

**Oxnard Harbor District  
Port of Hueneme**

**EXECUTIVE DIRECTOR'S FINAL OPERATING  
AND CAPITAL BUDGET REPORT**

FINAL BUDGET

**For Official Use Only**

***Message from the Executive Director and Management Team***

The FY 2007-2008 budget recommendations address the balanced priorities for the Oxnard Harbor District to remain “*essential to our local economy and vital to our national defense*”. The District is the landlord for approximately 120 acres of land and water. Through a series of agreements and tariff provisions the District’s Customers, along with a dedicated labor work force, provide the services requisite for the continuation and enhancement of maritime-related commerce. This commerce benefits our local, state and national interests.

The Oxnard Harbor District’s principles of governance are set forth in the State of California’s Harbors and Navigation Code. This year marks the 70<sup>th</sup> anniversary of the formation of the Oxnard Harbor District and the 30<sup>th</sup> consecutive year for the Board of Harbor Commissioners to consider and adopt an Operating / Capital Budget without any need for taxes.

Generating revenue sufficient to achieve the Port’s potential, providing the maximum possible economic and social benefits to our communities, and ensuring good stewardship of our environment, the Board of Harbor Commissioners policies and practices ensure the highest level of sustainability.

Last year, the Oxnard Harbor District faced difficult challenges. The loss of Mazda Motors of North America to the Port of San Diego and the cessation of transpacific service by NYK/Lauritzen Cool resulted in reduced cargo. The retirement of the District’s Executive Director and the transition to a new Executive Director has been one of the highest priorities for the Board of Harbor Commissioners.

In 2007, the District celebrates 28 years of continuous service by Del Monte Fresh Fruit and the 20 years since the groundbreaking of the BMW North America Vehicle Distribution Center in the City of Oxnard. The Port of Hueneme facilities serve over fourteen international automotive companies, four top US Banana importers, three major vehicle distribution centers, an international fertilizer importer, offshore oil supply services companies and many local and regional businesses that supply services, equipment and materials to Customers of the Oxnard Harbor District.

“*Working Together*” businesses and labor at the Port of Hueneme provide over 4000 direct and indirect jobs and over \$ 400 million in annual economic benefits.

In 2006, the value of imports handled through the Port of Hueneme was \$ 7.2 billion and exports were \$ 220 million. This is a record for the Oxnard Harbor District. Additionally, the Port of Hueneme’s importers contribute over \$ 8.0 million to the Federal Harbor Maintenance Tax Fund.

The organizational priorities for FY 2007 – 2008 include:

- 1) Establish a sustainable vision and mission for the Oxnard Harbor District
- 2) Promote an efficient and technologically advanced Port of Hueneme
- 3) Promote expansion of inland transportation infrastructure
- 4) Be a leader in environmental stewardship
- 5) Maintain the Port of Hueneme navigational channels
- 6) Expand and diversify the business of the Oxnard Harbor District
- 7) Create a “Plan of Finance”
- 8) Ensure a safe and secure Port
- 9) Build for the future
- 10) Have an ideal culture for the workforce

The District is on track to carry out these priorities. The FY 2007-2008 budget recommendations have been carefully put together to balance competing demands and limited resources available to the District.

The most important resources available to the District’s Board of Harbor Commissioners are the District’s employees. We have a hard working, dedicated District workforce committed to maintaining the highest public standards for managing this public asset. An ongoing program for FY 2007- 2008 will be to review the District’s organizational structure and to better utilize our people with an eye on cost containment.

***The 2007-2008 Final Operating / Capital Budget recommendations go beyond the traditional line-item budget. The recommendations and programs identified in this Final Budget Report are intended to act as a “roadmap” for the staff in carrying out the direction provided by the Board of Harbor Commissioners. The recommendations are provided in an attempt to make the District’s revenue and expense programs readily transparent. The recommendations are not final fixed amounts, and during the course of the year amounts and allocations may change.***

To achieve the results suggested by this year’s revenue and expense programs, the District staff will invest time, resources and energy wisely to take full advantage of the trust placed in us by the Board of Harbor Commissioners. The proposed Fiscal Year 2007 – 2008 Final Operating / Capital Budget recommendations are a continued investment in the Port of Hueneme, its Customers and Users, and an investment in the District and its residents and taxpayers.

Attached as appendix to this Final Operating Budget / Capital Report are:

- |              |   |
|--------------|---|
| Appendix # 1 | Capital Outlay Projects   |
| Appendix # 2 | Proposed Salary Ranges for 2007 – 2008 for non-MOU Employees          |
| Appendix # 3 | Proposed Salary Recommendations for 2007 – 2008 for Non-MOU Employees |
| Appendix # 4 | Public Relations Workshop Roadmap                                     |

***Operating Revenues (Sales)***

The District’s operating revenues are divided into four categories:

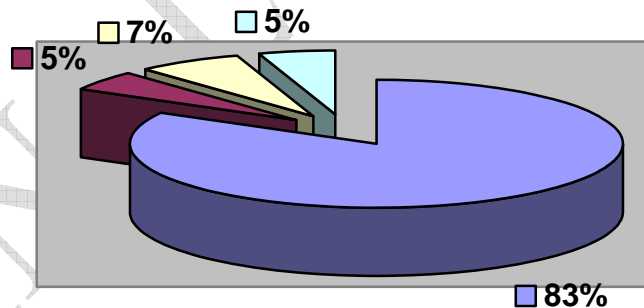
- Vessel Services – Ocean Freight
- Vessel Services – Offshore Oil
- Rental Revenues
- Other Operating Revenues

While the Operating Revenues for Fiscal Year 2006 - 2007 are below our forecasts, the reductions are directly due to losses of businesses at the Port of Hueneme and a decline in the national sales of automobiles. For Fiscal Year 2007 - 2008, the District staff forecasts a slight recovery.

**The total operating revenues for FY 2007 – 2008 is \$ 11,250,000.**

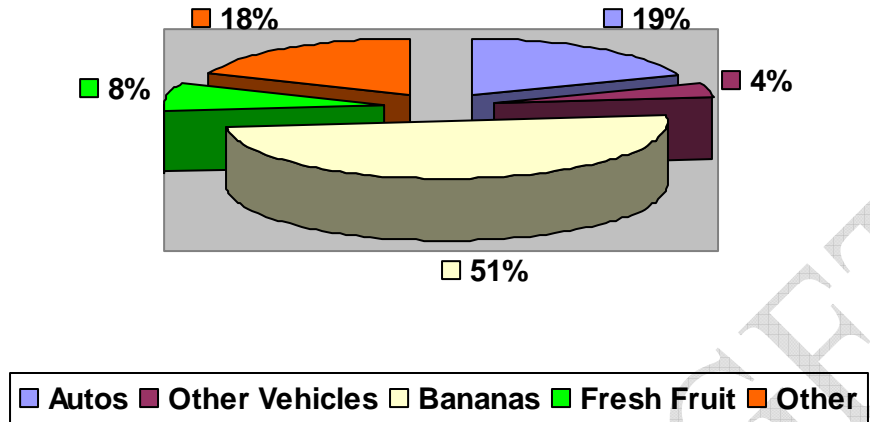
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Operating Revenues	Actual	Actual	Est. based on YTD	<b>Forecast</b>
('000 millions)	\$ 11.4	\$ 11.9	\$ 10.9	<b>\$ 11.25</b>

Vessel Services – Ocean Freight accounts for over 80% of the District operating revenue.



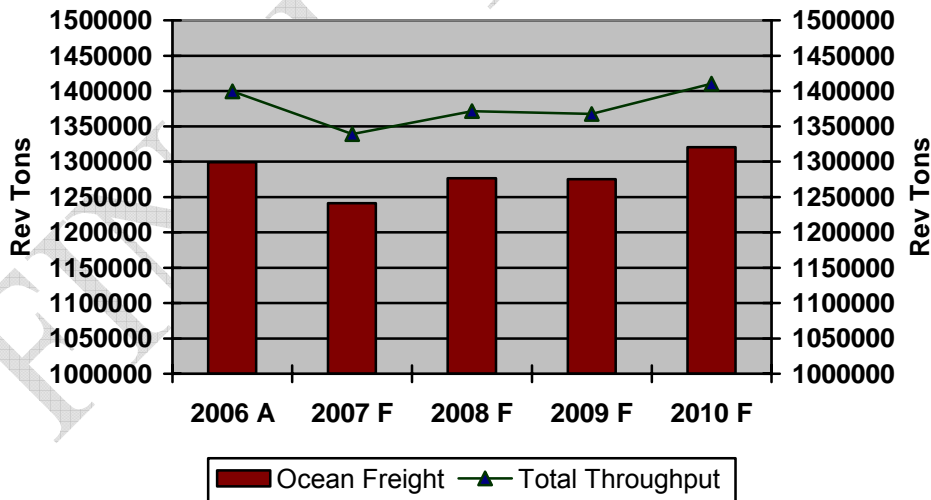
**■ Ocean Freight ■ Offshore Oil ■ Real Property Rent ■ Other**

Within Ocean Freight, there are five business lines Autos, Other Vehicles, Bananas, Fresh Fruit and Other. **The Final Operating Budget is based upon an estimated cargo throughput for these business lines of 1,241,024 revenue tons (excluding liquid bulk).**



This cargo throughput forecast assumes no new business. The following assumptions were used for existing business: the banana trade will grow, other vehicles and other cargo will be unchanged, and autos and fresh fruit will decline.

**Five Year Cargo Forecast**



The trend for overall cargo to 2010 is flat. The District staff does not anticipate any significant new business opportunities due to constraints of the District's current facilities.

## **Vessel Services – Ocean Freight**

The opportunity to increase ocean freight cargo through District owned facilities will be driven by existing customers increasing cargo on existing vessels, adding additional business to their terminals, or improving the velocity of cargo through their facilities. In the automobile business sector, BMW / Mini Cooper will continue to outpace other manufacturers as new models are introduced in 2008. BMW's first-point-of-rest capability has been expanded to include the former SCE Tank Farm.

Another potential increase in ocean freight may result with the addition of a fifth storage tank at the YARA fertilizer facility. YARA has completed design on the facility. A modification to their Planned Development Permit with the City of Port Hueneme will be required. While the fifth tank will give YARA more capacity, there will not be a significant increase in volume of vessel calls, product or inland transportation.

NYKLauritzen Cool recently announced a new vessel charter arrangement with Chiquita. This new arrangement may result in an extension of the term to the Chiquita / NYKLauritzen Cool agreement. The Dole vessel sharing agreement may expire in 2008 - 2009. NYKLauritzen Cool is in the process of increasing racking capabilities in order to market their facility to other fresh fruit accounts. The District staff is also engaged in discussions with third party service providers for pass-through fresh fruit products.

This past year, the US Navy Southwest Real Estate Division advertised 124 acres at the Naval Base for use by automotive service companies. Prior to this solicitation, the District had two auto processing Customers on the Navy base (e.g., Mazda Motor of America and Global Auto Processing Services, Inc.). These two accounts leased approximately 100 acres. By combining the Joint Use Agreement for Wharf 3 (JUA) and the Navy Outlease Program, the District is able to expand its cargo throughput for automobiles. The 2006 combined throughput for Mazda and GAPS was over 120,000 units.

The recent Navy outlease resulted in a decrease in the amount of land leased (100 acres decreased to 80 acres) and a reduced throughput. The District's recent Terminal Agreement with GAPS for use of the JUA and Navy Outlease establishes a 65,000 unit guarantee on 78.1 acres of property. The reduced productivity on the Navy property results from a decision by the Navy to Lease rather than to let the District manage it in a manner similar to District owned property. There is no throughput incentive or penalty associated with the Government's leasing program.

This past year, the District staff recently implemented a "Project Life Cycle" process to evaluate prospective projects. Last year three firms met with us to discuss potential projects – Bulk Juice (Brazil), Bio-Diesel Terminal, Aggregate Rock and Fresh Fruit from Central America. Only the Bulk Juice project requested our consideration. A due diligence team, led by the Deputy Executive Director of Maritime Services, was formed to evaluate the Bulk Juice proposal.

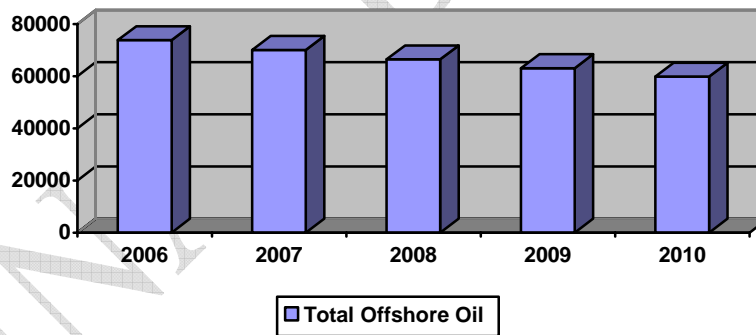
The FY 2007 – 2008 Ocean Freight Revenues levels are net revenues based upon District terminal agreements and the Navy Joint Use and License Agreements. The estimated revenue sharing deducted from the District’s Gross Ocean Freight Revenues is \$ 2,000,000.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Vessel Services – Ocean Freight	Actual	Actual	Est. based on YTD	<b>Final Budget Forecast</b>
(‘000 thousands)	\$ 8,903	\$ 9,705	\$ 8,946	<b>\$ 9,316</b>

**Vessel Services – Offshore Oil**

The Offshore Oil industry has four line-items: General Cargo (materials and supplies loaded on Supply Boats), Dry Bulk commodities, Liquid Bulk commodities and Passenger Fees for crewboat services. The Port of Hueneme has historically been used by the oil and gas industry as a supply base for offshore oil platforms.

The business assumption for this segment of our business is that offshore oil cargo will remain relatively steady with a slight decline over the next five years.



An unknown factor that may impact the offshore oil business segment is the impact of a LNG Terminals, if approved, in the Santa Barbara Channel. All of the LNG proponents suggest that the Port of Hueneme will support the development and activities associated with their offshore facilities.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Vessel Services – Offshore Oil	Actual	Actual	Est. based on YTD	<b>Final Budget Forecast</b>
(‘000 thousands)	\$ 672	\$ 690	\$ 588	<b>\$ 588</b>

**Rental Revenue**

The District has both month to month leases and longer term leases with users of the Port of Hueneme. The longer term leases include:

- NYKLauritzen Cool – Former District Administration Building used for offices.
- Pacific Vehicle Processing Center – Arturus Station used for vehicle storage.
- TracTide Marine – Former TESORO Fuel Farm used for fuel operations.
- Oxnard Unloading Services – Channel Entrance Wharf used for unloading of fish.
- PMA - Land used for ILWU Hiring Hall.

Historically, increases in rental revenues are linked directly to changes in the consumer price index. Rental revenues have declined due to SCE and MSRC terminating their lease agreements.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Rental Revenue	Actual	Actual	Est. based on YTD	<b>Final Budget Forecast</b>
('000 thousands)	\$ 1020	\$ 958	\$ 836	<b>\$ 836</b>

**Other Operating Revenue**

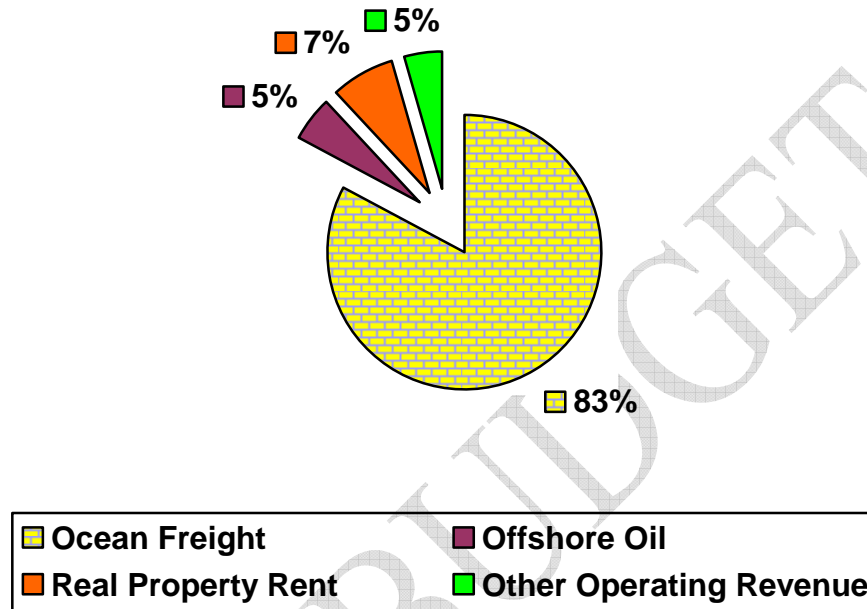
Other operating revenues comprise a number of accounts for sportfishing, commercial fishing and administrative charges. In the current preliminary budget, over 50% of these revenues are generated by the use of the District’s receptacles (\$ 275,000).

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Other Operating Revenues	Actual	Actual	Est. based on YTD	<b>Final Budget Forecast</b>
('000 thousands)	\$ 775	\$ 575	\$ 497	<b>\$ 510</b>

During Fiscal Year 2007 – 2008, the District’s Reefer Receptacle line-item will be accounted for in Vessel Services – Ocean Freight. This will reduce the forecast for Other Operating Revenues and increase the forecast for Vessel Services – Ocean Freight.

### Total Operating Revenue Summary

The Final Operating Budget for 2007 – 2008 forecasts total operating revenues at \$11,250,000.



The Final Operating Budget is based upon a “*No Growth Scenario*” business assumption.

### Operating Expenses

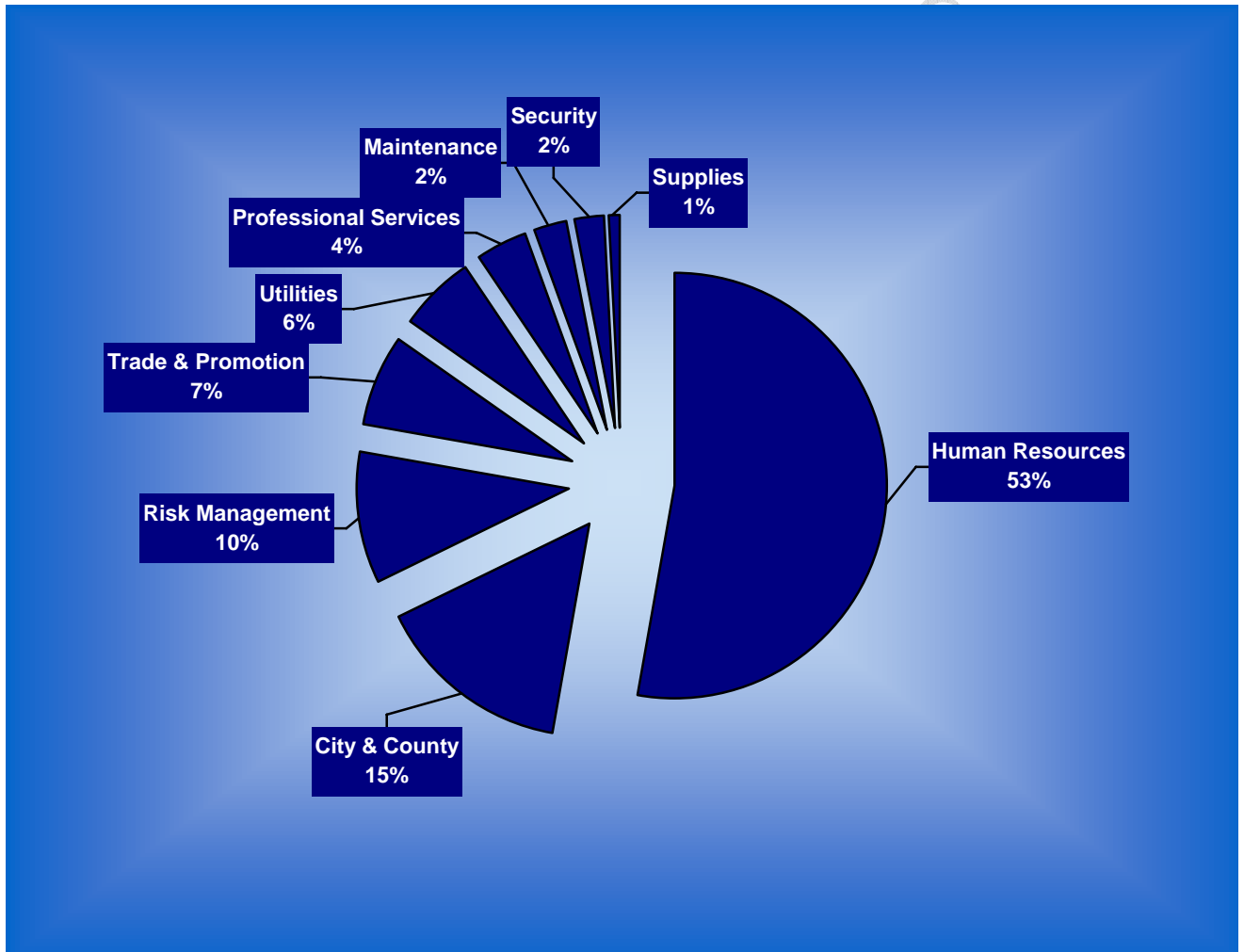
Financial success is one of the three sustainability measures for the Oxnard Harbor District. The other two are contributing to the economic development of our region through the creation of jobs and being a good steward for the environment.

To evaluate the financial success of the District, the financial performance of the District must be measured. The targets selected for 2007 – 2008 are

- Increases and decreases in Operating Expenses shall equal increases and decreases in Operating Revenues.
- Net Income for 2008 shall = or > than 2007.
- Operating Margin shall = or > than 13%.
- Return on Revenues shall = or > 11%.
- Maintain a Debt Service Ratio = or > 1.85

While the Final Budget recommendations do not achieve these targets, the District staff intends to use them to evaluate FY 2007 – 2008 performance..

The Final Operating Budget Expense recommendation is approximately \$ 8,000 000. This is nearly \$ 400,000 higher than the Preliminary Operating Budget. The major differences include: Addition of health benefits for retirees, additions based upon actual costs for FY 2007 – 2008 and increases in Port and Trade Development based upon the recent workshop.



There are nine broad expense programs to evaluate and assess the District's performance. These include:

- **Human Resources**. [Salaries, wages, fringe benefits, tuition reimbursement, uniform expenses, training and other related HR functions].
- **City and County Contributions**. [Amounts paid to the City of Port Hueneme, Ventura County Fire District and the Oxnard Dive Team].
- **Port Security**. [Gate security and any operating expenses paid by the District in meeting Homeland Security requirements]<sup>1</sup>.
- **Risk Management and Insurance**. [Risk assessment activities along with placement of the Oxnard Harbor District insurance program].
- **Maintenance**. [Activities associated with the District preventive maintenance program].<sup>2</sup>
- **Utilities**. [Utility services purchased by the District].
- **Professional Services**. [Legal Services, Auditors, Engineering and Washington DC representation].
- **Supplies**. [Materials and supplies purchased by the District].
- **Trade and District Promotion**. [The District's trade and promotional expenses such as advertisement, promotional events, travel, business expenses and civic activities].

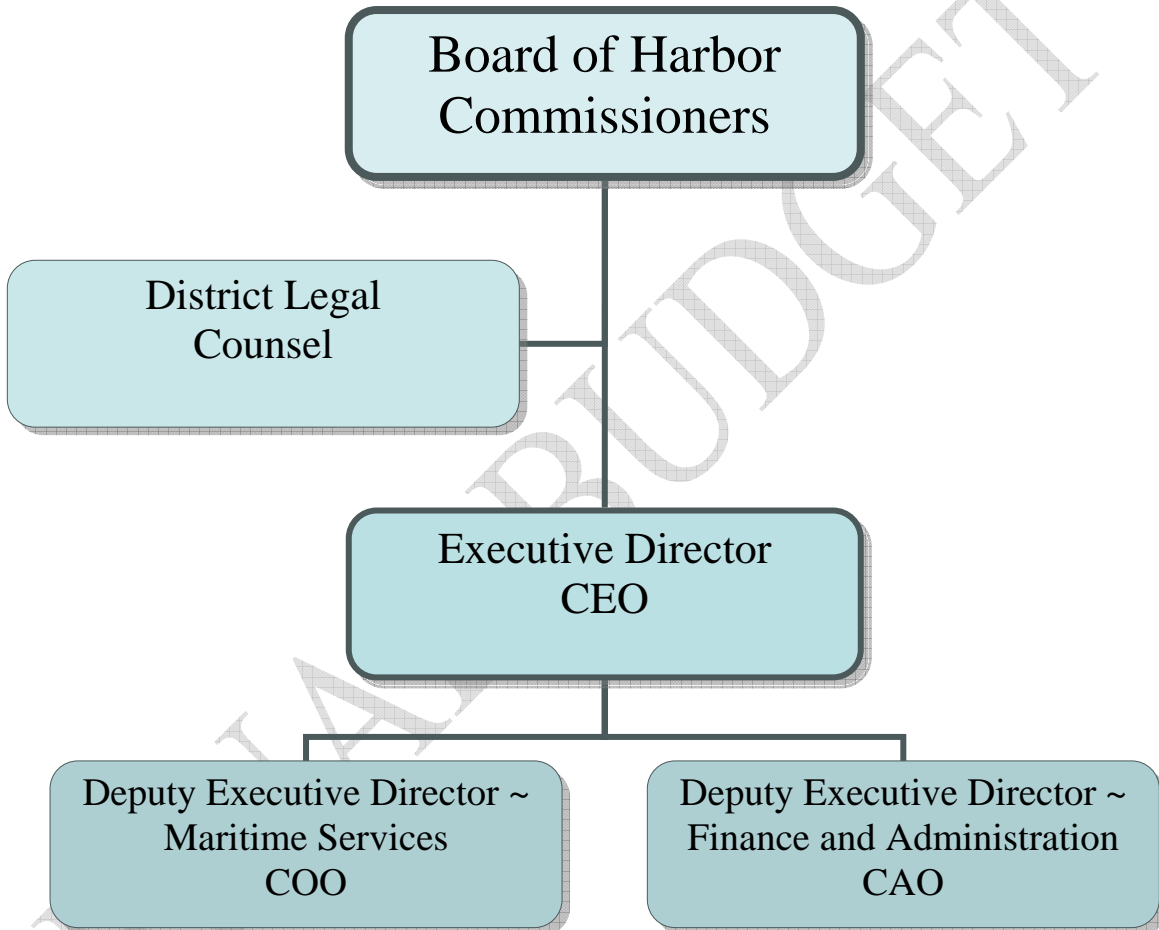
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<sup>1</sup> In addition, the District's Capital Outlay Plan has funds for specific Port Security projects. Potential funds for the Port Security projects are the State's Security Bond Funds.

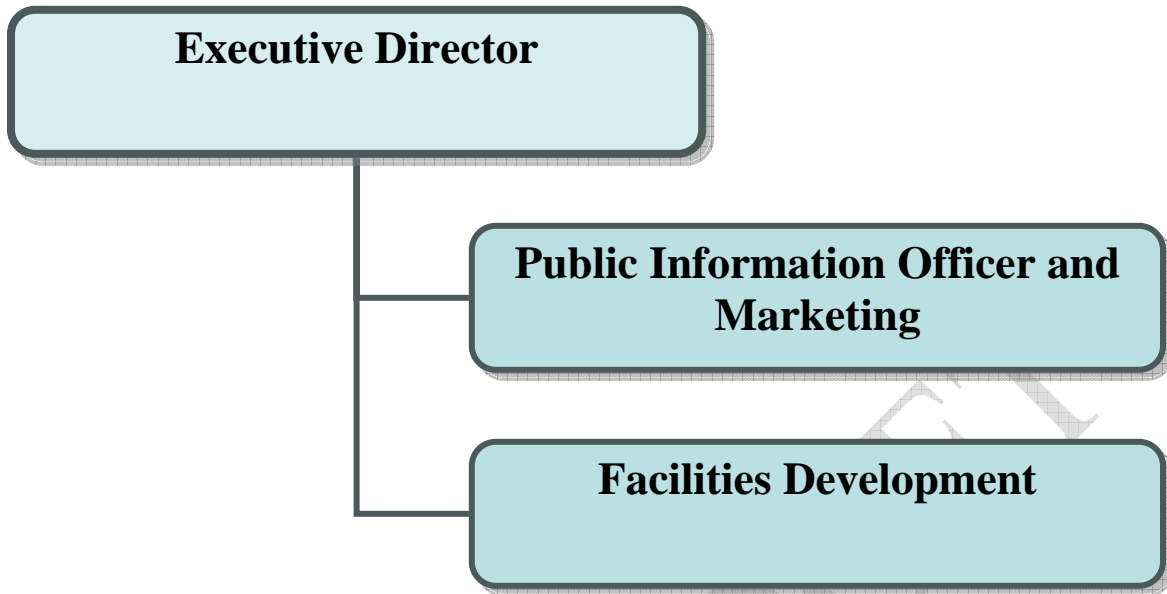
<sup>2</sup> Wages for the Maintenance sector are in the Human Resources program. Large capital expenditures in support of fender repairs are found in the Capital Outlay Plan.

**Human Resources**

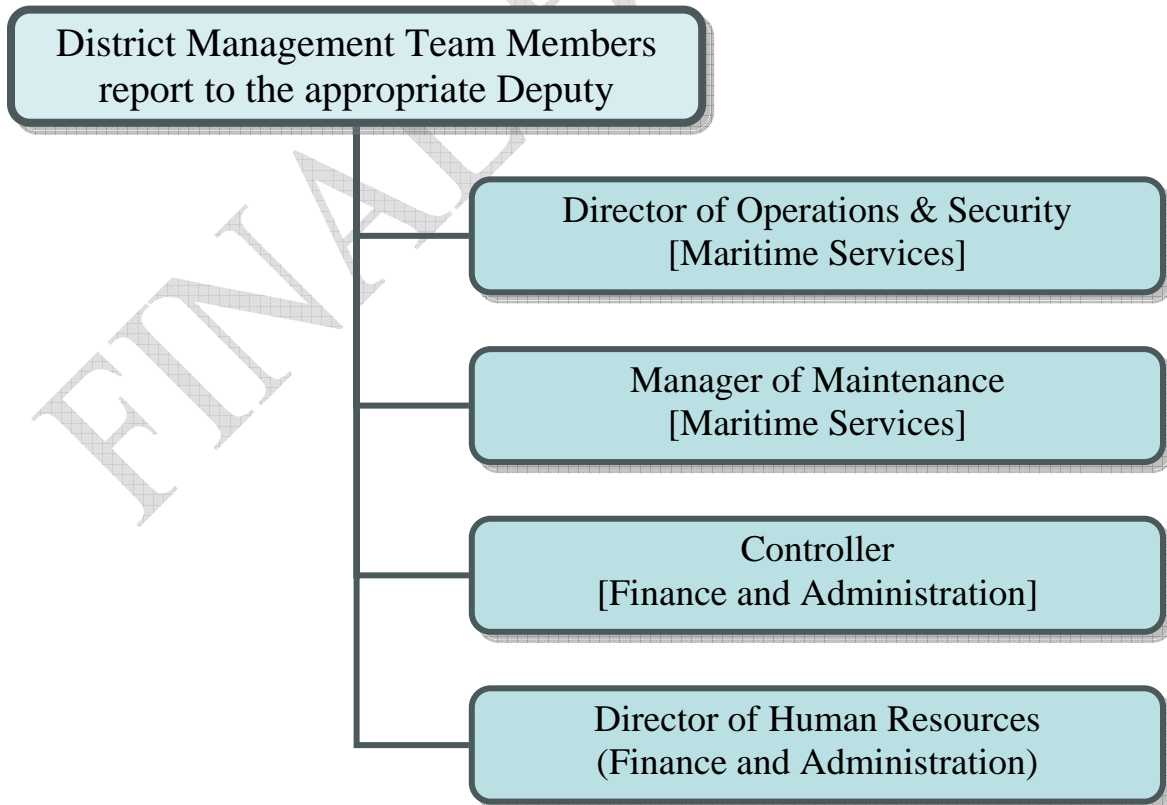
The Human Resources program funds salaries, wages, and fringes for the five members of the Board of Harbor Commissioners and the District's full and part time employees. In Fiscal Year 2006 – 2007, the District had twenty-eight (28) full time positions. Nineteen (19) of the position are included in the District's bargaining units (Operations, Maintenance and Administration), and nine (9) of the positions are included in the District's non-bargaining classifications.



The Senior Management Team consists of the Executive Director, Deputy Executive Directors and the District Legal Counsel. The Deputy Executive Director ~ Maritime Services is responsible for the supervision and management of vessel services for ocean freight and offshore oil, coordination with marine terminal operators, Ventura County Railroad operations, security and maintenance. The Deputy Executive Director ~ Finance and Administration is responsible for the supervision and management of real estate including acquisition, leasing, FTZ and World Trade Center functions, finance & accounting, internal and external auditing and compliance, payroll, human resources, Special District legislative matters and capital & strategic planning.



In Fiscal Year 2007 – 2008, the Public Information & Marketing Director and the Director of Facilities Development functions will report directly to the Executive Director. These functions provide overall support services to the operating entities of the District.



The day-to-day operating entities report directly to the Deputy Executive Directors. The Senior Management Team meets weekly. The District's Management Team meets biweekly.

The only proposed addition recommended in the Final Operating Budget is the establishment of the Manager of Maintenance position. This job has been posted internally. The current District Maintenance Leadman will be promoted to Manager of Maintenance.

	<b>Existing FY 2006 -2007</b>	<b>Proposed FY 2007 – 2008</b>	<b>Recommended in Preliminary Budget</b>
<b>Non-MOU Positions (Full Time)</b>	9	11.5	10
<b>Non-MOU Positions (Part Time)</b>	0	2	0
<b>MOU Positions (Full Time)</b>	19	19	19

Appendix # 2 is the recommended salary range for the Non-MOU positions. The salary range recommendations are based upon the most recent AAPA Salary Survey and past practices at the District.

Appendix # 3 is the recommended salary for Fiscal Year 2007 – 2008 for Non-MOU employees.

The Non-MOU employee total salaries for Fiscal Year 2006 – 2007 was \$1,091,203. The Fiscal Year 2007 – 2008 total for these positions is \$ 1,080,286 (1.00% decrease). With the addition of the Manager of Maintenance, the total Non-MOU employee total salary is \$1,163,088 (6.59 % increase).

In accordance with the MOU with the District's Bargaining Unit employees, the range for wage increase for Fiscal Year 2007 – 2008 is 4% to 7 %.

In the line-item budget, Workers Compensation Insurance identified within Human Resources. In this Budget Report, it is identified with Risk Management and Insurance Program.

**Human Resources Programs**

<b>Category</b>	<b>Budget 06 – 07</b>	<b>Preliminary Budget 07 – 08</b>	<b>Final 07 – 08 Budget Recommendations</b>
<b>Salary, Wages, &amp; Fringe Benefits (less Workers Comp)</b>	\$ 3,604,500	\$ 4,066,299	\$ 4,168,075
<b>Employee Relations</b>	\$ 25,000	\$ 25,300	\$ 25,000
<b>Uniform Expenses</b>	\$ 5,000	\$ 6,000	\$ 6,000
<b>Miscellaneous Payroll Expenses</b>	\$ 6,500	\$ 12,500	\$ 12,500
<b>Tuition Reimbursement</b>	\$ 5,000	\$ 4,000	\$ 4,000
<b>Training (Not Security)</b>	\$ 33,000	\$ 17,000	\$ 17,000
<b>Intern Program</b>	\$ 0	\$ 0	\$ 6,000
	\$ 3,679,000	\$ 4,131,099	\$ 4,238,575
<b>Unspecified Cuts</b>		(\$ 27,500)	Applied to Salary, Wages and Fringe
<b>Totals</b>	<b>\$ 3,679,000</b>	<b>\$ 4,103,599</b>	<b>\$ 4, 238, 575</b>

**City and County Contributions**

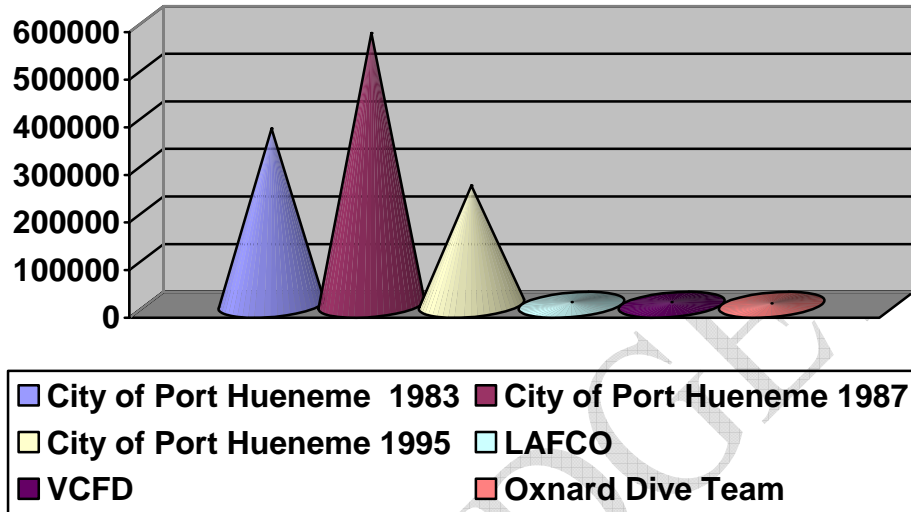
The Oxnard Harbor District contributes funds to the City of Port Hueneme, LAFCO, Ventura County Fire District and City of Oxnard Fire Department (Dive Team Services). These funds are intended to offset direct costs for services, specialized training and environmental mitigation (e.g., traffic impacts).

City and County Contributions paid to the City of Port Hueneme and Fire Departments are paid pursuant to contracts or MOU's. The LAFCO expenses are paid pursuant to an assessment made to Special District's by the County of Ventura.

**City and County Contributions**

<b>Category</b>	<b>Budget 06 – 07</b>	<b>Preliminary Budget 07-08</b>	<b>Final 07 – 08 Recommendations</b>
<b>TOTAL CITY &amp; COUNTY CONTRIBUTION</b>	\$ 1,165,600	\$ 1,206,000	\$ 1,206,000

### 2007 - 2008 Contribution



### Port Security

The following program elements were requested by the Management Team for the 2007 – 2008 Operating Budget:

#### Security Program

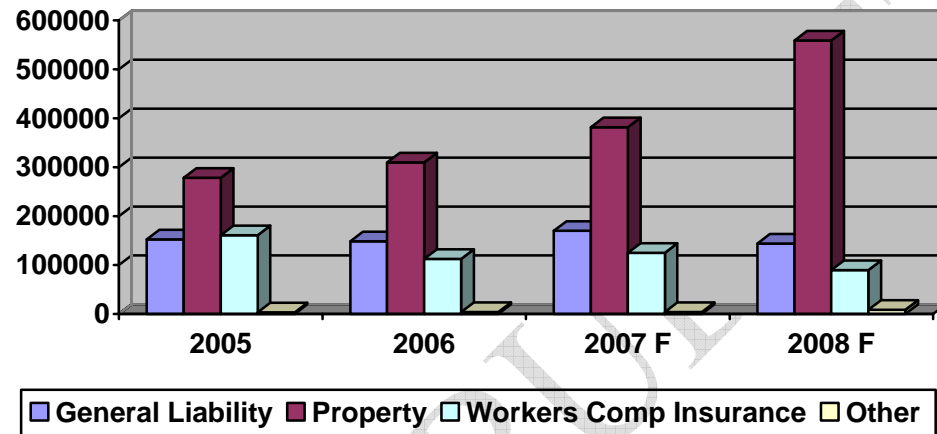
The following are the recommended projects / programs for the 2007 – 2008 Security Program Operating Budget:

#### Security Program

Project / Program	Preliminary 07 – 08 Budget Recommendations	Final 07 – 08 Budget Recommendations
Guard Service	\$ 120,000	\$ 120,000
Maintenance of Security Equipment	\$ 7,500	\$ 7,500
Tactical Survey	To be included in State Grant Program	To be included in State Grant Program
Security Exercise	\$ 12,500	\$ 12,500
Security Training	\$ 12,500	\$ 12,500
Existing Port Badge System	\$ 1,000	\$ 1,000
Security Audit	\$ 5,000	\$ 5,000
TWIC Fees	\$ 5,000	\$ 5,000
<b>Total</b>	<b>\$ 163,500</b>	<b>\$163,500</b>

**Risk Management and Insurance**

The District insurance program is divided into General Liability, Property, Workers Compensation, and Other Insurance. The District has Excess coverage associated with the California Association of Port Authorities. The District’s risk management and insurance program is a fixed expense with little or no variable costs. The Deputy Executive Director ~ Finance and Administration works directly with the insurance carriers and agents to take every necessary action to ensure the best and most valued coverage for District Assets.



**Insurance Program**

Category	Budget 06 – 07	Preliminary 07 - 08 Budget Recommendation	Final 07 – 08 Budget Recommendation
<b>TOTAL INSURANCE EXPENSES</b>	\$ 681,000	\$ 771, 535	\$ 801,371

**Maintenance**

The Maintenance program consists of seven (7) budget categories under the management and supervision of the Manager of Maintenance. The in-house maintenance personnel are included in the Human Resources program.

- Repair & Maintenance – Vehicles
- Repair & Maintenance – Facility & Equipment
- Repair & Maintenance – Office Equipment
- Maintenance Landscaping
- Maintenance Inventory Control System
- Maintenance & Operations Supplies (Janitorial)
- Fuel – Gas & Oil (District vehicles)

The Final Operating Budget Maintenance Program for Fiscal Year 2007 – 2008 is \$ 198,000.00. A \$ 20,000 unspecified reduction is included to be applied at the discretion of the Manager of Maintenance. Additional project funds such as wharf and pavement repairs are found in the Capital Outlay Program.

There is no change from the Preliminary Operating Budget.

**Maintenance Program**

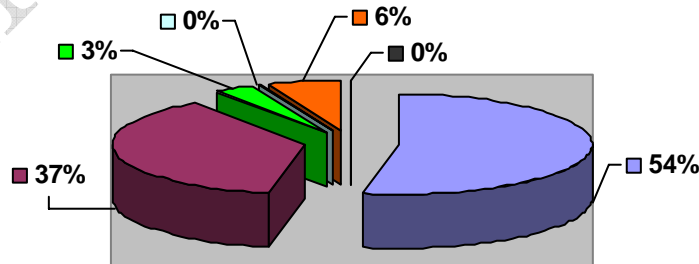
<b>Program</b>	<b>Fiscal Year 07 – 08 Final Budget Recommendation</b>
Repair & Maintenance – Vehicles	\$ 5,000
Repair & Maintenance – Facilities & Eq	\$ 125,000
Repair & Maintenance – Office Eq	\$ 9,000
Maintenance Landscaping	\$ 22,000
Maintenance Inventory Control System	\$ 10,000
Maintenance & Operations Supplies	\$ 32,000
Fuel & Gas Supplies	\$ 15,000
<b>Unspecified Cuts</b>	<b>-\$ 20,000</b>
	\$198,000.00

**Maintenance Program**

<b>Category</b>	<b>Budget 06 – 07</b>	<b>Preliminary 07 – 08 Budget Recommendations</b>	<b>Final 07 – 08 Budget Recommendation</b>
<b>TOTAL MAINTENANCE EXPENSES</b>	\$ 242,300	\$ 198,000	\$ 198,000

**Utilities**

The Utilities for the Preliminary Final Budget are estimated at \$ 479,934.00 in the following categories:



■ Electricity	■ Water & Sewer	■ Telephone	■ Computer	■ Trash	■ Oil & Hazardous Disposal
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The Final Operating Budget was increased due to the adjustment of the City of Port Hueneme Water charges for FY 2007 – 2008. There remains an across the board reduction in the estimates over last fiscal year.

**Utilities - 1**

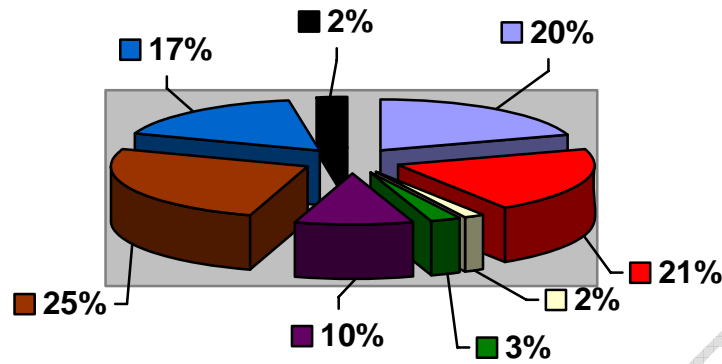
<b>Category</b>	<b>Budget 06 – 07</b>	<b>Preliminary 07 - 08 Budget Recommendation</b>	<b>Final 07 – 08 Budget Recommendation</b>
<b>TOTAL UTILITY EXPENSES</b>	\$ 502,000	\$ 449,934	\$ 479,934

**Professional Services**

The Final Operating Budget program for professional services includes the following program elements:

**Professional Services Program**

<b>Program</b>	<b>Description</b>	<b>Recommendation</b>
<b>Legal Services</b>	Retainer Fees only . No Litigation fees	\$ 61,788
<b>Washington DC Representation</b>	Monthly Fees for Services rendered.	\$ 65,000
<b>Project Consultant(s)</b>	Due Diligence, Appraisers and Business Forecasting	\$ 5,000
<b>Administration Service (s)</b>	Document Scanning (minutes, ordinances, etc.)	\$ 8,000
<b>Finance Service (s)</b>	Auditing and Post Retirement Analysis	\$ 30,000
<b>Engineering Service (s)</b>	Wharf and Facility Inspections, Cost Estimating, Utility Conservation, Survey, Hydrographic, As-Built and Due-Diligence	\$ 80,000
<b>Environmental Service (s)</b>	Air Quality, NPDES and CEQA	\$ 52,500
<b>Information Technology Service (s)</b>	Computer, internet, and servers	\$ 7,500
<b>Total</b>		<b>\$309,788</b>



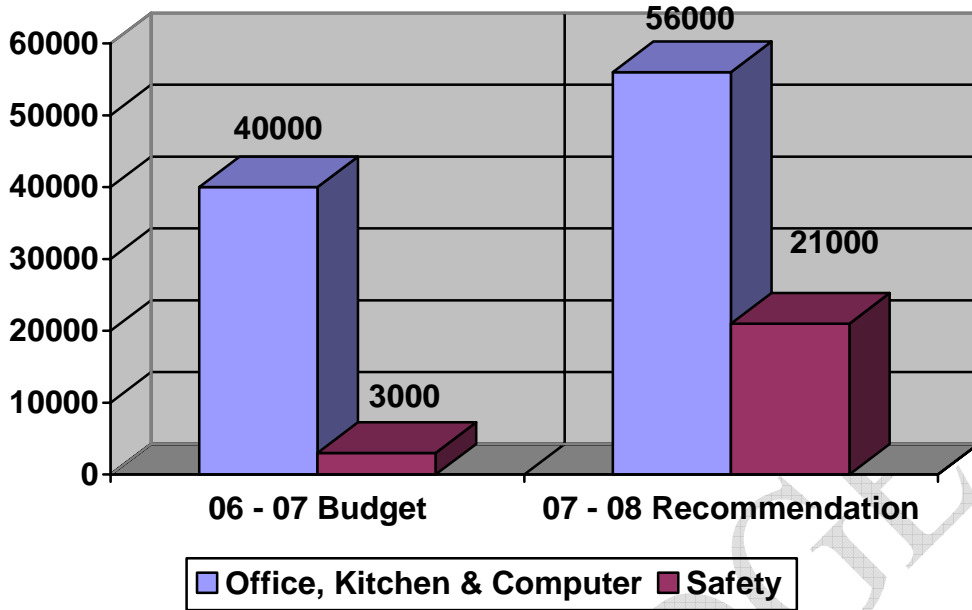
Legal	Washington Rep	Project
Administration	Finance	Engineering
Environmental	IT	

The increases in the Final Operating Budget for professional services include adjustment for Washington DC Services from \$ 63,000 to \$ 65,000 and increase in legal services.

Category	Budget 06 – 07	Preliminary 07 – 08 Budget Recommendation	Final 07 -08 Recommendation
<b>TOTAL PROFESSIONAL SERVICES EXPENSES</b>	\$ 353,000	\$ 279,000	\$ 309,788

### Supplies

The Fiscal Year 2007 – 2008 Final Operating Budget program for supplies includes Office, Kitchen, Safety and Computer Supplies.



**Supplies Program**

Category	Budget 06 – 07	Preliminary 07 - 08 Budget Recommendation	Final 07 – 08 Budget Recommendation
<b>TOTAL SUPPLIES EXPENSES</b>	\$ 43,000	\$ 61,000	\$ 77,000

**Trade and District Promotion**

The District’s Trade and District Promotion program elements for the Final Operating Budget for FY 2007 – 2008 include:

- **Industry Associations and Conferences.** This element includes the American Association of Port Authorities, the California Marine Navigation Conference, Governor’s Council for Maritime Security, California Association of Port Authorities and special trade promotion activities.
- **Total Direct Trade Solicitation.** This element includes international, out of state and in state trade and business solicitation.
- **Chamber of Commerce’s and Local Business Affiliations.** This element includes the local Chamber of Commerce’s, VCEDA, UCSB Economic Forecasts, Ventura County Maritime Museum, and local colleges and university programs.
- **Public Agency Associations.** This element includes Special District Associations and Oxnard Economic Development Commission.
- **Management and Professional Affiliations.** This element includes US Navy League, Seabee Museum and other professional memberships and subscriptions.

- **Promotional Events 2007 / 2008.** This element identifies specific promotional events and sponsorships.
- **Business Expenses.** This element includes business expenses for the District Management.
- **Advertisement and Public Information.** This element includes advertisements and communications activities and media events.

*The amounts recommended in the Final Operating Budget do not reflect “fixed amounts”. Funds may be moved from one account to another to meet specific Board objectives. New events, trade development activities, affiliations may be added to the Budget. The recommendations are intended to be a roadmap for staff to follow and present projects and programs to the Board.*

**Industry Association and Conferences**

<b>Industry Association and Conferences</b>	<b>Final 07 – 08 Budget Recommendation</b>
<b>American Association of Port Authorities</b>	
Membership	
Annual and Semi Annual Conferences	
<b>California Marine and Navigation Conference</b>	
Membership	
Annual and Semi Annual Conference	
<b>California Association of Port Authorities</b>	
Membership	
Advisory and Tariff and Practices	
NWTA and CAPA	
Other Expenses	
<b>Japan American Society Dinner Annual Sponsorship</b>	
<b>Other Conferences, Meetings and Sponsorships</b>	
<b>Total Trade &amp; District Promotion Activity</b>	<b>\$ 146,300</b>

**Direct Trade Solicitations**

<b>Program</b>	<b>Final 07 – 08 Budget Recommendation</b>
International	
Out of State	
In State	
Other	
European Trade Mission	
<b>Total</b>	<b>\$67,700</b>

**Chamber of Commerce’s & Local Business Affiliations**

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<b>Program</b>	<b>Final 07 – 08 Budget Recommendation</b>
VEFDA	
Oxnard Chamber	
Port Hueneme Chamber	
Hispanic Chamber	
Other Chambers	
World Trade Center	
Ventura Maritime Museum	
Other Business Affiliations	
<b>Total</b>	<b>\$66,725</b>

**Public Agency Affiliations**

<b>Program</b>	<b>Final 07 – 08 Budget Recommendation</b>
California Special District Assn	
Ventura County Special District Assn.	
Oxnard Economic Development Council	
Other	
<b>Total</b>	<b>\$19,400</b>

**Management and Professional Affiliation**

<b>Program</b>	<b>Final 07 – 08 Budget Recommendation</b>
Professional Associations	
US Navy League	
Hueneme Seabee Museum	
Other	
<b>Total</b>	<b>\$20,804</b>

**Promotional Events 2007 / 2008**

<b>Event</b>	<b>Final 07 – 08 Budget Recommendation</b>
President's Dinner	
Port Hueneme Days	
Banana Customer Celebration	
Automotive Customer Celebration	
Latin American Consul General Event	
Customer Appreciation Breakfast	
Customer Holiday Celebration	
Board Reorganization	
Unspecified Event	
<b>Total</b>	<b>\$65,000</b>

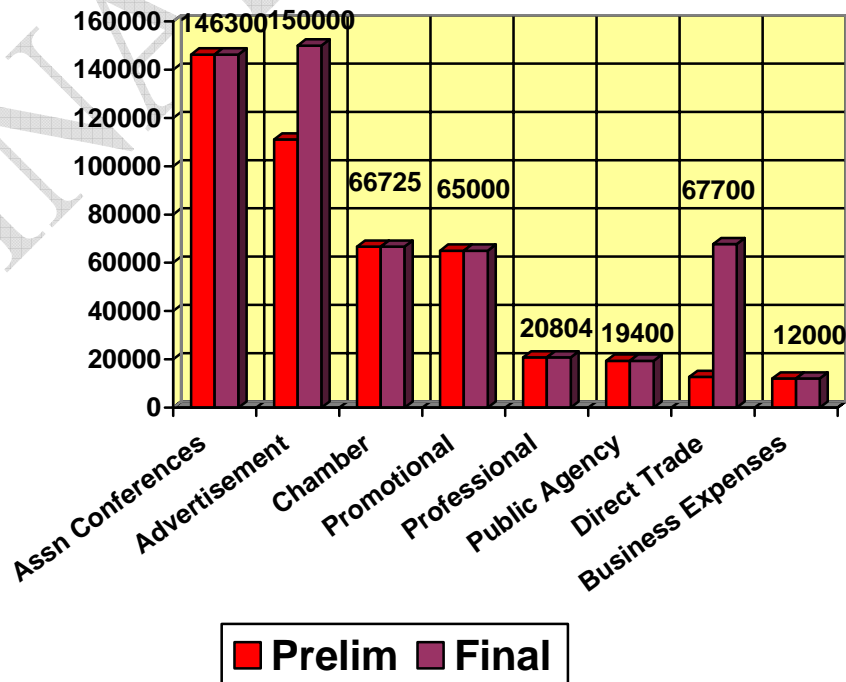
**Business Expenses**

<b>Program</b>	<b>Final 07 – 08 Budget Recommendation</b>
Commissioner and Staff Expenses	
TOPA Tower Club Monthly Fee	
Hosting Business Expenses	
<b>Total</b>	<b>\$12,020</b>

**Advertisement and Public Information**

<b>Program</b>	<b>Final 07 – 08 Budget Recommendation</b>
Trade and Cargo Advertisement	
Institutional and Civic Advertisement (Local)	
Legal Advertisements	
Professional Services Focus Group (Brand Assessment) Public Relations Workshop Advertisement Lay Out and Design Aswell Trophy and Ron Signs	
Other Unspecified Activities	
<b>Total</b>	<b>\$ 150,000</b>

The Preliminary Operating Budget work program for Trade and District Promotion was \$454,049. The Final Operating Budget work program for Trade and District Promotion is \$ 547,949. The increases generally are the result of a European Trade Mission and increases in Advertisement and Public Information



Category	Budget 06 – 07	Preliminary 07 -08 Recommendation	Final 07 – 08 Recommendation
<b>TOTAL TRADE AND DISTRICT PROMOTION</b>	\$ 402,000	\$ 454,049	\$ 549,700

**FINAL OPERATING BUDGET WORK PROGRAM  
RECOMMENDATIONS**

<b>TOTAL OPERATING REVENUE</b>	<b>\$ 11,250,000</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$7,965,233</b>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	<b>\$ 3,284,767</b>
<b>DEPRECIATION</b>	<b>(\$ 2,417,986)</b>
<b>INCOME FROM OPERATION</b>	<b>\$ 866,781</b>

**NON-OPERATING REVENUE**

Non-Operating Revenue includes:

- Interest Income from all funds
- Contributions from the Ventura County Railway
- Recovered revenue from prior year's
- Miscellaneous

The Ventura County Railway assumes a contribution of approximately \$ 18,000 per month from rail operations. The recovered revenue is the amounts being paid to the District by John Laing Homes.

Category	Budget 06 – 07	Preliminary 07 – 08 Recommendation	Final 07 – 08 Recommendation
<b>TOTAL NON-OPERATING REVENUE</b>	\$ 1,427,000	\$ 1,246,657	\$ 1,246,657

**NON-OPERATING EXPENSES**

Non-Operating Expenses include interest expenses, bank fees and charges, claim reserves, and other miscellaneous expenses.

<b>Category</b>	<b>Budget 06 – 07</b>	<b>Preliminary 07 - 08 Recommendation</b>	<b>Final 07 – 08 Recommendation</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	\$ 2,023,500	\$ 1,892, 327	\$ 1,892,327

The Total Non-Operating Income for Fiscal Year 2007 – 2008 is **(\$ 645,669)**.

**FINAL OPERATING BUDGET SUMMARY**

<b>TOTAL OPERATING REVENUE</b>	<b>\$ 11,250,000</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$7,965,233</b>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	<b>\$ 3,284,767</b>
<b>DEPRECIATION</b>	<b>(\$ 2,417,986)</b>
<b>INCOME FROM OPERATION</b>	<b>\$ 866,761</b>
<b>TOTAL NON-OPERATING LOSS</b>	<b>(\$ 645,869)</b>
<b>NET INCOME FOR FY 2007 – 2008</b>	<b>\$ 221,112</b>

**COMMISSIONER NOTES AND COMMENTS**

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FINAL BUDGET

## **Appendix # 1 Capital Outlay**

The District's Capital Outlay Program is divided into three separate segments:

- I. District Projects funded by Revenue Bonds and General Funds.
- II. Security Projects funded by State Grants with a 25% District contribution.
- III. Joint Use Projects funded by Special US Navy Fund generated by Wharf 3 Joint Use Agreement.

Projects to be funded by Revenue Bonds and General Funds include:

<i><b>Project Number</b></i>	<i><b>Description</b></i>	<i><b>Estimated Amount</b></i>
<b>07-001</b>	Construction of Confined Aquatic Disposal, O&M Dredging, Wharf Stabilization, and Deepening	\$ 13,160,000
<b>07 – 002</b>	Seawall Enhancement Program	\$ 4,371,329
<b>08 – 001</b>	South Terminal Improvements	\$ 1,225,000
<b>08 – 002</b>	North Terminal Improvements	\$ 1,225,000
<b>08 – 003</b>	Miscellaneous Improvements Operations	\$ 1,572,500
<b>08 – 004</b>	Miscellaneous Improvements Administration	\$ 142,000
<b>TOTAL</b>		<b>\$21,695,829</b>

Projects to be funded by State Grants include:

<i><b>Project Number</b></i>	<i><b>Description</b></i>	<i><b>Estimated Amount</b></i>
<b>Security # 1</b>	Waterfront Promenade Security Lighting	\$ 86,000
<b>Security # 2</b>	Access / Egress Control	\$ 1,850,000
<b>Security # 3</b>	Perimeter Security	\$ 1,300,000
<b>Security # 4</b>	Intermodal Supply Chain Security	\$ 1,200,000
<b>Security # 5</b>	Joint Operations & Security Center	\$ 2,000,000
<b>TOTAL</b>		<b>\$6,436,000</b>

Projects to be funded by Special US Navy Joint Use Funds include:

<i><b>Project Number</b></i>	<i><b>Description</b></i>	<i><b>Estimated Amount</b></i>
<i><b>JUA # 1</b></i>	Bollards	\$ 311,590
<i><b>JUA # 2</b></i>	Demolition PH 546	\$ 84,349
<i><b>JUA # 3</b></i>	Pavement Repairs	\$ 1,070,900
<i><b>JUA # 4</b></i>	Wharf 3 Concrete Repairs	\$ 161,000
<i><b>JUA # 5</b></i>	Utility Undergrounding	\$ 713,000
<i><b>JUA # 6</b></i>	Demolition PH 11	\$ 225,000
<i><b>TOTAL</b></i>		\$2,565,839

**Appendix # 2 Salary Ranges for Non-MOU**

Movement between steps will be based upon performance. Salary ranges will be analyzed annually to ensure they meet current market conditions.

<b>Deputy Executive Directors</b>	<b>Salary FY 2007 – 2008</b>	<b>Filled</b>
Step 5	\$ 165,000.00	
Step 4	\$ 152,625.00	√
Step 3	\$ 141,178.13	√
Step 2	\$ 134,119.22	
Step 1	\$ 127,413.26	
<b>Director of Facilities Development</b>		
Step 5	\$ 102,823.66	
Step 4	\$ 95,649.92	√
Step 3	\$ 90,867.42	
Step 2	\$ 86,324.05	
Step 1	\$ 82,007.85	
<b>Director of Operations &amp; Security</b>		
Step 5	\$ 98,976.67	
Step 4	\$ 92,071.32	√
Step 3	\$ 85,647.74	
Step 2	\$ 79,672.32	
Step 1	\$ 75,878.40	
<b>Controller</b>		
Step 5	\$ 102,823.66	
Step 4	\$ 95,649.92	
Step 3	\$ 90,867.42	Vacant Position
Step 2	\$ 86,324.05	
Step 1	\$ 82,007.85	
<b>Public Info Officer &amp; Director of Marketing</b>		
Step 5	\$ 84,984.64	√
Step 4	\$ 78,610.79	
Step 3	\$ 72,714.98	
Step 2	\$ 69,079.23	
Step 1	\$ 65,625.27	
<b>Director of Human Resources</b>		
Step 5	\$ 78,610.79	√
Step 4	\$ 72,858.33	
Step 3	\$ 68,734.27	
Step 2	\$ 65,461.21	
Step 1	\$ 62,344.01	

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**Manager of Maintenance**

Step 5	\$	95,688.06	
Step 4	\$	89,012.15	
Step 3	\$	82,802.00	√
Step 2	\$	78,661.90	
Step 1	\$	74,728.81	

**Senior Accountant**

Step 5	\$	92,477.89	
Step 4	\$	88,074.19	
Step 3	\$	83,880.18	
Step 2	\$	79,885.88	√
Step 1	\$	76,081.79	

**Staff Accountant**

Step 5	\$	75,943.00	
Step 4	\$	72,458.85	√
Step 3	\$	69,015.00	
Step 2	\$	65,461.21	
Step 1	\$	62,344.01	

**Executive Assistant to Port Director**

Step 5	\$	89,194.53	
Step 4	\$	83,359.37	
Step 3	\$	77,905.96	
Step 2	\$	74,196.15	√
Step 1	\$	70,663.00	

### Appendix # 3 Recommendations for Salaries and Wages for Non-MOU for Fiscal Year 2007 – 2008 to be effective July 1, 2007

Salaries do not include Automobile Allowance

	Proposed
Executive Director	\$ 181,125.00*
Deputy Executive Director - Ad	\$ 152,625.00
Deputy Executive Director - M	\$ 141,178.13
Controller	To Be Determined **
Director of Operations & Security	\$ 92,071.32
Manager of Maintenance	\$ 82,802.00
Director of Facilities Development	\$ 95,649.92
PIO and Dir of Marketing	\$ 84,984.64
Director of Human Resources	\$ 78,610.79
Executive Secretary	\$ 74,196.15
Senior Accountant	\$ 79,885.88
Staff Accountant II	\$ 72,458.85

\* By contract gross salary to be adjusted by merit and CPI on July 1<sup>st</sup>. It is recommended that the adjustment be postponed until January 1, 2008.

\*\* This is not the annual salary for the Controller. Salary will be set from the recommended salary range at the time of hiring. This position is current vacant.

**Appendix # 4 Public Relations Workshop Roadmap**

<b>Action Items from Workshop</b>	<b>Staff Roadmap</b>
<p>Staff should reassess 2007-2008 budget allocations for trade and cargo advertisement. Trade and cargo advertisements should be targeted toward specific market segments. The staff should formulate a program that keeps the strengths of the District’s maritime services before the appropriate decision makers.</p>	<p>The 2007 – 2008 budget allocation for trade and cargo advertisements was \$37,600. The staff proposes to focus the trade and cargo advertisements to West Coast publications: Pacific Shipper (four times) and West Coast Marine Directories and / or Special Editions. The 2007 – 2008 budget allocation is \$12,000 or a reduction of \$25,600.</p>
<p>Staff needs to discuss possible joint advertising with Customers in order to increase the District’s opportunity to promote commercial interests of the Port of Hueneme.</p>	<p>The staff will approach Customers and Users of the Port of Hueneme to provide \$1 dollar for \$2 dollars of Customer investment in trade and cargo advertisement in publications of their choosing. The 2007 – 2008 budget allocation is \$3,000. This will generate \$9,000 in advertisement placements.</p>
<p>Direct cargo solicitation is best achieved through “face-to-face” personal marketing opportunities. This type of marketing can be through District-Customer visits to potential clients, or providing Customers with key information about the Port. This information will be used to seek new users on existing Customer vessels or through their terminals.</p>	<p>The staff will prepare an updated marketing brochure to provide to Customers for “face-to-face” marketing efforts. The production costs associated with this new brochure is \$2,000.</p>
<p>Staff needs to assess ways to broaden the District’s positive message and public awareness (e.g., use of multi-media, speakers’ bureau, and news stories, etc.)</p>	<p>The staff will include local homeowners associations, shopping news throwaways, business publications and community based newsletter into the District’s E-Blast notification list. The Director of Marketing will prepare monthly stories / press releases and send it out to the E-Blast list. The intent of the E-Blast notifications is to broaden the District’s positive message. This effort will not require a 2007 - 2008 budget allocation.</p>

<b>Action Items from Workshop</b>	<b>Staff Roadmap</b>
<p>More Customer and Work Force involvement within the community strengthens the District’s positive message and public awareness. Other communities utilize non-profit organizations to help “promote the importance of the maritime industry and the working waterfront”. One such organization is the “Propeller Club”. Staff needs to provide information to the Board of the establishment of a local Propeller Club Chapter or some other form of working waterfront coalition of employers and labor associated with the Ventura County maritime industry.</p>	<p>The Propeller Club of the US is a grassroots, non-profit organization, whose membership resides throughout the United States and the world. It is dedicated to the enhancement and well-being of all interests of the maritime community on a national and international basis. The goal of the Propeller Club is to educate legislators and the public as to the importance and necessity of all waterborne commerce. In May of each year, the Propeller Club has a Salute to Congress Dinner in Washington DC. The 2007 recipient was Senator John Warner (R-VA).</p> <p>The Director of Marketing will contact the International Headquarters to obtain information to establish a local chapter. Alternatively, Hueneme / Oxnard can be established as a subchapter to the Los Angeles / Long Beach Chapter of the Propeller Club.</p>
<p>The Ventura County Railway Company, LLC leases land for use by billboard communication companies.</p>	<p>The staff will review the contents of the billboard lease to determine if there is a potential “public information” provision to promote the commercial interests of the District</p>

<b>Action Items from Workshop</b>	<b>Staff Roadmap</b>
<p>Public access television and radio is a communications vehicle that has not been focused on by staff. During the most recent PR/Communications RFQ, the District did receive a proposal from Mr. David Cruz. He offered to assist the District with the production of a television media campaign.</p>	<p>Staff will assess ways to incorporate public awareness television and radio into our Advertisement and Communications Program. Specific actions include:</p> <p>Produce four – 30 minute- DVD focusing on the District. Staff will obtain proposals from production entities.</p> <p>Contact Time / Warner Manager to discuss local access.</p> <p>Seek three (3) additional topics for the Time / Warner Local News highlighting the District and District Customers: BMW, ILWU History, President’s Dinner and Pilotage at the Port of Hueneme.</p> <p>Host Media Day for TV, Radio and Print Assignment Editors.</p> <p>Contact NPR for a Safari segment.</p> <p>Contact KTVA for a District program.</p>
<p>In 2006, the District entered into a public relations program with the intent of establishing a <i>BRAND</i> for the Oxnard Harbor District. This effort was sought to promote the importance of the maritime industry and to offset misinformation regarding the intentions of the District during the past BRAC process. The Board places a high priority on a <i>BRAND</i> for the Oxnard Harbor District that will convey a simply message to the marketplace and to the public regarding the strengths and importance of the Port of Hueneme.</p>	<p>The staff will prepare a work program to focus on ways to establish a <i>BRAND</i> for the District. The work program needs to rely on professionals with specific maritime expertise and / or public relations expertise in establishing a <i>BRAND</i> for a public entity.</p>
<p>Do more community outreach with the residents of the District and Ventura County. This community outreach should utilize a speaker’s bureau to schedule speaking engagements for Commissioners and Senior Management.</p>	<p>The staff will prepare and schedule speaking engagements for Commissioners and Senior Management.</p>

<b>Action Items from Workshop</b>	<b>Staff Roadmap</b>
Assess the benefits and cost for a FY 2007 – 2008 Trade Mission.	A European Trade Mission (estimated at \$75,000 ) will be included in the District’s Final Budget for Board consideration. The staff will contact European Customers and potential customers. Details will be submitted to the Board by staff.
Upcoming events that recognize the importance of the Port of Hueneme (e.g., Japan American Society Dinner) or that may result in new trade opportunities should involve local public officials and decision makers.	Staff will evaluate upcoming events appropriate for inviting other public officials and decision makers.
Formulate activities that include District and officials of the Cities of Port Hueneme and Oxnard.	Two City of Port Hueneme events are in the planning stages: Hueneme Beach Festival and Waterfront Access Dedication and Groundbreaking.  One City of Oxnard event is in the planning stage: Summer Concert Series.  The staff will continue to work on joint events.
Find ways to gain better value and promotion from the local chamber and economic development associations. The “State of the Port” address sponsored by the local chambers needs to be viewed in the same manner as a “State of the City” address by a local Mayor.	The staff will prepare and present new contracts with the local chambers to the Board in August.
Produce a 4 x 5 card to be used at civic events where Commissioners will be introduced.	Staff will accomplish this action item.
The World Trade Center Logo should be incorporated in the District’s public relations and communications advertisements.	Staff will accomplish this action item.
Report on the production of a Huell Howser segment.	Staff will accomplish this action item.

<b>Action Items from Workshop</b>	<b>Staff Roadmap</b>
Reassess the cost and benefits of student interns to the area of public relations and potentially archiving of District materials.	Staff will include student interns in the 2007 – 2008 Final Operating Budget.
Evaluate and report back to the Board on how to reach out to the US Cruise Industry.	Prepare a presentation for the March 10 – 13, 2008 SEATRADE (Cruise Shipping Convention Trade Show) – Miami, Florida. Invite the County and Cities of Oxnard and Port Hueneme to join the District at the Convention.
Re-institute the “ <i>Port Pass</i> ” program.	Staff will accomplish this action item