly” is that granted by High Tide to the bank by letter dated November 30, 1993, and confirmed to the City by the bank as recently as June 20, 2002.
- F-49.** The power granted to the City by High Tide is to permit the City “complete access to any and all activity involving our corporate accounts...” and “to suspend financial activity on our accounts.”
- F-50.** City money deposited in the River Ridge High Tide corporate accounts remains City money until spent by High Tide directly for operations or is returned to City custody at the end of the fiscal year.
- F-51.** Interest accruing from the City money in these accounts becomes part of the base revenue amount to be divided between the City and High Tide rather than being segregated as accruing to the City, i.e., the City shares with High Tide the passive interest accruing on its money.
- F-52.** Payment of City money to High Tide for operating, maintaining, and managing River Ridge, as provided for in all iterations of the agreement, is from High Tide to High Tide.
- F-53.** California Government Code sections 41001 through 41007 set forth the detailed duties of the treasurer, which include, inter alia, “receive and safely keep all money coming into his hands as treasurer....”
- F-54.** California Government Code section 53630 et seq., make the treasurer responsible for investing City money.
- F-55.** Several interviewed city and county officials charged with the duties of collection, care and accountability for public money, while expressing no opinion with respect to the lawfulness of circumstances present in this case, uniformly expressed surprise and doubt with respect to the appropriateness of such an arrangement for the custody and accountability of public funds.

Comparative Golf Course Management

- F-56.** Five of the seven publicly owned golf courses in Ventura County examined by the Jury are managed under management agreements leasing the property to the lessee/manager (“Five Public Courses”).
- F-57.** Management of the Five Public Courses collect revenue for themselves as lessees, pay the public entity lessor monthly or yearly rent, and monthly pay additional income to the public entity lessors as provided for in the contracts.
- F-58.** One of the Five Public Courses, in addition to collecting revenue for itself as lessee, collects specified revenue for the public entity lessor and daily deposits that revenue into a designated public entity account.

- F-59.** Of the seven publicly owned golf courses examined, two under a single contract have a management contract without a leasing agreement.
- F-60.** The management-only golf course agreement provides for the collection of revenue for the public entity owner and deposit into contractor accounts.
- F-61.** The management-only golf course agreement requires that the manager monthly pay the public entity owner “all net operating income” collected.
- F-62.** “Net operating income” is defined in the agreement as all revenue received except golf course lessons, if paid directly to manager staff, less “Expenses and Approved Capital Expenditures....”
- F-63.** The management-only golf course agreement calls for monthly financial statements that include, inter alia, “income statements and bank reconciliations reflecting all financial records including payroll, maintenance and operational expenses and revenues.... Bank statements will be included as source documents to bank reconciliations.”
- F-64.** The agreements of all seven publicly owned golf courses examined by the Jury required point-of-sale or service accountability to include unlimited access to that data by the public entity concerned.

Contract Provisions

- F-65.** Though High Tide is required to submit budgets and operate within them, with certain provisions for change and review, the Original, the Different and the Second Agreements state that High Tide “shall not be deemed to have made any guarantee, warranty or representation whatsoever in connection with the budgets. City acknowledges that the budgets are intended only to be reasonable estimates.”
- F-66.** Review of the Second Agreement, as amended, reveals that the recommendations of the 2003 Jury for correction of deficiencies regarding, inter alia, High Tide’s being specifically absolved of accountability for its budget and the question of disposition of under-runs from the budget, the defective disputes article and the lack of a termination for convenience article (considering the lack of capital investment by High Tide in the enterprise) were not implemented.
- F-67.** There is no provision in the contract requiring monthly reconciliation of the High Tide corporate bank accounts to include reporting the results of that reconciliation to the City with the reconciliation extending to the actual expenditures related to budget authority and the provision of the bank statements to the City as source documents.

Conclusions

Contract Confusion

- C-01.** The City was, at the least, negligent in the processing and recording of the River Ridge Original Agreement. (F-05, F-06 F-07, F-11, F-15, F-16, F-17)

- C-02.** There was a material difference between the Original Agreement and the Different Agreement, which required a lesser standard of the certified independent audit of High Tide. (F-07, F-08, F-09, F-19)
- C-03.** The City erroneously administered the operation of River Ridge under the terms and conditions of the unofficial Different Agreement. (F-05, F-06, F-07)
- C-04.** In order to justify the erroneous administration of the High Tide River Ridge agreement, the City unnecessarily ratified the expired Different Agreement as the “correct” agreement. (F-14)
- C-05.** Absent further unexplained negligence, the fact that the purported “original intent” of the lesser audit standard was not the standard included in the subsequent Second Agreement calls into question the validity of the assertion that the lesser standard was the “original intent.” (F-18, F-19)
- C-06.** In processing the First Amendment to the Second Agreement ambiguous presentations supporting and urging the amendments may have led City Council members to believe erroneously that the proposed amendments were compatible with the recommendations of the 2003 Jury’s report. (F-22, F-23, F-24, F-30 through F-33)

The Account Established Jointly

- C-07.** Regardless of the prior wording, “establish[ed] in the name of the City and [High Tide], jointly,” or the changed present wording of the amended Second Agreement, “City and [High Tide] will establish such bank accounts jointly...” the character and operation of the accounts have remained throughout as commercial corporate accounts solely in the name of High Tide. (F-26, F-27, F-29, F-34, F-36, F-50)
- C-08.** In the opinion of the Jury, the City’s rewording of the contracts in an effort to respond publicly to the 2003 Jury’s report is an engagement in sophistry. (F-30 through F-33)
- C-09.** Though the City has fashioned language that implies or infers that the City has some kind of ownership of the High Tide River Ridge accounts, the City has no ownership of those accounts. (F-29, F-31, F-32, F-33, F-36)
- C-10.** The City in its response to the 2003 Grand Jury report apparently misunderstood the report’s discussion with regard to the purported “joint accounts” as criticism of the City’s failure to establish a “joint account” as required by the agreement. (F-27, F-30, F-31, F-32)
- C-11.** The character of the money deposited in the High Tide River Ridge accounts, public money collected by High Tide as the fiduciary agent of the city treasurer, does not change until it is withdrawn by High Tide when disbursed for High Tide’s own purposes to satisfy High Tide’s, not the City’s, obligations. (F-29, F-34 through F-37, F-40, F-45, F-46, F-50)
- C-12.** Money deposited in the High Tide corporate accounts remains the City’s money until it may be paid out in “monthly minimum payments,” though historically that contractual obligation has been ignored, and at the end of the fiscal year

when the additional payment to High Tide is determined based on the amount “base revenue” exceeds stated “minimum base revenues.” (F-29, F-35, F-36, F-39, F-43, F-45, F-46, F-50)

- C-13. The use of a private corporate account, under the circumstances of the High Tide River Ridge agreement with the City of Oxnard, is inappropriate for the deposit and safe keeping of public money. (F-52 through F-55)
- C-14. Because High Tide does not pay itself the minimum monthly payment from the account established jointly (as required by the agreement) into another operating corporate account, but pays its operating expenses directly from the “account established jointly” as those expenses arise and become due, High Tide is paying those obligations with City money. (F-29, F-35, F-36, F-37, F-40, F-45, F-46, F-50)
- C-15. Actual expenditures are unaudited because of the changed language of the audit provisions and the lack of a requirement for bank account reconciliation to include actual expenses paid. (F-07, F-08, F-09, F-21, F-24)
- C-16. The right to inquire, audit and examine documents and records is an inadequate financial oversight safeguard in the absence of mandatory periodic exercise of that right or the provision for periodic mandatory detailed reports on those matters related to such oversight. (F-08, F-09)

The City Treasurer’s Care of Public Monies

- C-17. The 2004 Jury agrees that the 2003 Jury was correct when it concluded that when the City treasurer appointed High Tide as the treasurer’s agent to collect the revenues of its wholly owned golf course, that agent was acting for the City as agent and, therefore, was the agent of the City for that purpose. (F-37, F-40, F-46, F-50)
- C-18. The City’s assertion in its response to the 2003 Jury’s report that High Tide is not an agent of the City but is an agent of its wholly owned golf course, though appointed by the city treasurer acting on behalf of and in the interest of the City, is yet another exercise in sophistry. (F-25, F-26, F-32, F-33)
- C-19. Collection of revenue derived from the operation of a wholly owned City business under an appointment of agency granted by the City treasurer acting for and in the City’s interest, a priori, is the collection of money for the City. (F-37 through F-40, F-46, F-50)
- C-20. The City treasurer’s analogy of the collection of the City’s money by the City’s agent from a City commercial endeavor to that of a lessee of the City collecting his rents from sub-lessees is a false analogy. In the first case the collected money is that of the principal at all times whereas in the second case the money is the City lessee’s money paid as rents under the sub-lease contracts and is not that of the City. This is so even though the City’s lessee may pay its rent to the City out of the rents collected from the sub-lessees. (F-42, F-43, F-44)
- C-21. Permitting High Tide to operate its financial business with City money deposited in its corporate accounts appears to the Grand Jury to be improper, contrary to the provisions of the Second Agreement, and avoids reasonable and

- state requirement for handling and safeguarding the public's money. (F-34, F-35, F-36, F-51 through F-55)
- C-22.** Permitting a fiduciary agent to deposit City money in its own private corporate accounts under these circumstances fails to adequately protect the public's interest in the security and accountability of its money. (F-08, F-09)
- C-23.** The City's right to complete access to any and all activity involving High Tide's corporate accounts and the power to suspend financial activity on those accounts is not sufficient assurance of the accountability and safety of the public's money to justify this irregular arrangement even if it were permitted under California law. (F-08, F-09)
- C-24.** Permitting High Tide to possess and spend City money without review and audit of those expenditures other than through before-the-fact budgetary approval is patently a bad business practice. (F-53, F-54, F-57, F-63, F-64)
- C-25.** In the opinion of the Grand Jury, responsible officials with the City have not properly carried out their fiduciary duties with respect to their financial management and the accountability of City revenues from River Ridge. (F-15, F-16, F-17, F-20 through F-24, F-34, F-35, F-51, F-52, F-55)
- C-26.** Interest accruing in the High Tide River Ridge accounts should be segregated, paid immediately to the City and should not be included in calculating High Tide's additional payments. (F-51)
- C-27.** General discussions with various other city and county officials with respect to their duties of collection, care and accountability for public money corroborates the Jury's misgivings with respect to the financial provisions of the High Tide River Ridge agreement. (F-55)

Comparative Golf Course Management

- C-28.** The Five Public Courses of the seven examined by the Jury utilize the lessor-lessee paradigm and have financial arrangements that appear to be consistent with the principles underlying the Jury's criticism of the High Tide River Ridge financial arrangements. (F-56, F-57, F-58, F-61, F-63, F-64)
- C-29.** The one of the Five Public Courses arrangements that calls for collection of money for the public entity is consistent with the principles underlying the Jury's criticism of the High Tide River Ridge financial arrangements in that it requires the daily deposit of public money directly into an account of the public entity for which the money is collected. (F-58)
- C-30.** The management-only contract for two courses reviewed by the Jury that does not use the lessor-lessee paradigm presents a greater risk to the public fisc than the preferred lessor-lessee relationship, for it, like the Oxnard relationship with High Tide, results in the deposit of public funds in a private contractor's bank account. (F-60)
- C-31.** Despite the risk arising from the questionable banking arrangement, the two-course management-only agreement proportionally mitigates the risk and insecurity by requiring monthly payments to the public entity of all net operating income and requiring the monthly reporting of full reconciliation of

the accounts including those of expenditures and the provision of bank statements as source documents. (F-61, F-63)

- C-32.** Point-of-sale accountability and unlimited access to the data created by it appears to be the required norm in golf course management contracting. (F-65)

Contract Provisions

- C-33.** The City does not perceive the deficiencies called out by the 2003 Jury as significant or requiring of change. (F-65, F-66)
- C-34.** The Present Agreement should be reformed to correct the deficiencies called out in the 2003 Jury's report with special attention to those specifically identified above. (F-65, F-66)
- C-35.** Should the City refuse to amend the Present Agreement to provide for a more appropriate scheme for collection, deposit, accountability and protection of the public's money, as recommended herein, a provision for a more detailed High Tide monthly financial report, requiring monthly reconciliations of the River Ridge bank accounts extending to actual expenditures related to budget authority and the provision of bank statements as source documents, should be added to the Present Agreement. (F-61, F-63)

Recommendations

Contract Confusion

- R-01.** The City establish a written policy or ordinance clearly fixing responsibility on a given individual position or function for assuring and certifying to the City clerk that any contractual documents submitted to the City clerk are the final council approved documents.

The Account Established Jointly

- R-02.** The City amend the Present Agreement to provide that all River Ridge revenue collected for the City be deposited daily in a City account set up by the City treasurer for the purpose of receiving those revenues.
- R-03.** The City authorize the City treasurer to monthly pay High Tide from such an account the "minimum monthly payment," out of which High Tide is required under the Present Agreement to operate River Ridge.
- R-04.** The City delete the charade of "the accounts established jointly" from the Present Agreement as well as other provisions that relate to it.

The City Treasurer's Care of Public Monies

- R-05.** The city treasurer establish a City account for the sole purpose of receiving and accounting for City revenue from River Ridge and require the daily deposit in that account of all River Ridge revenue collected by the City's agent, High Tide.
- R-06.** Should the City refuse to amend the Present Agreement to require the daily deposits of River Ridge revenue into a separate City account for that purpose, the City require a monthly financial statement from High Tide to include

unaudited balance sheets, income statements and bank reconciliations (of all High Tide River Ridge accounts) reflecting all financial records including payroll, maintenance and operational expenses and revenues; bank statements to be submitted as source documents to the bank reconciliations.

Comparative Golf Course Management

- R-07.** The City, considering the importance to the City of the River Ridge operation, the length of the term of the present management agreement, the anti-competitive restrictions in it called out in the 2003 Jury’s report, and the appearance to some that it is a “sweetheart” agreement, revoke the Present Agreement and open the operation of River Ridge to competitive bidding.

Contract Provisions

- R-08.** Correct the contractual deficiencies called out in the 2003 Jury’s report.
- R-09.** Require the finance department to review monthly, and if necessary question, the relationship between expenditures and budget authority assuring that the relationship is recorded with reasonable accuracy and clearly reflects the transaction as stated, i.e., the terminology used establishes a clear, detailed and unambiguous connection between the expenditure and the authority for it.
- R-10.** Amend the Present Agreement to require contractually, whether such a practice presently exists or not, point-of-sale recordation and reporting and unlimited City access to the data so created.

Responses

Responses Required From:

- Oxnard City Council (R-01 through R-10)
- Mayor of the City of Oxnard (R-01, R-05 through R-10)