

Port revenues down, imports struggling

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The Port of Hueneme expects a net loss of \$1.2 million for the fiscal year ended June 30, and port officials are tightening operations in anticipation of a \$2.3 million loss in 2011.

The only deep-water port between Los Angeles and the San Francisco Bay Area,

the Port of Hueneme is a key landing point for automobiles and bananas in Southern California and an economic driver in Ventura County. Final figures aren't in, but the forecasted net loss — \$1.2 million on \$10.3 million in revenue — is better than the \$1.8 million loss on \$10 million in revenue the port budgeted for.

For now, that's where the good news ends. The Hyundais, Kias, Saabs and

BMW's the port handles aren't coming in like they used to.

"When we look forward to 2011, we're not optimistic," said Anthony Taormina, executive director of the Oxnard Harbor District, the public agency that oversees the port. "We just don't see a recovery in the area of imports."

This year was better than the 2009 fiscal year, when the port lost \$1.3 mil-

lion on \$9.9 million in revenue. But even \$10.2 million is far from the port's usual \$12 million in revenues.

"That's directly linked to the U.S. consumer and the automotive industry," Taormina said. "If that slows down, the whole supply chain begins to choke up."

One problem for the port is that its

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income is tied directly to the number of vehicles it processes. Rather than leasing its terminals to generate revenue, as ports in the Los Angeles area do, the Port of Hueneme assesses a fee to the cargo that comes through and charges for ships to park.

"They live and die by the usage and cargo coming in and out," said Ray Bowman, an international trade consultant based in Ventura County. "They have to rely on keeping costs down. ... They have a pretty good reputation as an extremely efficient port at running their business."

Taormina said good financial management in the boom years has allowed the port to weather tough times. Its operating expenses have been in the \$6.5 million to \$7.2 million range.

"We showed an operating loss in 2009 — we had reserves that were able to cover that. We're forecasting an additional loss in 2010 — we have reserves that can handle that," Taormina said. "We're using those prudent reserves we've built over

Year	Revenue	Net Loss
2008-09	\$9,942,360	\$1,351,028
2009-10 (estimate)	\$10,258,925	\$1,226,342
2010-11 (budget)	\$10,140,000	\$2,345,270

the years to meet our debt service and other costs."

The losses mostly mean belt-tightening and cutting back on new spending.

"We have less money that we can invest in future capital improvements, less money that we can invest in adding to our reserves, less money that we can invest in what we call our lifecycle costs" for maintenance and repairs, Taormina said. "At the same time, the board has been very aggressive at looking at all our expenses to ensure we are running as lean an operation as we can in these tough years."

There are bright spots, Taormina said. Exports of American cars to Asia are

soaring. "We're seeing 200 percent increases," he said. But the numbers will probably cap out at 11,000 or 12,000 vehicles, far below the numbers shipped into the port from abroad.

"It won't make up for the losses on the inbound side," Taormina said. "We're probably off about 100,000 units right now."

Del Monte and Chiquita, the big-name banana importers that use the port, have also provided steady business. "It's a staple. It's a consumable. Every week, you're going to be seeing those products coming in," Taormina said.

Bowman said the port's best bet for now is to try to attract a new automobile

importer. "I think they're well-positioned to do that. If you go overseas, everyone knows who they are," Bowman said. "Being a specialty port, I think they'll see an uptick in business before a lot of other ports because they're very good at what they do."

But new business could be a long time coming. Automobiles sell when consumers have money, consumers have money when they have jobs, and employment is a lagging indicator in both recession and recovery, said John Husing, head of Economics & Politics, an economic consulting firm that covers Southern California.

"As fear goes up, purchases of things like automobiles go down," Husing said. "And we're dealing with a lot of economic fear right now."

Taormina said it could be several years until the port climbs back to its former revenue levels. "As I look into the future, I don't see us returning until somewhere in the 2013-2014 timeframe," he said.

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