

## **City of Oxnard Golf Course Management**

### **Summary**

The Oxnard River Ridge Golf Club management by High Tide and Green Grass, Inc. (HTGG) was once again under the scrutiny of a Grand Jury. For the third consecutive year, the City of Oxnard (City) has explained to a Grand Jury why it can be beneficial to the community not to follow the written contract. The Ventura County 2004-2005 Grand Jury agrees with the City that their current practice, in some ways contradictory to the terms of their written contract, may have public benefits as long as all parties remain friendly and of a common mind. However, the Grand Jury recommends revising the contract to reflect how the business relationship is actually conducted. The arrangement described in the contract gives the impression that HTGG is using public funds to run a private operation when, in fact, HTGG runs a private operation in partnership with a public entity. The Grand Jury concludes that documenting the terms as practiced and following them openly would dispel many suggestions of wrongdoing that have plagued this arrangement.

### **Background**

In 1984, the City of Oxnard issued a bond and began constructing a golf course in the northwestern edge of the City near the Santa Clara River. The original projections for repayment of the bond debt included income from methane gas sales, hotel leases, transient occupancy taxes from the hotels, increased property values resulting in increased taxes, golf course revenues, and sale of property adjacent to the golf course.

In the first few years, the River Ridge Golf Club (River Ridge), managed for the City by a private firm, did not realize a profit and fell into disrepair. The income from other sources did not materialize as expected and the City recognized it had serious problems to address. A major part of the City's solution was, on December 1, 1993, to hire the newly formed company, High Tide and Green Grass, Inc. to operate River Ridge.

Since hiring HTGG, the City's investment has grown in value and some of the original expectations of River Ridge revenue and related property values have been realized. With the growing success and recent expansion projects at River Ridge, public scrutiny has increased. Each year, for the past three years, the Grand Jury has received citizen complaints questioning the City's management of River Ridge. At the heart of most of the complaints is the contractual relationship between the City and HTGG.

The Grand Jury received citizen complaints alleging inconsistencies, possibly indicative of improprieties, in the management, oversight and financial bookkeeping regarding the HTGG contract with the City. In addition, during its annual review of agency responses, the Grand Jury evaluated the response from the City of Oxnard to the findings and recommendations of the Ventura County 2002-2003 Grand Jury Report "City of Oxnard River Ridge" and Ventura County 2003-2004 Grand Jury Report, "City of Oxnard River Ridge Revisited." The complaints, coupled with the City's documented responses to the 2003 Grand Jury, indicated that problems identified previously might

still exist. This prompted the Grand Jury to open a new inquiry into the City's contract oversight.

On initiation of this inquiry, the Grand Jury requested information from the City of Oxnard. An unfortunately tight deadline on a request for information prompted the Director of Public Works for the City to write to the Grand Jury on March 30, 2005 (Attachment 1). He registered his displeasure with "the repetitive and protracted nature of the Grand Jury's inquiries into the City of Oxnard's business relationship with contractor High Tide and Green Grass, Inc., for the operation of River Ridge Golf Club." In his letter, he stated, "the City's agreement with High Tide conforms to State law." He goes on to state, "There is more than one legitimate approach to structuring an agreement for public golf course management and operation. Our approach not only meets the City's needs, but also the needs of our many satisfied River Ridge Golf Club patrons."

In his letter, the Director of Public Works went on to state, "because government oversight is a critical Grand Jury function, the public has the right to expect that inquiries will be carried out in a responsible and even-handed manner. If this oversight is less than objective, the Grand Jury should recognize that public confidence in its ability to perform this critical role may diminish over time."

The letter from the Director of Public Works echoed many sentiments of the City Manager in his letter to the Presiding Judge of the 2003-2004 Grand Jury on January 23, 2004 (Attachment 2). In that letter, the City Manager stated, "The City of Oxnard has made every effort and expended considerable funds and staff time responding to the Grand Jury inquiries and would like to put this matter behind us. To that end, the City of Oxnard invites the Grand Jury to meet with the City staff and/or the independent auditor to review the audit, the City's response to the Grand Jury inquiry, and other matters pertaining to the City of Oxnard River Ridge Golf Course."

These two letters and comments made in the meetings with the City express frustration and the common misunderstanding of the Grand Jury's function and continuity. As these misunderstandings lie at the heart of the City's response to the Grand Jury, we will deviate from normal reporting protocol to clarify some of the Grand Jury's functions and address these complaints in our report as well.

## **Methodology**

The primary intent of this Grand Jury inquiry was to determine the extent to which the City staff has put into practice the intentions of their governing body, the Oxnard City Council. It is not the Grand Jury's intent to question the policy decisions of local government. Specifically, it is the intent of this Grand Jury to identify those aspects of the contractual agreement between the City and HTGG that repeatedly prompt private citizens to submit complaints to the Grand Jury, and to determine if those aspects of the agreement are implemented in accordance with the intentions of the City's governing body.

The Grand Jury requested, received and reviewed the most recent documentation from the City in relation to the contractual agreement, financial reports, audits, business

plan, and other supporting documentation. To assist in interpretation and evaluation of the acquired information, the Grand Jury requested and the court approved a contract for expert financial auditing services under the provisions of Penal Code Section 926(a).

The Grand Jury accepted the City's invitation to meet with their staff and HTGG management to discuss the history and current status of the Golf Course. During this meeting, the Grand Jury was invited by the City to ask questions concerning the operation of the Golf Course as well as the contractual relationship between the City and HTGG. In an additional meeting with the City, HTGG and the City's contracted auditor, the Grand Jury's auditors were permitted to ask specific questions about the conduct of the audit, the controls observed and the results obtained.

The Grand Jury's findings focus on four areas: (1) background, (2) River Ridge funds and terms of the agreement, (3) project management and (4) Grand Jury oversight.

## **Findings**

### **Background**

- F-01.** The City constructed the River Ridge Golf Club, a hotel and a NFL football training facility on the site of the former Santa Clara Landfill in the northwestern edge of the City.
- F-02.** There are typically two methods by which municipal golf courses are managed. One method is a turnkey operation where the contractor is paid a fee to run the golf course on behalf of a city, without a great deal of city oversight. The other is a city-run option where staff is hired and the city manages all operations with city employees.
- F-03.** By 1993, the City had experienced several years of unsuccessful operations with a turnkey contractor. River Ridge was losing money and the facilities had begun to fall into disrepair. The City acted to develop a more effective and profitable method of managing River Ridge.
- F-04.** Even though the City recognized the disadvantages of contracting out the management in a turnkey operation, they did not wish to take on the administrative burden of managing the day-to-day operation of a golf course.
- F-05.** The City contracted with HTGG to manage the River Ridge operations based on a unique agreement crafted from the specific requirements of the City. Under their agreement, the City still exercises a measure of control and oversight over the contractor. The contractor shares in the profits of a well-run operation. The City refers to their arrangement as a public-private partnership.
- F-06.** The City's stated primary purpose in contracting with HTGG is to have a first class golf course and to maintain an excellent product at an excellent price. There are incentives for HTGG designed into the contract with the effect that, when the golf course is well-maintained and well-operated revenues are greater, thereby increasing profits.
- F-07.** The City states that their arrangement with High Tide and Green Grass, Inc. fully meets the City's objectives. The City receives tangible financial benefits

from the golf course and there are intangible benefits to the surrounding community.

**Funds and Terms of the Agreement**

- F-08.** The original contract between the City and HTGG was approved by the City Council and effective on December 1, 1993. Modifications to the agreement were approved as follows:
- The Second Agreement approved 12/15/98
  - The First Amendment to the Second Agreement approved 12/9/03
  - The “Different Agreement” approved 1/6/04
  - The Second Amendment to the Second Agreement approved 10/19/04
- The most recent agreement of 10/19/04 is the subject of the remaining findings.
- F-09.** Exhibit C-1 of the agreement provides for the City’s payment to HTGG of a minimum amount provided for in the Business Plan, plus a percentage of Base Revenue achieved in excess of the Minimum Base Revenue for each period, using a declining sliding scale of 50% to 25%. In fact, this is not done during each period but annually, and the payment is made from HTGG to the City instead of from the City to HTGG.
- F-10.** Payments to HTGG are not made in accordance with the agreement. The agreement states that the City is making the payments to HTGG, when in fact HTGG reimburses itself from the funds still under its control.
- F-11.** Financial Statements submitted to the City by High Tide are not prepared in accordance with the terms of the contract.
- F-12.** Financial statements submitted to the City mayor may or may not be subject to an independent audit.
- F-13.** The City described to the Grand Jury a method of doing business that evolved over time as a practical refinement of the contract. The Grand Jury asked if there would be a different result if the City followed the exact terms of the contract. The City replied that it would not be good business to follow the contract as written and it would “probably be worse” if they did.
- F-14.** Prior Grand Jury reports identify the golf course monies collected by HTGG to be City money. The City and HTGG reported to the Grand Jury that these funds are private, not city money. There is a “city interest in the money,” but the funds remain private until turned over to the City.
- F-15.** The agreement also specifies that in any fiscal year, if the sum of the budgeted operating expenses and cost of goods sold identified in the Business Plan exceeds the Minimum Base Revenue, the Operator and the City, in determining the amounts to be paid to each other, shall subtract from the amount otherwise allocable under the agreement, a sum equal to 50% of the amount by which such budgeted operating expenses and cost of goods sold exceed Minimum Base Revenue for each year.

- F-16.** In 1998 and 1999, HTGG revised the treatment of cost of goods sold by including it both in revenue and expenses and for the calculation of the City's profit share and net cash. It is not clear if the City ever specifically approved this change or focused on the impact to the profit-sharing calculation, which may reduce the City's share.
- F-17.** The City publishes the number of rounds of golf played and projected as well as the current fees per round of golf. The simple math of rounds multiplied by fees gives the impression that HTGG has more revenue than it reports.
- F-18.** The City offers many financial incentives to enable community residents to use the facilities. There are discounts for children, families, seniors and special groups. A significant number of rounds are played at discounted rates.

### **Project Management**

- F-19.** The prior Grand Jury recommended that the City Manager assign a highly qualified and experienced contract administrator as Project Manager to oversee the administration of the River Ridge agreement and any successor agreement.
- F-20.** The City responded to that Grand Jury that the current Project Manager is highly qualified in golf course management and they are satisfied with his performance.
- F-21.** Prior Grand Jury reports refer to misstatements by the Project Manager as one source for the appearance of impropriety. The Project Manager has made the following statements to the current Grand Jury: On the subject of financial oversight, he stated, "I have no clue" on what it all means. On the subject of the contract, he stated, "Nobody can read and understand a contract," and finally, "If we followed the contract as it is written on paper, we would probably be worse."
- F-22.** There has been much made of the term "account created jointly" and its confusion with the term, "joint account." The term "joint account" implies private access to public funds and a significant lack of control.
- F-23.** The term "account created jointly" represents public access to private financial records. This provision is a significant addition to the overall control environment and oversight function on behalf of the City.
- F-24.** As recently as this year, the Project Manager still used the term "joint account" to the Grand Jury to refer to the banking arrangement.
- F-25.** The Project Manager pointed out to the Grand Jury the fact that the City has not been required to increase the budget over the past few years as evidence that they are not over-budgeting the golf course operation.

### **Grand Jury Oversight**

- F-26.** The City, in a letter dated March 30, 2005, from the Director of Public Works, states, "the City's agreement with High Tide conforms to State law." He further states, "There is more than one legitimate approach to structuring an agreement for public golf course management and operation. Our approach

not only meets the City’s needs, but also the needs of our many satisfied River Ridge Golf Club patrons.”

- F-27.** The Director of Public Works went on to state in his letter, “because government oversight is a critical Grand Jury function, the public has the right to expect that inquiries will be carried out in a responsible and even-handed manner. If this oversight is less than objective, the Grand Jury should recognize that public confidence in its ability to perform this critical role may diminish over time.”
- F-28.** In meetings with the City, the Grand Jury learned more of their frustration that one or two citizens will complain repeatedly about the River Ridge operations, and they believe that the Grand Jury should not initiate an investigation on a small number of complaining citizens. In addition, the City expressed that meeting with the Grand Jury and explaining why events have to be the way they are and how the City benefits from the arrangement should be sufficient to resolve the issue once and for all.
- F-29.** Each year on July 1, a new Grand Jury is impaneled. Although it may have a limited number of carry-over jurors from the prior year (jurors cannot serve more than two consecutive years), the body is new and cannot carry over conclusions from the prior year. Even if a prior Grand Jury investigated the same complaint, each new Grand Jury must conduct its own independent investigation.
- F-30.** In accepting or rejecting a citizen complaint, the Grand Jury considers many factors. It looks at the facts presented in the complaint to determine if they are fairly represented. If there has been a previous Grand Jury report on the same topic, the Grand Jury will read that report and review the responses provided by the affected agencies. Additionally, the Grand Jury will review its priorities and determine if the inquiry can be conducted in the available time.
- F-31.** In the case of River Ridge, the new complaints repeated the concerns of prior complaints to earlier Grand Juries. In addition, the responses from the City of Oxnard to those past reports did not indicate to the Grand Jury that those issues had been adequately resolved.
- F-32.** Once a complaint is accepted for investigation, the Grand Jury is required to remain independent and objective. In carrying out an investigation or inquiry, each Grand Jury reviews all the available evidence and reaches its own conclusions. In the interest of a completely objective evaluation, the Grand Jury cannot adopt as its own the opinions of either the complainant or the agency without its own independent verification.
- F-33.** Penal Code Section 939.9 states,

  - A grand jury shall make no report, declaration, or recommendation on any matter except on the basis of its own investigation of the matter made by such grand jury. A grand jury shall not adopt as its own the recommendation of another grand jury unless the grand jury adopting such recommendation does so after its own investigation of the matter as to which the recommendation is made, as required by this section.

- F-34.** As acknowledged by the City and HTGG, there are substantial differences in the contract as written and in the actual practice of the parties to the contract. Those differences might lead reasonable people to conclude there is something questionable about the arrangement.
- F-35.** Overcoming the first impression of wrongdoing is a long exercise of document reviews and interviews with all parties to the contract. The Grand Jury has expended considerable time to unravel and understand the information presented by the City.
- F-36.** There have been improvements in the River Ridge oversight over the past two years. The Project Manager has been provided a financial analyst and the City has included a full annual audit as part of their oversight function, increasing the flow of daily operational and in depth financial information.

## **Conclusions**

- C-01.** The City does not enforce all the terms of the written contract between the City and HTGG. (F-09, F-10, F-11, F-13, F-21, F-34)
- C-02.** After a great deal of document review and verbal explanations, the Grand Jury concluded that the City and the contractor appear to honor the spirit, if not the letter, of the agreement. (F-05, F-06, F-07, F-13, F-16, F-18, F-26)
- C-03.** As long as the current personnel on both sides of this verbal arrangement remain of the same mind, this non-verbal agreement could remain productive indefinitely. The risk is, if they don't. (F-05, F-06, F-07, F-09 thru F-16, F-21, F-23, F-24, F-34)
- C-04.** The Grand Jury agrees with the City that the actual procedures of their implementation are more efficient from an administrative standpoint, than the method of transferring funds described in the contract terms. (F-05, F-07, F-13, F-14, F-15, F-23, F-35, F-36)
- C-05.** The deviations from the contract may or may not be damaging to the City. In fact, as described by the City staff and HTGG, those deviations can be interpreted as beneficial to the City. (F-05, F-07, F-13, F-14, F-15, F-23, F-35, F-36)
- C-06.** The true nature of the relationship actually benefits the citizens by providing City oversight with motivated private sector management. In the course of this partnership, HTGG has given the City significant access to and oversight of its financial affairs. (F-05, F-06, F-07, F-13, F-17, F-18, F-23, F-35, F-36)
- C-07.** The City's admission that following the contract would result in a substantially different outcome is an indication to the Grand Jury that the contract should be revised to reflect the actual contract process and control structure. (F-09 thru F-14, F-16, F-34)
- C-08.** There is no indication the City ever intended to establish a competitive procurement for golf course operation. It is intended that HTGG run the golf course until such time as HTGG decides to not run the golf course. (F-04 thru F-07, F-09, F-12, F-14, F-15)

- C-09.** The de-facto agreement between the City and HTGG can be interpreted as in the City's best interest. It is an obvious example of government stating one thing on the record and doing something substantially different in practice. It is an indication of a government that lacks transparency. (F-11, F-12, F-13, F-21 thru F-24, F-31, F-35)
- C-10.** The Project Manager is probably incorrect in his repeated assertions that a budget requiring no additional increases for several years is proof of a tight budget. This long-term sufficiency is likely indicative of a more-than-adequate budget. (F-25)
- C-11.** The prior Grand Jury correctly pointed out that the City's current Project Manager should be replaced. It appears to this Grand Jury that the City contracted a competent golf course manager in HTGG and that duplicating these skills in the Project Manager seems to be redundant. The other problems reported are directly attributable to contract oversight and management, and hiring someone with those specific qualifications would resolve many problems. (F-11, F-13, F-19, F-21, F-24, F-25)
- C-12.** The City's repeated explanations to multiple Grand Juries of the same concerns about unwritten contract terms and the complete reversal of other terms should have resulted in corrective action from the City. (F-13, F-14, F-19, F-21, F-22, F-26, F-27, F-28, F-31, F-33, F-34, F-35)
- C-13.** The differences in the terms of the agreement and the practice of the City staff have led citizens, including three Grand Juries, to suspect the City government of underhanded dealings. (F-13, F-14, F-19, F-21, F-22, F-26, F-27, F-28, F-31, F-33, F-34, F-35)
- C-14.** Either following the terms of the written agreement or modifying the written agreement to describe the practice actually followed would go a long way toward allaying the suspicions of private citizens and watchdog organizations. (F-13, F-14, F-19, F-21, F-22, F-26, F-27, F-28, F-31, F-33, F-34, F-35)
- C-15.** The City staff appears to sincerely believe that the results justify the means. There is no effort to disguise the fact that they do not follow, and even believe they should not follow, the written agreement. (F-05, F-06, F-09 thru F-16, F-21, F-22)
- C-16.** A citizen complaint alone would not necessarily have resulted in a Grand Jury investigation absent the City's lack of effective response to prior Grand Jury recommendations. (F-19, F-20, F-21, F-35, F-36)
- C-17.** While in-person meetings with the Grand Jury accomplished a great deal in clarifying the City's perspective and the Grand Jury's understanding of the arrangement between the City and HTGG, it does not replace the City's obligation to establish contracts that are accurate depictions of the business being conducted. (F-21 thru F-25, F-28, F-29, F-30, F-34, F-35, F-36)
- C-18.** The Grand Jury concludes that operating in contradiction to the terms of a written agreement is not consistent with sound and open government practice. (F-34, F-35, F-36)

- C-19.** The City of Oxnard has gone to considerable expense to explain why the deviations from the agreement have not resulted in a problem. The City of Oxnard appears to resent having to explain that the deviations from the written agreement are necessary and reasonable. (F-20, F-21, F-26, F-27, F-28)
- C-20.** As to the sufficiency of the City's portion of HTGG revenues, that is a matter for the City Council to determine. If the City Council has been provided complete and accurate information and determines that the amount received from golf course operations is satisfactory, it is not a matter for the Grand Jury to comment. However, if the City Council is making decisions on erroneous or incomplete information, or if the administrative controls are not adequate to ensure compliance with the terms of the agreement, those are more serious matters at the basis of the Grand Jury's concerns. (F-05, F-06, F-07, F-09, F-13 thru F-16)
- C-21.** The City of Oxnard is satisfied with the amount of income derived from the golf course operation. (F-07, F-13, F-20, F-26)
- C-22.** The City's frustration with repeated explanations to the Grand Jury is based on a misconception of continuity of the Grand Jury. Unfortunately, as long as the City Council approves one agreement and the City staff executes another, there is the possibility that a newly impaneled Grand Jury or concerned citizens will be asking the same questions. (F-26 thru F-33)

## **Recommendations**

- R-01.** Thoroughly review the written agreement to reconcile differences in policy (the contract) and practice with the ultimate objective of modifying the contract to match the practices in effect. (C-01, C-02, C-04 thru C-07, C-09, C-12 thru C-15, C-17, C-18, C-19, C-22)
- R-02.** The contract should reflect the nature of the relationship between the City and HTGG as a public-private partnership, specifically delineating the process by which the City has monthly oversight over HTGG revenue, income, and budget. (C-01, C-02, C-04 thru C-07, C-09, C-12 thru C-15, C-17, C-18, C-19, C-22)
- R-03.** The contract should reflect the addition of a revenue and expense audit of HTGG on behalf of the City. (C-10, C-11, C-20)
- R-04.** Supplement the existing Project Manager with contract oversight skills, either through intensive training or by adding additional personnel. (C-06, C-10, C-11)

## **Responses**

City of Oxnard (R-01 thru R-04))

## **Commendations**

The City of Oxnard has expended a great deal of time and effort to answer the inquiries of the Grand Jury. This inquiry has required extensive historical analysis and comparative study. Throughout this process, the City staff has remained courteous and responsive to all requests for meetings and information. They have patiently explained their operations and the reasons behind all activities.

In addition, the efforts of the City in regard to River Ridge have resulted in substantial improvements to the community. This report is in no way critical of the work that has been done to create a beautiful amenity from a landfill. The City should be commended on its efforts on behalf of the public.

## **Attachments**

1. City of Oxnard, Director of Public Works, letter dated March 30, 2005
2. City of Oxnard, City Manager, letter dated January 23, 2004



GRANVILLE M. BOWMAN, P.E., P.L.S.  
Director of Public Works

Public Works Administration  
305 West Third Street • Oxnard, CA 93030 • (805) 385-8281 • Fax (805) 385-7907

March 30, 2005

Ms. Dawn Hall, Grand Jury Foreperson  
Superior Court of California, Ventura County  
Ventura County Hall of Justice  
800 South Victoria Avenue  
Ventura, California 93009

**Subject: Ongoing Inquiries into River Ridge Golf Club Operations**

Dear Ms. Hall:

I am writing to register my displeasure with the repetitive and protracted nature of the Grand Jury's inquiries into the City of Oxnard's business relationship with contractor High Tide and Green Grass, Inc., for the operation of River Ridge Golf Club.

Allegations of poor business practices and claims of the appearance of a "sweetheart" agreement with High Tide have been leveled against the City but are yet to be backed by objective analysis, despite the City's invitation to the Grand Jury to commission an independent audit or onsite investigation.

As we have stated, the City's agreement with High Tide conforms to State law. Notwithstanding the many hours the Grand Jury has dedicated to this issue, it has yet to cite a single statutory violation relating to the City's fiscal practices or contractual relationship with High Tide. There is more than one legitimate approach to structuring an agreement for public golf course management and operation. Our approach not only meets the City's needs, but also the needs of our many satisfied River Ridge Golf Club patrons.

Throughout this nearly two-year process, the City has established a track record of responsiveness. The City provided a comprehensive response to the Grand Jury's June 2003 "City of Oxnard River Ridge Golf Course" report, followed in January 2004 by an independent Certified Public Accountant's declaration of clean audit results. In early 2004, City of Oxnard officials met with and were questioned by the Grand Jury regarding golf course operations. And yet again, the City provided a thorough response to the Grand Jury's June 2004 "City of Oxnard: River Ridge Revisited" report, despite that report's accusatory tone and subjective viewpoint.

Two days ago, the City received the Grand Jury's most recent request for information, which effectively provided only two business days to respond by the assigned deadline, given the Court

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Attachment 1 (Page 1 of 2)

Ongoing Inquiries into River Ridge Golf Club Operations  
March 30, 2005  
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and City holiday on March 31. This was an unreasonable time frame, met only through the extraordinary efforts of our exceptional staff.

We desire to improve the course of our relationship with the Grand Jury to a more constructive and cooperative discussion of the facts at hand. To do so, at a minimum we request that the Grand Jury extend the professional courtesy of establishing reasonable deadlines to fulfill information requests.

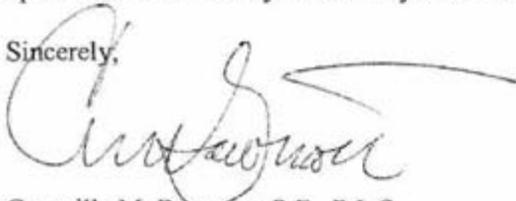
Moreover, on numerous occasions we have invited the Grand Jury to hire the services of a recognized certified public accounting firm to conduct an unbiased audit onsite. However, this invitation has never been accepted or acknowledged.

The mere repetition of accusations by a body with the Grand Jury's stature, regardless of the merits of those accusations, besmirches the City's reputation and creates the impression of wrongdoing, even when the City is ultimately vindicated, as I am confident will be the case.

Furthermore, because government oversight is a critical Grand Jury function, the public has the right to expect that inquiries will be carried out in a responsible and even-handed manner. If this oversight is less than objective, the Grand Jury should recognize that public confidence in its ability to perform this critical role may diminish over time.

Thank you for your attention. Our goal remains bringing the issue of River Ridge Golf Club operations to a mutually satisfactory resolution.

Sincerely,



Granville M. Bowman, P.E., P.L.S.  
Director of Public Works

c: Honorable John R. Smiley, Presiding Judge



EDMUND F. SOTELO  
City Manager

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**DUPLICATE - GRAND JURY**

**RECEIVED**

JAN 23 2004

**VENTURA COUNTY GRAND JURY**

January 23, 2004

Honorable Bruce A. Clark  
Presiding Judge of the Superior Court  
Ventura County Hall of Justice  
800 South Victoria Avenue  
Ventura, CA 93009

Subject: Response to Grand Jury Report – City of Oxnard River Ridge Golf Course

Honorable Judge Clark:

In the City of Oxnard's subject response, the City of Oxnard, in an effort to allay any misperceptions about the operation of the River Ridge Golf Course, committed to conducting a complete independent audit of the River Ridge Golf Club's financial condition, including a review of internal controls. An independent Certified Public Accountant, Moreland and Associates, Incorporated has completed the audit. Moreland and Associates provided an unqualified opinion (e.g., a "clean audit"), with the auditor stating that the financial statements present fairly, in all material respects, the financial condition of High Tide and Green Grass, Inc, as of June 30, 2002 and June 30, 2003, and that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

In addition to the financial audit, Moreland and Associates also completed an audit of the internal control structure of High Tide and Green Grass, Inc, and found that it maintained an effective internal control structure.

Attachment 2 (Page 1 of 2)

Honorable Bruce A. Clark  
January 23, 2004  
Page 2

The City of Oxnard has made every effort and expended considerable funds and staff time responding to the Grand Jury inquiry and would like to put this matter behind us. To that end, the City of Oxnard invites the Grand Jury to meet with the City staff and/or the independent auditor to review the audit, the City's response to the Grand Jury inquiry, and any other matters pertaining to the City of Oxnard River Ridge Golf Course.

The City is committed to satisfactorily answer all of the Grand Jury's questions.

Respectfully,



Edmund F. Sotelo  
City Manager

c: Dr. Manuel M. Lopez, Mayor  
Oxnard City Council  
Dale Belcher, City Treasurer