

ITEM#: C.1
ITEM: Special Orders

DATE: August 11, 2014
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**RESOLUTION NO. 1140
RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS
OPPOSING MEASURE M AND SUPPORTING
THE OPPOSITION ARGUMENT AGAINST
THE ADOPTION OF MEASURE M
PROPOSED BY THE CITY OF PORT HUENEME**

As per direction of the Board of Harbor Commissioners, at the Special Board Meeting of August 5, 2014, staff has prepared the attached Resolution No. 1140 opposing Measure M and supporting the opposition argument against the adoption of Measure M proposed by the City of Port Hueneme.

- Attachment(s):** Resolution No. 1140, Filed Argument Letter, PMSA & Teamsters Local Union 186 Letters
- Fiscal Impact:** N/A
- Legal Review:** Yes
- CEO Approval:** Yes
- California Certified Company:** N/A

RECOMMENDATION: Approve Resolution No. 1140

RESOLUTION NO. 1140

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS
OPPOSING MEASURE M AND SUPPORTING THE OPPOSITION ARGUMENT AGAINST
THE ADOPTION OF MEASURE M PROPOSED BY THE CITY OF PORT HUENEME**

WHEREAS, the City of Port Hueneme on July 21, 2014 adopted a resolution to place Measure M on the ballot for voter approval at the consolidated election with the County of Ventura on November 4, 2014; and

WHEREAS, Measure M proposes an adoption of an amendment to the City of Port Hueneme's Municipal Code regarding a business license tax; and

WHEREAS, the proposed ordinance adds a Section 5033 to the City's Municipal Code, imposing taxes on specified business classifications that are primarily businesses conducting business at the Port of Hueneme and Ventura County Naval Base;

WHEREAS, the businesses at the Port of Hueneme are engaged in foreign and interstate maritime commerce, and, to the extent, the business tax proposed by the ordinance is sought to be collected by the City of Port Hueneme, it violates the Commerce Clause in Article 1, Section 8, Clause 3 of the United States Constitution.

WHEREAS, the Board of Harbor Commissioners is of the opinion that the ordinance, if approved by the voters in adopting Measure M, and the tax imposed by it can be validly collected, is detrimental to the Oxnard Harbor District and the specified business classifications, in that it establishes business taxes on Port businesses greatly exceeding the business tax paid by other businesses within the City of Port Hueneme;

WHEREAS; Measure M allows for a tax on Port customers of up to millions of dollars in addition to the possessory taxes they currently pay and the over one million dollars the District pays in mitigation fees annually;

WHEREAS, according to a study commissioned by Martin Associates, LLC., a maritime economic expert, Measure M has significant adverse impacts to the economy including the potential risk of 3,306 jobs, \$250,939 in personal income and \$185 million in direct business revenue, and \$38 million in local purchases and \$28,104 million in state and local taxes as shown in the chart provided in the study below:

	AUTOS	BANANAS /FRUIT	TOTAL AT RISK
JOBS			
Direct	678	598	1,276
Induced	812	811	1,623
Indirect	<u>179</u>	<u>228</u>	<u>407</u>
Total	1,669	1,637	3,306
PERSONAL INCOME (1,000)			
Direct	\$33,160	\$34,442	\$67,602
Re-spending/Local Consumption	\$79,623	\$82,702	\$162,325
Indirect	<u>\$9,243</u>	<u>\$11,768</u>	<u>\$21,011</u>
Total	\$122,027	\$128,912	\$250,939
DIRECT BUSINESS REVENUE (1,000)	\$81,321	\$103,538	\$184,859
LOCAL PURCHASES (1,000)	\$16,767	\$21,348	\$38,115
STATE/LOCAL TAXES (1,000)	\$13,667	\$14,438	\$28,105

WHEREAS, according to an analysis performed by staff in concert with Port customers, Port customers combined will potentially realize percent increases in the thousands compared to what they are paying today, for an amount of over \$3 million; By way of example one customer currently pays \$8,100 and would have a potential tax of \$1.4 million under Measure M for a 17,447% increase.

WHEREAS, according to the office of the Ventura County Treasurer-Tax Collector, customers already pay possessory interest taxes of \$840,500 that allocated the same way property taxes are dispersed to the City of Port Hueneme, the Hueneme Elementary School District, the Oxnard High School District, the Community College District, the College Child Center, the County General Fund, the Education Revenue Augmentation Funds (E.R.A.F), E.R.A.F 93-94 Shift, the Ventura County Office of Education, the County Library, the Fire Protection District, and the County Flood Zone Administration and County Flood Zone number 2, United Water Conservation District and the Calleguas Municipal Water District; The loss of any customer as a result of measure M would decrease the allocation of funds to these important entities.

WHEREAS, the Port paid the City of Port Hueneme \$1.2 million in city revenue sharing agreements in fiscal year 2014, all from revenue generated from Port businesses.

WHEREAS, Measure M causes Port businesses to negotiate a tax rate with the City is an unprecedented way to tax a Port business;

WHEREAS, the Port of Hueneme trade related activity creates, 10,200 jobs, \$1 billion in economic impact and \$69 million in local and state taxes as part of an Economic Assessment study performed by Martin and Associates;

WHEREAS; Measure M was not adopted by the City through an open and transparent process, thereby removing the opportunity of impacted stakeholders including Navy Base Ventura County, the Port, and local businesses to provide input for a fair and reasonable measure; and

WHEREAS, certain citizens have filed with the Elections Division County of Ventura, an Argument Against adoption of Measure M.

NOW, THEREFORE, the Board of Harbor Commissioners of the Oxnard Harbor District does hereby resolve and determine that:

1. The Oxnard Harbor District opposes the adoption of Measure M as detrimental to the interests of the District and those doing business at the Port of Hueneme, and joins in the Argument Against the adoption of Measure M, as set forth in the Argument Against Measure M attached to this Resolution.

APPROVED, ADOPTED AND SIGNED this 11th day of August, 2014.

ATTEST:

Manuel Lopez, Secretary
Board of Harbor Commissioners
Oxnard Harbor District

Mary Anne Rooney, President
Board of Harbor Commissioners
Oxnard Harbor District

Vote No on Measure M

Measure M will only hurt operations at our Naval Base - the City of Port Hueneme's economic crown jewel and the largest employer in Ventura County.

Navy and Port businesses create over 35,000 jobs, fund economic development projects and pay taxes to local cities and school districts. These businesses are also investing in new environmental clean-up efforts, contributing directly to the health and welfare of the City. Measure M puts these programs in jeopardy.

Don't risk killing the goose that laid our golden egg. The City is unfairly targeting the businesses in our community that work directly with the Navy with inequitable and unjustified tax increases. This measure puts imbalanced tax increases on the local businesses that support Naval Base Ventura County and the Port, causing decreased future investments and job loss. This severely threatens city revenues to Port Hueneme.

Measure M is dangerous because it unfairly targets the heart of our local economy, and will harm our Navy base that has survived base closures and realignments when other cities have lost bases.

The City should work with the Navy, the Port, its local businesses, and community members to improve the economy and increase city resources – not attack the Navy. The City did not consult local businesses, the Navy, the Port, or any of the Navy's and Port's tenants regarding Measure M. Worst of all, Measure M imposes a higher and disproportionately significant tax burden on our counties largest economic assets. The City, our Naval Base, school funds and Port Industry are all put at risk by Measure M.

Protect the Navy, local jobs, and school funds and Vote No on M!

DECLARATION BY AUTHOR(S) OF ARGUMENT OR REBUTTAL

(Elections Code §9600)

The undersigned proponent(s) or author(s) of the Primary argument
(Primary/Rebuttal)

Against ballot proposition Measure M
(In Favor Of/Against) (Name or Number)

at the Gubernatorial General election for the City of Bithumen to be held on
(Title of Election) (Jurisdiction)

Nov. 4, 2014 hereby state that this argument is true and correct to the best of
(Date)

their knowledge and belief.
(His/Her/Their)

1. Jacquelyn Cavish
Printed Name (As Signature)

Museum Curator
Title to Appear on Argument

Jacquelyn Cavish
Signature

July 31, 2014
Date

2. James J. McHugh
Printed Name (As Signature)

Former Commander NAVAL BASE Ventura County
Title to Appear on Argument

J. J. McHugh
Signature

7/31/14
Date

3. CHARLES B. CONNERS
Printed Name (As Signature)

FOTEMTC COMMANDER NAVAL BASE VENTURA COUNTY
Title to Appear on Argument

Charles B. Conners
Signature

7/31/14
Date

4. ELTON GALLEGLY
Printed Name (As Signature)

U.S. Representative RET
Title to Appear on Argument

Elton Gallegly
Signature

7-31-14
Date

5. JAMES P. RAINWATER
Printed Name (As Signature)

FORMER COMMANDER ORVC
Title to Appear on Argument

James P. Rainwater
Signature

31 JUL 14
Date

IMPORTANT: Indicate below the name of the author to contact or receive correspondence.



August 5, 2014

Board of Harbor Commissioners
Oxnard Harbor District
333 Pomona St.
Port Hueneme, CA 93044-0608

RE: ITEM # D-3, "Measure M" - SUPPORT STAFF RECOMMENDATION

Dear Harbor Commissioners:

The Pacific Merchant Shipping Association (PMSA) is a maritime trade association representing marine terminal operators, ocean carriers, and maritime businesses that conduct trade at West Coast ports, including at the Port of Hueneme. Unfortunately, "Measure M," which the City of Port Hueneme has placed on the November ballot, threatens the viability of the Port's current maritime business and negatively impacts and permanently burdens the Port's maritime trades. PMSA is strongly opposed to Measure M and urges you to support the Staff Recommendation at Item #D-3.

The City's proposed tax increases, which rest solely on federal prime contractors and businesses at the Port of Hueneme that conduct import/export trades in interstate and international commerce, are patently discriminatory, will undoubtedly create extraordinary legal liabilities for the City, and foist unnecessary legal costs on taxpayers. Of additional concern, the City is disingenuous in its arguments in Support of Measure M - by not even mentioning in its ballot argument the tax increases and higher revenue projections upon which it based its decision to add Measure M to the ballot, it is misleading its residents.

Measure M in effect would sacrifice the long-term and regional benefits that are derived from the Navy and Port in exchange for short-term benefits to just a single city – a city which already derives significant revenues directly from Port operations. This short-sightedness by the City threatens an international trade facility that is vital to the shared long-term economic interests of the Port, the Navy and the entirety of Ventura County.

For these reasons PMSA is opposed to Measure M and we will actively work to defeat it.

Sincerely,

Mike Jacob
Vice President & General Counsel

cc: Kristin Decas, CEO & Port Director, Oxnard Harbor District
Tim Schott, Executive Secretary, California Association of Port Authorities
Members, California Trade Coalition

Pacific Merchant Shipping Association

250 Montgomery St., Suite 700, San Francisco, CA 94104

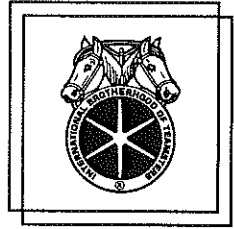
(415) 352-0710

fax (415) 352-0717

TEAMSTERS LOCAL UNION NO. 186

Affiliated with the International Brotherhood of Teamsters
SANTA BARBARA, VENTURA AND OXNARD AREAS
CALIFORNIA

BILL ELDER
Secretary-Treasurer



August 4, 2014

Re: November Ballot Measure

Kristen Decas
CEO & Port Director
Port of Hueneme
P.O. Box 608
Port Hueneme CA 93044-0608

Kristin:

After reviewing the documents you sent me last month, item #9 on the agenda for the city council meeting stands out. This ballot measure as proposed raises concerns about the impact on our Teamster members employed at the Port of Hueneme. This approach of utilizing new taxes on those who bring business to the port is of great concern to us. We will continue to study and monitor this ballot measure and will be weighing in on support or opposition as we see fit.

Sincerely,

Dennis A. Shaw
Political Coordinator
Teamsters Local Union No. 186

Cc: Jonathan Sharkey, Mayor
Port Hueneme