

## **OXNARD HARBOR DISTRICT PORT OF HUENEME**

### **BACKGROUND**

The basis for study was the successful operations of the Oxnard Harbor District (District) deep-water port. We were interested in the political composition of the District, its financial condition, operational functions, relationship to the City of Port Hueneme and future objectives for the commercial segment of the Port of Hueneme (Port).

### **INQUIRY**

We interviewed the President of the Board of Harbor Commissioners, the Executive Director, Deputy Executive Director and Manager, Marketing and Trade Zone Services. We viewed a video on the Port's maritime activities and were given several publications the District uses for marketing and public relations, a copy of the FY 95/96 financial audit, and a tour of the facilities under the District's jurisdiction.

### **FINDINGS**

1. The District is an independent special district organized pursuant to the California Harbors and Navigation Code, Sections 6000 et. seq. It was created by popular vote in 1937 for the purpose of constructing and operating a commercial deep-water port, known as the Port of Hueneme, in order to provide an ocean link to waterborne commerce.
2. The District's political boundaries were reduced in 1990 by the Local Agency Formation Commission. The City of Camarillo, most of the City of Thousand Oaks and some unincorporated areas were detached from the original boundaries, a change initiated by the Cities of Port Hueneme and Oxnard. They successfully argued that the harbor commissioners should be elected from those two Cities since the port's truck traffic mostly affected them.
3. The Port is within the geographic limits of the City of Port Hueneme. Although the District is an independent district, it is still subject to the zoning laws of the City of Port Hueneme. Over the years this jurisdiction has been the basis for disagreements between the District and the City.
4. The District is governed by a five member Board of Harbor Commissioners (Board) elected at large from within the District. They meet twice monthly in the District's Administration building located at 333 Ponomo Street in the City of Port Hueneme. The Board establishes the policy direction for the Port. The Executive Director is responsible for implementing the policies and managing the day-to-day activities of the Port, and is appointed by the Board. There are twenty-five staff members that handle the administrative, maintenance and operational functions.
5. The District owns and operates approximately 89 acres of land and waterways.

It owns two deep-draft wharves which provide berthing accommodations for five medium sized cargo vessels, commercial fishing craft and vessels related to the offshore oil industry. It also has a license agreement with the U. S. Naval Construction Battalion Center that permits the use of Navy wharves and facilities on an as needed basis.

6. In mid-October 1994 the District's port properties and tenant facilities involving vehicle preparation centers, and freezer facilities, were designated as Ventura County's first Foreign Trade Zone (FTZ 205). The purpose of FTZ 205 is to accommodate storage and light assembly activities within its boundaries under a custom duty deferred status. The FTZ 205 encompasses approximately 840 acres and serves the broad interest of importers and exporters throughout California's Central Coast Region.
7. The Board eliminated a minimal tax rate imposed on property owners within the District boundaries in FY 76/77. Since that time the administrative, operational and bond debt servicing costs have been met by the revenue stream, thus giving the Port a self-sufficient status.
8. The commercial cargo handled by the port in FY95/96 was 960,000 revenue tons. It is significant to note that the Port's land holdings are the smallest of the eleven deep-water ports in California, yet it ranks fifth in the State for volume of cargo handled.
9. The District, Sunkist Growers, and a Swedish based steamship company, Cool Carriers, entered into a long term agreement for construction of the largest dockside refrigerated facility on the West Coast. This \$13 million dollar facility is more competitively serving Sunkist Growers' overseas client base. For FY95/96 approximately 223,720 revenue tons (10,514,840 cartons), including other exporters, were exported through the Port's facilities to the Far East.
10. The District and Del Monte Fresh Produce N.A., Inc., under a joint agreement, constructed a \$4 million dollar refrigerated facility to more effectively and efficiently accommodate the weekly import of bananas while improving distribution. Approximately 245,610 revenue tons (11,543,000 cartons), including other importers, were imported through the Port's facilities in FY95/96 to 13 Far Western States and the West Coast of Canada.
11. Two tenants purchased 85 acres of land within proximity of the Port. They constructed preparation facilities in order to service imported automobiles for subsequent distribution to dealers located in the various geographical regions served by this Port. The arrangement allows the accommodation of these vehicles without the need to use valuable Port property for temporary storage. It also allows accommodation of additional waterborne commerce through its limited waterfront facilities. There were about 94,555 automobiles imported through the Port in FY95/96 for distribution to the Far Western States and Western Canada.
12. Based on the volume of cargo handled, it is estimated that Ventura County's economy has benefited by more than \$300 million dollars, and it is likely this amount will grow as additional businesses are attracted.

13. The District's gross operating revenues for FY95/96 was more than \$6,500,000. Of this amount, \$1,858,000 went for bond debt servicing costs, and all administrative, operational, and maintenance expenses were met by the Port's earnings leaving a net profit of \$625,881.
14. The District and the City of Port Hueneme reached agreement on the transfer of a thirty-three acre parcel (the former Naval Civil Engineering Laboratory) to the District for port related activities, with a portion going to improvements for traffic circulation and truck loading/unloading facilities for better cargo movements.
15. By law, the District was previously prohibited from expending funds outside of its political boundaries for projects beneficial to the Port. Recently enacted legislation removed this constraint and the District may now participate in the long awaited highway corridor that will better serve the Port's customers. The Rice Road/Hueneme Road project (Port intermodal corridor) is presently being addressed by state and local agencies with the ultimate goal of having this corridor completed within a reasonable time frame. This legislation also allows the District to help provide improvements to support the customers needs and will enable it to participate with other public entities in addressing the possibility of providing commercial air freight service at Point Mugu.

**CONCLUSIONS**

The District is well managed. The Harbor Commissioners have established policies which give the Port direction toward obtaining a greater economic role in Ventura County. The District's sustaining goal of retaining its self-sufficiency is commendable.

In FY 96/97 the annual bond debt servicing costs will be \$3.7 million, up from \$2.2 million. In order to meet its obligations and retain its self-sufficient status, the District must increase revenue in the ensuing years.

**RECOMMENDATION**

The District continue to operate at the same level of efficiency and effectiveness as they have in the past.

**RESPONSE REQUIRED**

None. (See above)