

FOR IMMEDIATE RELEASE
April 12, 2021

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Staying Ahead of the Curve: Port of Hueneme Board Demonstrates Fiscal Responsibility ***Additional Contribution to Employee Retirement Trust Brings Total to \$2.5M***

PORT OF HUENEME, APRIL 12, 2021 – The Port of Hueneme continues to ensure financial stability and fiscal responsibility as the Board of Oxnard Harbor District Commissioners voted to fund another \$500,000 to the District’s California Employers’ Retiree Benefit Trust (CERBT) account for their fiscal year ending June 30, 2021. Other Post-Employment Benefits (or OPEB) are benefits costs (other than pensions) that Federal, State, local governments and special districts provide to their retired employees. These costs include health care, dental, vision and life insurance. It has become evident, with rising costs of healthcare, that future expenses for the OPEB costs will increase significantly as the years go on.

Prior to opening the CERBT account, the Port practiced a pay as you go system covering the OPEB retiree costs for the current fiscal year only. The future years unfunded liability continued to grow with the onset of more retiring employees. Then in fiscal year 2017, the Port took a step towards lowering their Unfunded Accrued Liability (UAL) with the creation of a CERBT with an opening deposit of \$500k. Then in the following two fiscal years, increased the account balance by \$500k each in fiscal years 2018 and 2019. With the current successes of the stock market, the \$1.5M investment grew to nearly \$2M. The effect on the unfunded liability was dramatic. The UAL was growing towards \$9M but has been reduced to approximately \$6M.

After waiting to see the fiscal impacts of FY2020, on March 15, 2021 Oxnard Harbor District’s Board of Commissioners voted to reduce the Port’s unfunded OPEB liability further by authorizing another \$500,000 deposit in the CERBT account which bring the Port’s prefunding to approximately \$2.5M. This Pay & Save As You Go method has proven to be a significant and consistent way to reduce the Port’s unfunded OPEB liability over time. This trust, administered by CalPERS, will serve as the pre-funding element for Other Public Employee Benefits (OPEB,) supplementing the pay-as-you-go method currently in place.

According to the American Legislative Exchange Council (ALEC,) California has one of the largest unfunded OPEB liabilities in the country, exceeding \$166 billion, or \$4,200 per resident¹. By adding the OPEB pre-funding element, the Port is avoiding passing on debt to future generations and preventing potential budget shortfalls in future years. The Government Finance Officers Association of the United States and Canada (GFOA) identifies this type of pre-funding OPEB as a “best practice.” Further, it was noted as a positive comment on the Port’s last Bond rating review by Standard & Poors (S&P) that the pre-funding action was a positive reflection upon the fiscal responsibility of the Port.

“With financial uncertainty heightened by the COVID-19 crisis, we are proud to make all efforts to prioritize the fiscal health of the Port,” says Oxnard Harbor District Board President Jason T. Hodge. “In doing so, we are investing in our Port’s future and taking very seriously our role of sustainable provider of jobs and security for our local communities.”

“Our goals and efforts have been with meeting our financial responsibility to account for future costs,” says Andrew Palomares, Port Deputy Executive Director, CFO/CAO. “By investing a little each fiscal year, it softens the blow of a larger demand on our future financial reserves. Instead of simply a pay as you go system, we’ve adopted a pay & save as you go.”

The Port of Hueneme is one of the most productive and efficient commercial trade gateways for niche cargo on the West Coast. The Port is governed by five locally elected Port Commissioners. The Port moves \$10.85 billion in goods each year and consistently ranks among the top ten U.S. ports for automobiles and fresh produce. Port operations support the community by bringing \$1.7 billion in economic activity and creating 15,834 trade-related jobs. Trade through the Port of Hueneme generates more than \$119 million in direct and related state and local taxes, which fund vital community services. In 2017, the Port of Hueneme became the first port in California to become Green Marine certified and was voted the Greenest Port in the U.S. at the Green Shipping Summit.

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