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**OXNARD HARBOR DISTRICT
BOARD OF HARBOR COMMISSIONERS
BUDGET COMMITTEE
(COMMISSIONERS FOSSE AND PLISKY)**

**AGENDA
MONDAY, JULY 12, 2010
AT 10:00 AM**

The entire agenda documentation is available for review in the lobby of the District's Administration Building.
The agenda is also available on the District's website at: www.portofhueneme.org.

THE FOLLOWING ARE ITEMS OF BUSINESS TO BE DISCUSSED AT THE MEETING OF THE BUDGET COMMITTEE TO BE HELD ON MONDAY, JULY 12, 2010, AT 333 PONOMA STREET, PORT HUENEME, CALIFORNIA.

A. ORAL COMMUNICATIONS

Opportunity for members of the audience to present information on items within the subject matter jurisdiction of the District.

**BOARD OF HARBOR
COMMISSIONERS**

*Raymond E. Fosse
President*

*Michael A. Plisky
Vice President*

*Jess Herrera
Secretary*

*Dr. Manuel M. Lopez
Commissioner*

*Jesse J. Ramirez
Commissioner*

**PORT
MANAGEMENT**

*Anthony J. Taormina
Executive Director*

B. STAFF REPORTS

1. [Discussion of the Oxnard Harbor District Final Operating Budget, Capital Outlay Plan and Debt Schedule for Fiscal Year 2010-2011.](#)

C. HARBOR COMMISSIONERS' COMMENTS

Opportunity for committee members to request information on items within the subject matter jurisdiction of the Budget Committee.

D. NEXT MEETING DATE

To be determined.

**CONSIDERATION OF OXNARD HARBOR DISTRICT FINAL
OPERATING BUDGET, CAPITAL OUTLAY PLAN AND DEBT
SCHEDULE FOR FISCAL YEAR 2010 - 2011**

BACKGROUND

On May 10, 2010, the Board of Harbor Commissioners adopted a Preliminary Operating Budget for FY 2010 – 2011. On May 12, 2010, the Board of Harbor Commissioner held a public Workshop on the Operating Budget.

The Preliminary Operating Budget will be placed on the Board's Agenda for May 24th, June 14th and June 28th. The Board may ask questions on any item within the Budget, and the Board may direct further analysis and study on items. On June 28, 2010, a public hearing will be conducted on the Preliminary Budget. Following the public hearing, the Board may wish to make further changes or to adopt a Final Operating Budget.

Following the Budget Workshop, the Executive Director will report on the following areas of the preliminary budget at the Board meetings:

May 24th - - The Executive Director presented department salaries and benefits. (Payroll expenses). A revised payroll report will be submitted to the Board at the June 14th meeting.

June 14th - - The Executive Director presented Trade Development / Public Relations Work Program for FY 2010 – 2011.

June 28th - - The Executive Director presented Professional Services for all departments and present the Preliminary Operating Budget, Capital Outlay Plan and Debt Service.

June 28th - - The Board held a Public Meeting to consideration the Preliminary Budget, Capital Outlay Plan and Debt Service.

SUMMARY

The Board's Budget Committee will meet on July 12, 2010 to discuss the preliminary budget and to present to the Board Resolution No. 1055 a resolution of the Board of Harbor Commissioners of the Oxnard Harbor District approving and adopting the Fiscal Year 2010-2011 Final Operating Budget, Capital Outlay and Debt Schedule. This Budget Committee is an open public meeting.

The Board will be asked to consider the previously submitted alternatives for payroll expenses, trade development / public relations / and professional services.

Attached for the Board's review is a summary of alternatives for consideration by the Board in preparation of the Final Operating Budget.

CALIFORNIA ENVIRONMENTAL QUALITY ACT ACTIONS

No Action Required.

FISCAL IMPACT

No Fiscal Impact

Attachment

RECOMMENDATION: Consider Resolution No. 1055 – A Resolution of the Board of Harbor Commissioners of the Oxnard Harbor District approving and adopting the Fiscal year 2010 – 2011 Operating Budget, Capital Outlay and Debt Schedule.



FROM: Executive Director

TO: Board of Harbor Commissioners

DATE: July 1, 2010

SUBJECT: Preparation of Final Operating Budget FY 2010-2011

9
10
11 The District's Executive Director and Program Managers have
12 prepared the following for the Board's consideration in review, discussing
13 and approving the Final Operating Budget for FY 2010-2011:

14
15 **Operating Revenues:**

16 The Preliminary Budget identified \$ 8.5 million in operating revenue from
17 the District's Ocean Freight customers. This operating revenue was
18 forecasted based upon Customer performance prior to April 2010. Since
19 then the Maritime Service's Program Manager has been able to evaluate FY
20 2009/2010 performance and to update his forecast for FY 2010/2011. As a
21 result the following changes are being incorporated into the Final Operating
22 Budget:

- 23 • Increase estimate for automobile imports by approximately 7,500
24 units. This increase is attributed to WWL's and BMW's performance
25 during the current fiscal year.
- 26 • Increase estimate for automobile exports by 4,500 units. This increase
27 is attributed to WWL and GAPS. Since the economic slump in
28 November 2008 impacting automobile imports, the export market
29 segment has been very robust.

30 The revised FY 2010/2011 Ocean Freight revenue estimated is \$ 8,874,600
31 (increase of \$ 374,600 over the Preliminary Budget forecast).

32 Another change to the Operating Revenues is the reduction of \$ 80,050 in
33 the Terminal Rental revenue. This is a direct result of a termination in a
34 month-to-month lease within the 319 building associated with the Offshore
35 Oil market segment.

36 ***Total Operating Revenue has increased from \$ 10,140,000 to \$ 10,434,500.***

37 Potential operating revenue **risks and opportunities for FY 2010/2011:**

- 38 • At this time, the District Management staff does not see any serious
39 risk to cargo volume from the current six (6) Ocean Freight terminal
40 operating agreements.
- 41 • The District Management staff does not see any potential for new
42 cargo volume from a new terminal operating agreement (new
43 customer) during this fiscal year.
- 44 • The District Executive Director continues to focus strategic marketing
45 efforts within the automobile and fresh fruit markets. New
46 opportunities for new customers will be in the future (FY 2012/2013).
- 47 • The Deputy Executive Director Maritime Services continues to focus
48 marketing efforts within specialized project cargo opportunities. This
49 includes increase military/commercial cargo associated with the use of
50 NBVC joint use facilities.
- 51 • A significant portion of the District's terminal rental revenue
52 (\$ 434,400) is generated from month-to-month leases with maritime
53 related companies. To that extent, the District is always at risk to
54 experience reductions in terminal rental revenues.
- 55 • The Arcturus property has been added to the Maritime Services
56 program for potential uses with a marine terminal operation. At the
57 present time, no revenue has been included in the Final Operating

58 Budget. There may be opportunities during FY 2010/2011 to generate
59 short-term revenue for storage of cargo on this site.

- 60 • The Deputy Executive Director for Finance and Administration is
61 working on potential opportunities to lease the remaining two (2) acre
62 site on Edison Drive. At the present time, no revenue has been
63 included in the Final Operating Budget from this property.

64

65 **Operating Expenses:**

66 The total Operating Expenses forecasted in the Final Operating Budget are
67 \$ 6,809,800. This is a \$ 589,523 reduction from the operating expenses
68 forecasted in the Preliminary Operating Budget. The forecasted operating
69 expenses for FY 2010-2011 are 1% below the actual operating expenses for
70 FY 2008-2009 and 6% below the budget for FY 2009-2010. The following
71 budget adjustments are proposed to the Board of Harbor Commissioners in
72 the Final Operating Budget:

- 73 ○ Payroll Expenses are reduced by \$ 337,281 from \$ 4,141,581 to
74 \$ 3,804,300. For FY 2010/2011, the District's Executive Director
75 continues to propose no CPI or step increases for employees within
76 the non-representative group classifications. Employees within the
77 representative group receive an across the board wage increase of 5%.

78 The proposed reduction in the Final Operating Budget is based upon
79 adjustments to the District's payroll model that was specifically
80 developed for the 2010/2011 budget process and a hiring freeze on
81 current vacant positions. There is one vacant position included in the
82 FY 2010/2011 Preliminary Budget. By not filling the Maintenance
83 Worker position, the District will have a \$ 107,206 reduction in
84 payroll costs. An additional vacant position from a previous year is

85 the Account Clerk position. For the non-representative group, over
86 the past several years, the District has reduced the work force by
87 eliminating the Director of Operations and Maintenance and the
88 Director of Human Resources.

89 ○ Payroll Expense alternatives not included in the Final Operating
90 Budget are:

91 ■ Elimination of auto allowance for designated employees
92 (potential budget impact = net reduction of \$ 31,818).

93 ■ Reduction of an additional management position based upon a
94 ten (10) month reduction (potential budget impact = reduction
95 of \$ 113,076).

96 ■ Reduction of one senior management position based upon a six
97 month reduction (potential budget impact = reduction of
98 \$ 115,600).

99 ■ **NEW.** Provide a 5% salary adjustment for two (2) impacted
100 employees in the non-representative group to offset potential
101 impacts for the increase in Family Health Care coverage.
102 (potential budget impact = addition of \$ 9,752)

103 ○ Contract Fees are increased by \$ 30,574 based upon adjustments made
104 to the District's Operating Revenues. (Final Operating Budget
105 Contract Fees are \$ 1,007,500)

106 ○ District Promotion was increased by \$ 10,588 as an adjustment to the
107 Fiscal Year 2010 – 2011 work program. (Final Operating Budget
108 District Promotion are \$ 289,600)

109 ○ District Promotion alternatives not included in the Final Operating
110 Budget are:

- 111 ▪ Implementation of a 10% across the Board reduction for each
112 activity with the various Programs (potential budget impact =
113 reduction of \$ 29,580).
- 114 ▪ Deletion of unspecified and miscellaneous line items from the
115 District Promotion program (potential budget impact =
116 \$ 50,650). The following activities will not be impacted by this
117 alternative: District Events, World Trade Association, and
118 Business Meetings expenses. The activities that will be
119 impacted: Association Memberships and Activities, Trade
120 Solicitation, Business Affiliations, Management and
121 Professional Affiliations, and Advertising.
- 122 ○ Professional and Legal Services for FY 2010 – 2011 in the Final
123 Operating Budget is proposed at \$ 435,700. This is a significant
124 increase over actual FY 2008-2009 (36%) and over FY 2009 – 2010
125 budget (80+ %). The District’s Legal Services are allocated to each
126 Budget Manager and are estimated to be \$ 60,000. The District’s
127 other Professional Services are estimated to be \$ 375,700.
- 128 ○ Proposed Professional Services included in the Final Operating
129 Budget as continued services for FY 2010 – 2011 (\$ 182,200) are:
- 130 ▪ Washington DC Services [\$69,000]
- 131 ▪ PR/Media Services [\$18,000]
- 132 ▪ On-Call Environmental [\$36,000] – Board approved
- 133 ▪ Audit Services [\$25,900] – Board approved

- 134 ▪ GASB 45 Valuation [\$5,300]
- 135 ▪ Revenue Bond Arbitrage Reports [\$4,600]
- 136 ▪ Management Services [\$5,300] – Board approved
- 137 ▪ IT Network Services [\$9,600]
- 138 ▪ Telephone Support Services [\$1,500]
- 139 ▪ Webhosting [\$300] – Board approved
- 140 ▪ Web Master Services [\$1,500]
- 141 ▪ IT Technical Services [\$1,200]
- 142 ▪ Finance / Payroll Software Support Services [\$ 4,000]
- 143 ○ Proposed Professional Services included in the Final Operating
- 144 Budget as new services for FY 2010 – 2011 (\$ 189,500) are:
- 145 ▪ High priority services (\$ 113,500)
- 146 • Economic Impact Report update with CLU [\$ 36,000]
- 147 • Air Quality Support Services [\$ 24,000]
- 148 • Transportation / Logistics Services [\$ 24,000]
- 149 • General Engineering Services [\$ 16,000]
- 150 • Sharepoint™ electronic network file system [\$ 7,500]
- 151 • Project Environmental services [\$ 6,000]

- 152 ▪ Medium priority services (\$ 20,000)
- 153 • Financial Advisory services [\$ 5,000]
- 154 • Compensation and benefits services [\$ 3,000]
- 155 • HR support services [\$ 6,000] a 50% reduction
- 156 • Maritime Museum Display design services [\$ 6,000]
- 157 ▪ Low priority services (\$ 56,000)
- 158 • HR support services [\$ 6,000] a 50% reduction
- 159 • Recruitment services [\$ 50,000]
- 160 ○ District alternatives not included in the Final Operating Budget are:
- 161 ▪ Eliminate medium and low priority services (potential budget
162 impact = reduction of \$ 76,000).
- 163 ▪ Eliminate low priority services (potential budget impact =
164 reduction of \$ 56,000).
- 165 ▪ Substitute State of California Land Use, Agency and
166 Stakeholder Advocacy at \$ 48,000 for low priority services
167 (potential budget impact = reduction of \$ 8,000).
- 168 ○ The District's FY 2010 2011 Insurance costs based upon the most
169 recent AON placement is \$ 452,100. The Final Budget amount
170 includes AON agency fees, insurance premiums and a \$ 100,000
171 contingence to cover any claim during FY 2010 – 2011. The Final

172 Operating Budget is a 40% reduction over the Preliminary Budget
173 based upon changes to the District's risk coverage. Earthquake
174 coverage was removed from the District's property insurance and the
175 statement of values used for the District's property insurance was
176 reduced.

177 ○ The District's General and Administrative costs (\$43,300) are
178 relatively unchanged from the Preliminary Operating Budget.

179 ○ The District's Materials, Supplies and Utilities (\$ 514,800) are
180 relatively unchanged from the Preliminary Budget.

181 ○ The District's Operating Income before OPEB and Depreciation has
182 increased from \$ 2,740,677 to \$ 3,624,700.

183 ○ The District's OPEB Post Retirement and Depreciation are unchanged
184 from the Preliminary Budget. However, the District's Net Income
185 after OPEB and Depreciation has improved from a loss of \$ 803,977
186 to a gain of \$ 80,000.

187 ○ The District's Non-Operating Revenues and Expenses are unchanged
188 from the Preliminary Budget.

189 ○ The District's Net Income has improved by \$ 883,610 from a Net
190 Loss of \$ 2,336,610 to a Net Loss of \$ 1,453,000.

191 ○ The proposed Final Operating Budget will not meet the District's
192 required debt service ratio of 1.25. It is anticipated that the District's
193 2009 – 2010 debt service ratio report will meet the 1.25 debt service
194 ratio based upon the actions taken by the Board to defease a portion of

195 their bond service costs prior to June 30, 2009. Therefore, the
196 District's failure to meet the 1.25 debt service ratio will be a technical
197 default. If the District fails to meet the 1.25 debt service ratio for two
198 consecutive years, then the District will be found in default.

199

200

FOR CONSIDERATION

RESOLUTION NO. 1055

**A RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE
OXNARD HARBOR DISTRICT APPROVING AND ADOPTING THE FISCAL YEAR
2010-2011 FINAL OPERATING BUDGET, CAPITAL OUTLAY PLAN AND
DEBT SCHEDULE.**

WHEREAS, the Oxnard Harbor District, Board of Harbor Commissioners, in accordance with the Harbors & Navigation Code, State of California, Section 6093 adopted Resolution No. 1048 a resolution adopting a Preliminary Operating Budget, Capital Outlay Plan and Debt Schedule for the Fiscal Year 2010-2011 on May 10, 2010; and

WHEREAS, the Oxnard Harbor District, Board of Harbor Commissioners, in accordance with Section 6093.1 and Section 6093.2 of the Harbors and Navigation Code conducted a public hearing on June 28, 2010 to receive public comments on the District's Preliminary Operating Budget prior to adoption of the Final Operating Budget;

**NOW, THEREFORE BE IT RESOLVED, THAT THE OXNARD HARBOR DISTRICT,
BOARD OF HARBOR COMMISSIONERS, DOES HEREBY RESOLVE, DETERMINE
AND ORDER THAT:**

1. The Oxnard Harbor District Final Operating Budget attached hereto, and incorporated herein by reference, as Exhibit "1" is adopted by the Board of Harbor Commissioners.
2. The Oxnard Harbor District Capital Outlay Program attached hereto, and incorporated herein by reference, as Exhibit "2" is adopted by the Board of Harbor Commissioners.
3. The Oxnard Harbor District Debt Schedule attached hereto, and incorporated herein by reference, as Exhibit "3" is adopted by the Board of Harbor Commissioners.
4. The Executive Director of the Oxnard Harbor District is directed in accordance with Section 6093.3 of the Harbors and Navigation Code to report the Final Operating Budget, Capital Outlay Plan and Debt Schedule to the Ventura County Board of Supervisors.

APPROVED, ADOPTED AND SIGNED this 12th day of July 2010.

**Raymond E. Fosse, President
Board of Harbor Commissioners
Oxnard Harbor District**

Attest:

**Jess Herrera, Secretary
Board of Harbor Commissioners
Oxnard Harbor District**

EXHIBIT "1"

FISCAL YEAR 2010-2011 OPERATING BUDGET

Port of Hueneme Oxnard Harbor District FY 2010/2011 FINAL OPERATING BUDGET For FISCAL YEAR ENDING: JUNE 30, 2011		FY2011 BUDGET	
		06/30/11	
OPERATING REVENUE			
OCEAN FREIGHT			
WWL (Autos/H&H)		\$ 2,082,400	23.5%
BMW (Autos)		1,660,000	18.7%
GAPS (Autos)		1,621,000	18.3%
DelMonte (Produce)		1,620,000	18.3%
NYK/Cool (Produce)		1,320,000	14.9%
YARA (Liquid Fertilizer)		431,200	4.9%
OTHER		140,000	1.6%
OCEAN FREIGHT		\$ 8,874,600	85.1%
OFFSHORE OIL		675,000	6.5%
TERMINAL RENTAL		434,400	4.2%
NON-TERMINAL RENTAL		344,400	3.3%
OTHER OPERATING REVENUE		106,100	1.0%
TOTAL OPERATING REVENUE		\$ 10,434,500	100.0%
OPERATING EXPENSE (By Type)		OPERATING EXPENSE (By Department)	
PAYROLL EXPENSE	ADMINISTRATION	\$ 1,427,300	21.0%
PORT SECURITY	FINANCE & ACCOUNTING	662,600	9.7%
CONTRACT FEES	HUMAN RESOURCES	104,500	1.5%
DISTRICT PROMOTION	PIO & MARKETING	216,600	3.2%
PROFESSIONAL & LEGAL	FACILITIES DEVELOPMENT	204,000	3.0%
INSURANCE	INFORMATION TECHNOLOGY	44,900	0.7%
GENERAL & ADMINISTRATIVE	MARITIME OPERATIONS	2,805,900	41.2%
MATERIALS, SUPPLIES, UTILITIES	PROPERTY RENTALS	57,100	0.8%
	PORT SECURITY	262,500	3.9%
	MAINTENANCE	1,024,400	15.0%
TOTAL OPERATING EXPENSE		\$ 6,809,800	100.0%
OPERATING INCOME Before OPEB & DEPR		\$ 3,624,700	
OPEB POST RETIREMENT		\$ 545,400	
DEPRECIATION		2,999,300	
NET OPERATING INCOME (LOSS)		\$ 80,000	
TOTAL NON-OPERATING REVENUE		\$ 146,500	
TOTAL NON-OPERATING EXPENSE		1,679,500	
NET NON-OPERATING INCOME (LOSS)		\$ (1,533,000)	
NET INCOME (LOSS)		\$ (1,453,000)	

EXHIBIT "2"

FISCAL YEAR 2010 – 2011 CAPITAL OUTLAY BUDGET

Port of Hueneme					
Oxnard Harbor District					
FY 2010/2011 FINAL CAPITAL OUTLAY BUDGET					
For FISCAL YEAR ENDING: JUNE 30, 2011					
					FY2011 BUDGET 06/30/11
CAT	NO	PROJECT NAME	RESPONSIBLE DEPARTMENT	FUNDING SOURCE(S)	Fiscal Year 2010-2011
P O R T S E C U R I T Y	08-003	City of Port Hueneme Domain Awareness	PORT SEC	(4) State 1 B	\$ 300,000
	08-005	Video Enhancements - Integrator - Technology	PORT SEC	(4) State 1B / (4) DHS 7B - 8	\$ 1,600,000
	08-006	TWIC Main Gate / Access Control Systems	PORT SEC	(4) State 1B / (4) DHS	\$ 675,000
	08-009	Fiber Optic Network	PORT SEC	(4) State 1B / (4) ARRA	\$ 1,329,965
	08-007	Joint Port Operations & Security Center	PORT SEC / OPS	(4) State 1B / (4) ARRA	\$ 1,500,000
	08-008	Risk Plan and Mitigation	PORT SEC	(4) DHS 9 & 10	\$ -
	SUB-TOTAL - Port Security Projects				
J O I N T U S E	JUA-02	Wharf # 3 Improvements	FAC DEV	(3) USN	\$ -
	JUA-xx	Hueneme Harbor Concept Plan (MARAD)	FAC DEV / ADMIN	(1) OHD - GF / (3) USN	\$ 100,000
	JUA-xx	Hueneme Harbor Improvements	FAC DEV / OPS	(1) OHD - GF	\$ -
	SUB-TOTAL- NAVY Joint Use Projects				
L I F E C Y C L E	LC-001	Pile Improvements (Wharf 1 & 2)	MAINT	(1) OHD - GF	\$ 17,000
	LC-002	Pavement Reconstruction (North & South)	MAINT	(1) OHD - GF	\$ 50,000
	LC-003	Facilities Upgrades (e.g. structure, roof, etc)	MAINT	(1) OHD - GF	\$ 150,000
	LC-004	Repair Impact Damage to Wharf 1	FAC DEV	(5) Settlement	\$ 675,000
	LC-005	Equipment Upgrades (e.g. trucks, boom lift)	MAINT	(1) OHD - GF	\$ 50,000
	SUB- TOTAL - Life Cycle Projects (Expended or Reserved)				
G E N E R A L	08-010	Dredge to -40 MLLW (Wharf Improvements)	FAC DEV	(1) OHD - GF / (2) RB	\$ -
	09-001	Shoreside Power (Ships at Berth)	FAC DEV	(4) State 1B / (4) EPA	\$ 100,000
	10-001	I.T. Equipment and Upgrades (Non-Security)	I T	(1) OHD - GF	\$ 220,000
	SUB-TOTAL - General Projects				
TOTAL CAPITAL OUTLAY PROJECTS					\$ 6,766,965
CAPITAL OUTLAY - FUNDING SOURCES				Fiscal Year (Multi-Years)	Fiscal Year 2010-2011
1	OXNARD HARBOR DISTRICT GENERAL FUND			\$ 2,100,000	\$ 537,000
2	REVENUE BONDS			\$ 1,400,000	\$ -
3	USN JOINT USE FUNDS			\$ 538,500	\$ 50,000
4	GRANTS / STIMULUS / OTHER (Multi Year)			\$ 15,820,000	\$ 5,504,965
5	WHARF DAMAGE CLAIM SETTLEMENT			\$ 675,000	\$ 675,000
TOTAL CAPITAL OUTLAY FUNDING SOURCES				\$ 20,533,500	\$ 6,766,965

EXHIBIT “3”

FISCAL YEAR 2010 – 2011 DEBT SCHEDULE

Port of Hueneme Oxnard Harbor District FY 2010/2011 FINAL DEBT SCHEDULE BUDGET For FISCAL YEAR ENDING: JUNE 30, 2011					
				FY2011 BUDGET 06/30/11	
	TOTAL PRINCIPAL OUTSTANDING 7/1/2010	FY 2010-2011		TOTAL FY 2010-2011 DEBT SERVICE	TOTAL PRINCIPAL OUTSTANDING 6/30/2011
		INTEREST PAYABLE	PRINCIPAL PAYABLE		
1999 SERIES REVENUE BONDS	\$ 10,820,000	\$ 605,920	\$ -	\$ 605,920	\$ 10,820,000
2000 SERIES REVENUE BONDS, REFUNDING SERIE:	6,605,000	333,589	1,135,000	1,468,589	5,470,000
2004 SERIES A (AMT) REVENUE BONDS	4,615,000	238,395	470,000	708,395	4,145,000
2004 SERIES B (NON-AMT) REVENUE BONDS	6,800,000	408,000	-	408,000	6,800,000
TOTAL	\$ 28,840,000	\$ 1,585,904	\$ 1,605,000	\$ 3,190,904	\$ 27,235,000