

## 10 Economic Development

---

### 10.1 Purpose

This section summarizes Port Hueneme’s position in the regional economy and describes the relationship between land use and economic policies and the financial well-being of the City.

### 10.1 Approach

Focus areas include demographic and economic conditions of the labor force, assessed valuation of property within the City, taxable retail sales, hotel market conditions, and the current fiscal condition of the City’s budget. Economic data was primarily taken from the *Economic and Demographic Overview* prepared by The Natelson Dale Group, Inc., which is attached as a technical appendix (See Appendix \_\_). Demographic and economic data for the report were taken from the following sources:

- Survey-based data from the U.S. Census Bureau, American Community Survey (ACS) program. These data are grouped by the following categories: Income, Labor Force, Education, Ethnicity/Race and Housing Units.
- Labor force data provided by the U.S. Census Bureau’s Longitudinal Employer-Household (LEHD) Dynamics program.
- Employment data, including the distribution by major industry groups and jobs by earning and educational attainment ranges. These data are also provided by the U.S. Census Bureau’s Longitudinal Employer-Household (LEHD) Dynamics program.

Information provided herein is intended to provide a general overview of economic and demographic conditions in Port Hueneme relative to regional benchmarks. It is important to note that, due to the time periods covered by available data sources, the data presented in this report are largely based on trends and conditions that existed prior to the onset of the economic crisis associated with COVID-19.

### 10.2 Labor Force Demographics and Employment Data

#### **Labor Force Demographics**

The demographics of Port Hueneme are important to understanding the economic conditions of the City’s citizens, including factors such as income, employment status, educational attainment, and ethnicity/race. The following demographic information on labor force income, educational attainment, demographics, and travel times was obtained from the U.S. Census Bureau, American Community Survey (ACS) 5-year estimates (2014-2018).

#### *Income*

Port Hueneme’s largest share of households (21.2%) is in the \$50,000 to \$74,999 income range. The average household income level in Port Hueneme (\$72,358) is below the County (\$110,792) and State (\$101,493) averages. When analyzing the median household income, which is the middle value of all incomes when put into ascending order, Port Hueneme (\$65,243) is similarly below the County (\$84,017) and State medians (\$71,228). This data is summarized in Table 10.1.

**Table 10.1 Labor Force Income– Port Hueneme, Ventura County, and California**

Census Income Data	Port Hueneme	Ventura County	CA
	%	%	%
<b>Household Income Ranges</b>			
Less than \$10,000	4.6	3.2	5.1
\$10,000 to \$14,999	3.7	2.8	4.4
\$15,000 to \$24,999	9.8	6.2	8.0
\$25,000 to \$34,999	8.2	6.6	7.9
\$35,000 to \$49,999	11.9	9.9	10.9
\$50,000 to \$74,999	21.2	15.8	15.9
\$75,000 to \$99,999	16.8	14.1	12.3
\$100,000 to \$149,999	16.6	19.0	16.2
\$150,000 to \$199,999	4.8	10.0	8.3
\$200,000 or more	2.4	12.4	11.0
<b>Median Household Income</b>	<b>\$65,243</b>	<b>\$84,017</b>	<b>\$71,228</b>
<b>Mean Household Income</b>	<b>\$72,358</b>	<b>\$110,792</b>	<b>\$101,493</b>
<b>Per Capita Income</b>	<b>\$24,054</b>	<b>\$36,891</b>	<b>\$35,021</b>

Source: U.S. Census Bureau, 2013-18 American Community Survey 5-year Estimates; TNDG.

### *Age and Education*

Labor force data shows that well over three-fourths (78.1%) of Port Hueneme’s residents in the 20 to 64-age population are in the labor force. This share is comparable to the rates in the County (79.7%) and State (76.7%). Labor force participation rates in Port Hueneme by educational attainment (*Bachelor’s degree or higher*) are relatively similar to the County and State. In this category, Port Hueneme’s labor force participation rate (83.2%) is slightly below the County (85.0%) and State (85.5%) rates.

When looking at educational attainment by age group, Port Hueneme has a lower share of the 18 to 24-age population (8.8%) in the *less than high school graduate* category compared to the County (12.2%) and State (11.6%). For individuals in the 18-24-age group with a *Bachelor’s degree or higher*, the City has a significantly lower share (1.9%) when compared to the County (8.5%) and State (10.3%). In the 25 years and over age group, about one-third of the County and State population is in the *Bachelor’s degree or higher* category, which is well above Port Hueneme’s share (19.8%).

Table 10.2 summarizes labor force participation rates and educational attainment in Port Hueneme.

**Table 10.2 Labor Force Participation Rate and Educational Attainment – Port Hueneme, Ventura County, and California**

Census Labor Force Data	Port Hueneme	Ventura County	CA
	%	%	%
<b>EMPLOYMENT</b>			
<b><u>Labor Force Participation Rate</u></b>			
Population 20 to 64 years	78.1	79.7	76.7
Male	84.8	86.1	82.8
Female	70.5	73.3	70.5
<b>EDUCATION</b>			
<b><u>Overall Educational Attainment</u></b>			
Population 25 to 64 years	78.0	80.0	77.4
Less than high school graduate	70.8	73.1	65.3
High school graduate (includes equivalency)	75.0	76.0	72.9
Some college or associate's degree	81.3	80.6	77.8
Bachelor's degree or higher	83.2	85.0	85.5
<b><u>Educational Attainment by Age Group</u></b>			
<b><u>Population 18 to 24 years</u></b>			
Less than high school graduate	8.8	12.2	11.6
High school graduate (includes equivalency)	36.0	28.3	29.9
Some college or associate's degree	53.2	51.0	48.2
Bachelor's degree or higher	1.9	8.5	10.3
<b><u>Population 25 years and over</u></b>			
Less than 9th grade	12.3	9.6	9.4
9th to 12th grade, no diploma	8.1	6.0	7.6
High school graduate (includes equivalency)	25.8	18.9	20.6
Some college, no degree	24.1	23.1	21.3
Associate's degree	9.9	9.3	7.8
Bachelor's degree	14.2	20.8	20.8
Graduate or professional degree	5.6	12.3	12.5
High school graduate or higher	79.6	84.4	82.9
Bachelor's degree or higher	19.8	33.1	33.3
Source: U.S. Census Bureau, 2013-18 American Community Survey 5-year Estimates; TNDG.			

*Ethnicity/Race*

A relatively high share of Port Hueneme’s population (59.4%) is of *Hispanic or Latino* origin, compared to the County (42.4%) and State (38.9%). In terms of race, the *White alone* category is more concentrated in Port Hueneme’s (70.9%) and the County’s (80.2%) resident racial distributions relative to the State (60.1%). The percentage of residents in the *Asian alone* racial category in Port Hueneme (5.9%) and the County (7.3%) is lower than for the State (14.3%). Table 10.3 summarizes ethnicity/race-related data from the ACS.

**Table 10.3 Labor Force Ethnicity/Race Data – Port Hueneme, Ventura County, and California**

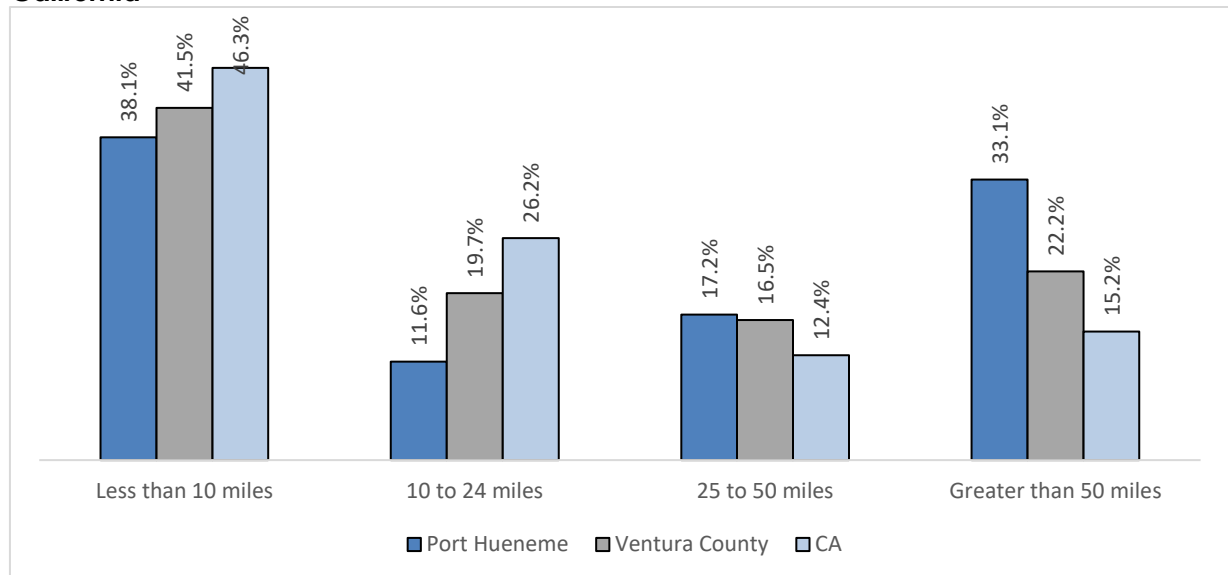
Census Variable	Port Hueneme	Ventura County	CA
	%	%	%
<b>ETHNICITY / RACE</b>			
<b>Hispanic or Latino Origin</b>			
Not Hispanic or Latino	40.6	57.6	61.1
Hispanic or Latino	59.4	42.4	38.9
<b>Race</b>			
White alone	70.9	80.2	60.1
Black or African American alone	4.6	1.7	5.8
American Indian and Alaska Native alone	0.7	0.8	0.8
Asian alone	5.9	7.3	14.3
Native Hawaiian and Other Pacific Islander alone	1.0	0.2	0.4
Some other race alone	7.5	5.3	13.8
Two or more races	9.3	4.4	4.8

Source: U.S. Census Bureau, 2014-18 American Community Survey 5-year Estimates; TNDG.

## Commute

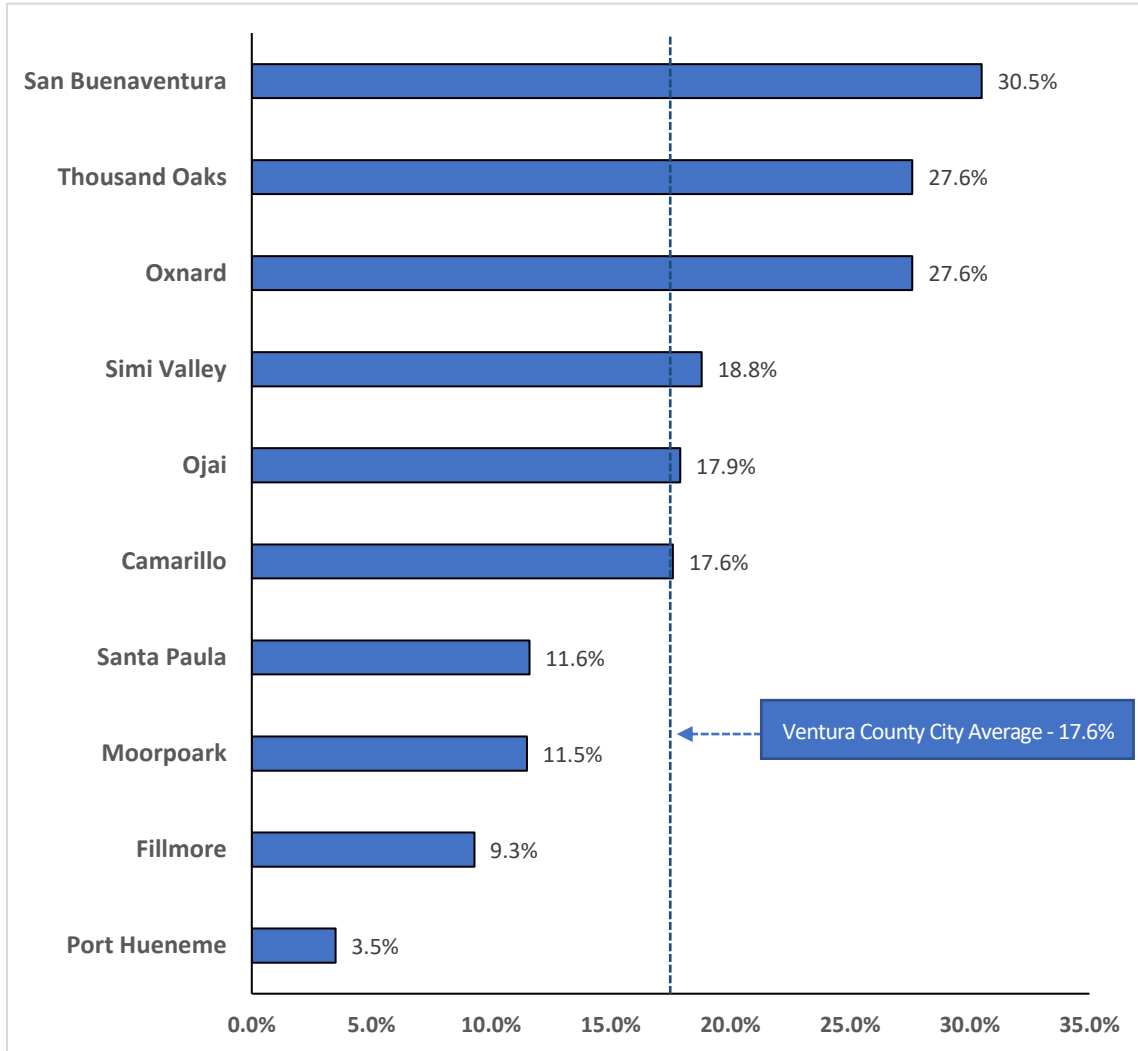
When looking at travel time to work data, Port Hueneme’s labor force tends to have longer distance commutes relative to the overall labor force in the County and in the State. Port Hueneme has the lowest share (38.1%) of residents that have travel distances to work of 10 miles or less, and 10 to 24 miles (11.6%). In addition, the City has the highest share (33.1%), by far of residents that have commute distances greater than 50 miles. This is shown in Figure 10.1.

**Figure 10.1 Labor Force Commute Data – Port Hueneme, Ventura County, and California**



When evaluating the in-area labor force efficiency rate – the percent of the City’s labor force that lives and works in the selection area – for Port Hueneme relative to the remaining cities in Ventura County, Port Hueneme has the lowest share of its labor force, at 3.5%, living and working in the City. The average labor force efficiency measure for cities in Ventura County is 17.6%. This is summarized in Figure 10.2.

**Figure 10.2 In-Area Labor Force Efficiency, % Living and Employed in the City: Ventura County Cities, 2017**



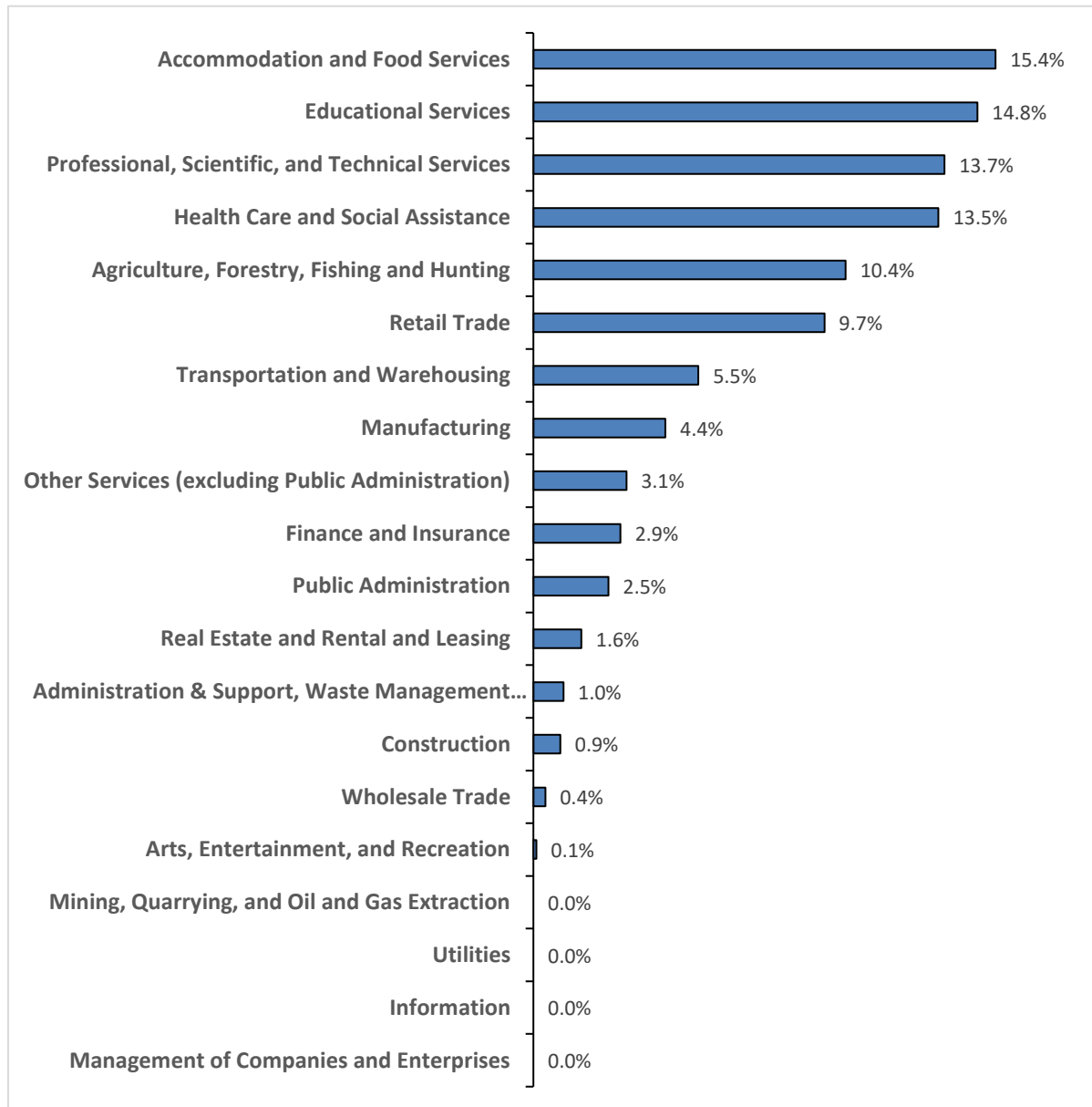
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at <https://onthemap.ces.census.gov>.

## Employment

Employment in Port Hueneme is generally concentrated among a few industries. When looking at employment data from the U.S. Census Bureau (which does not include employment data from the Port of Hueneme or Naval Base Ventura County), the top four industries accounted for about 57% of total employment in the City in 2017. The industry with the largest employment in Port Hueneme is the Accommodation and Food Services, which accounted for about 15.4% of total employment in

2017. This was followed by Educational Services (14.8%), Professional, Scientific, and Technical Services (13.7%), and Healthcare and Social Assistance (13.5%). The full breakdown of U.S. Census data for employment by industry in Port Hueneme is provided in Figure 10.3.

**Figure 10.3 – Share of Employment by Industry in Port Hueneme, 2017**



Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at <https://onthemap.ces.census.gov>.

When comparing employment relative to the Ventura County region, Port Hueneme had the largest shares of employment in the Professional, Scientific, and Technical Services sector, as well as the Educational Services and Retail Trade sectors. The biggest industry difference between the City and the County is in the Manufacturing industry, which accounts for 10.0% of employment in the County versus 4.4% in Port Hueneme. When looking at jobs by monthly earnings, the City has the highest

concentration of jobs in the \$1,251 to \$3,333 range (39.0%). In addition, 35.3% of Port Hueneme jobs have monthly earnings of more than \$3,333, which is below the County (42.9%) and State (46.9%) shares. This data is summarized in Figure 10.4 and Figure 10.5.

**Figure 10.4 Share of Employment by Industry by Area, 2017**

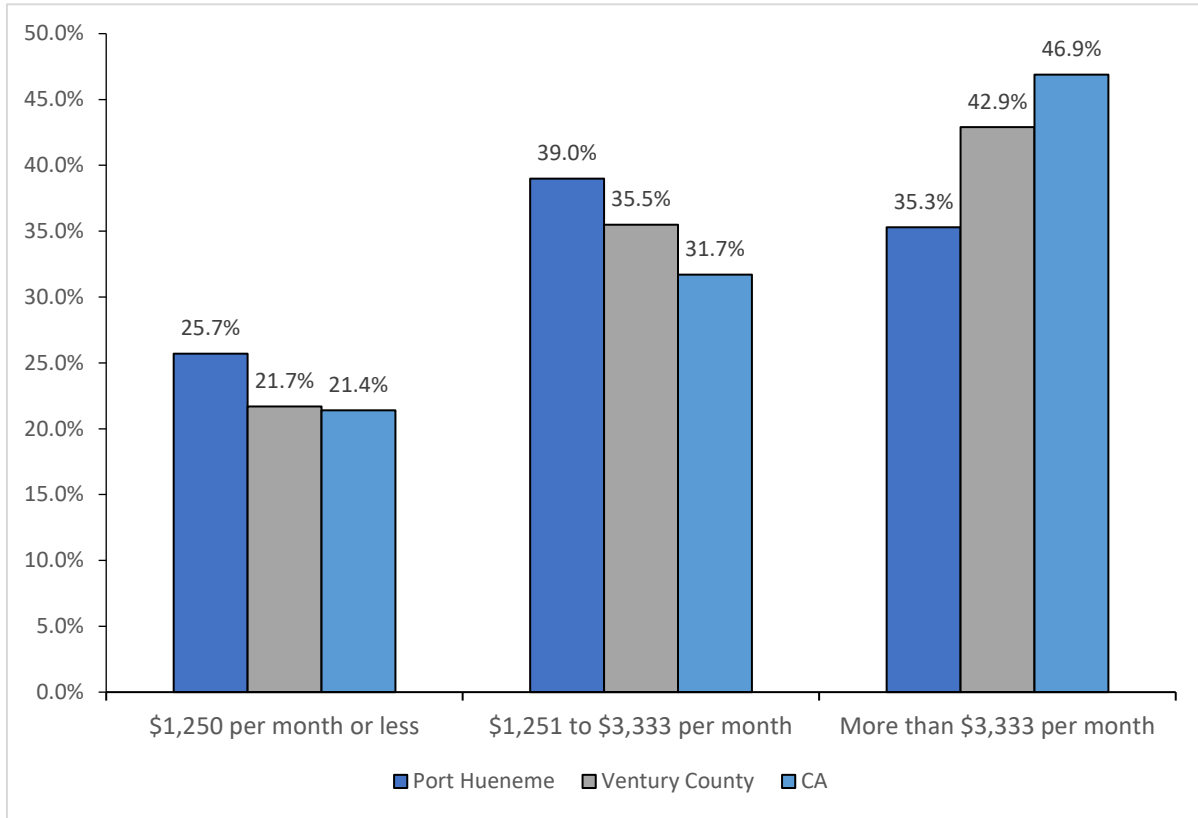


Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at <https://onthemap.ces.census.gov>.





**Figure 10.5 Distribution of Jobs by Area by Monthly Earnings, 2017**



Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at <https://onthemap.ces.census.gov>.

Along with the official employment estimates from the Census Bureau, Table 10.4 provides a more comprehensive estimate of total employees in the City. The table includes employee totals from NBVC-Naval Construction Battalion Center/San Nicolas Island/Point Mugu and the Port of Hueneme, which are not included in the Census estimates. Specific information for the number of jobs at the Naval Construction Battalion Center in Port Hueneme were not available. As shown in the table, there is more than 18,000 employees in the City when accounting for all these institutions (see text box , *Local Economy Influences*, below for more information about the relationship between Port Hueneme, NBVC, and the port).

**Table 10.4 Total Number of Employees – City of Port Hueneme**

<b>Source of Jobs Estimates</b>	<b>Jobs</b>
Census	3,668
Port of Hueneme (Direct Jobs)	2,394
<b>Naval Base Ventura County</b>	
Military	4,231
Civilian Personnel	4,701
Contractors	3,172
<b>Total Jobs</b>	<b>18,166</b>

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at <http://onthemap.ces.census.gov>; Naval Base Ventura County, *Military Readiness Economic Contribution and Community Partnerships*, April 2018; The Port of Hueneme, *2020 Strategic Plan*, October 2015.

### **LOCAL ECONOMY INFLUENCES**

The Port of Hueneme is key to the economy vitality of the City, with the Oxnard Harbor District (which operates the Port) and the City having a longstanding relationship of collaboration that impacts both community and economic development. The City receives funding from the Oxnard Harbor District to extend services necessary to support Port activities. The Port also partners with the Ventura County Transportation Commission to support the coordination of infrastructure investments into the local and regional transportation network, including local roadways, highways, public transit, and pedestrian facilities.

The Port sees a variety of goods moved through its marine terminals, including automobiles, containerized cargo, break bulk fruit, military cargo, liquid fertilizer, and commercial fishing products. The Port is also an important offshore-oil support center for platforms in the Santa Barbara channel.

Since 2010, the Port has seen a 27 percent growth in commercial activity. According to the Port's 2020 Strategic Plan, total economic activity at the Port is \$1.1 billion. The Port is estimated to support 10,226 jobs, including direct, induced, indirect, and related jobs, with 2,394 of those jobs being direct. Annual State and local tax revenue produced from maritime activity at the Port is \$69 million. The total value of imported goods was over \$8 billion in 2014, with total exports the same year valuing at over \$1.2 billion.

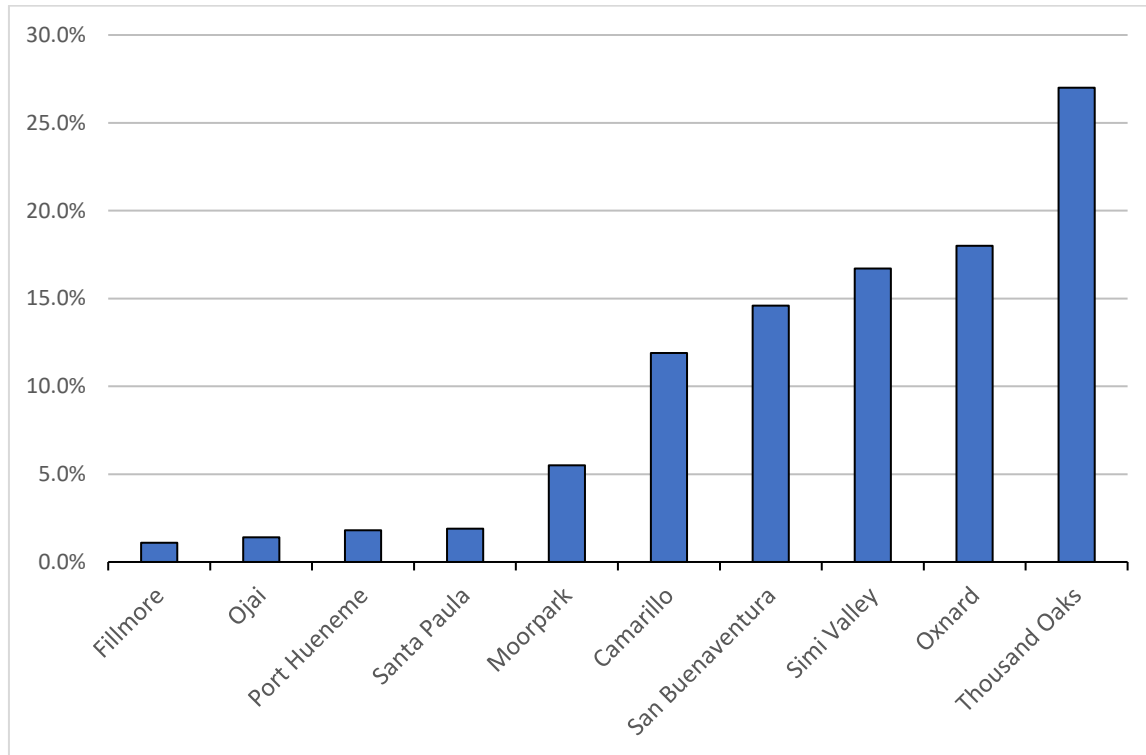
Naval Base Ventura County (NBVC), including the Naval Construction Battalion Center in Port Hueneme, San Nicolas Island and Point Mugu, supports a base population of approximately 19,000 personnel, including 4,231 military, 4,701 civilian, and 3,172 contractor personnel residing in Ventura County. In FY 2015 NBVC generated an estimated \$2 billion in total economic benefit to Ventura County, including \$710 million in direct military and civilian payroll to personnel residing within the County. NBVC economic activity resulted in an estimated \$77 million in state and local tax revenues. Local school districts received \$519,952 in Federal Impact Aid associated with the naval base in 2015.

The population of NBVC generates economic activity throughout the City of Port Hueneme at local restaurants and various other types of businesses and will continue to play an important role in the economic health of Port Hueneme. NBVC estimates that 6,672 jobs were stimulated in Ventura County by Navy operations, personal spending, and other spending in 2015. Visitors to the naval base resulted in \$41 million from visitor spending and \$3 million in state and local tax revenue in 2015 (Naval Base Ventura County 2018).

## 10.3 Assessed Valuation

Assessed value describes the dollar value assigned to property within Port Hueneme and provides an important metric to understand the role of Port Hueneme in the economy of the Ventura County Region. In the 2019-2020 fiscal year, Port Hueneme accounted for less than 2% of the net taxable assessed value among incorporated cities in Ventura County. This was the third lowest among incorporated cities. The top three cities- Simi Valley, Oxnard, and Thousand Oaks- account for about 62% of the total. The assessed valuation for incorporated cities in Ventura County is summarized below in Figure 10.6.

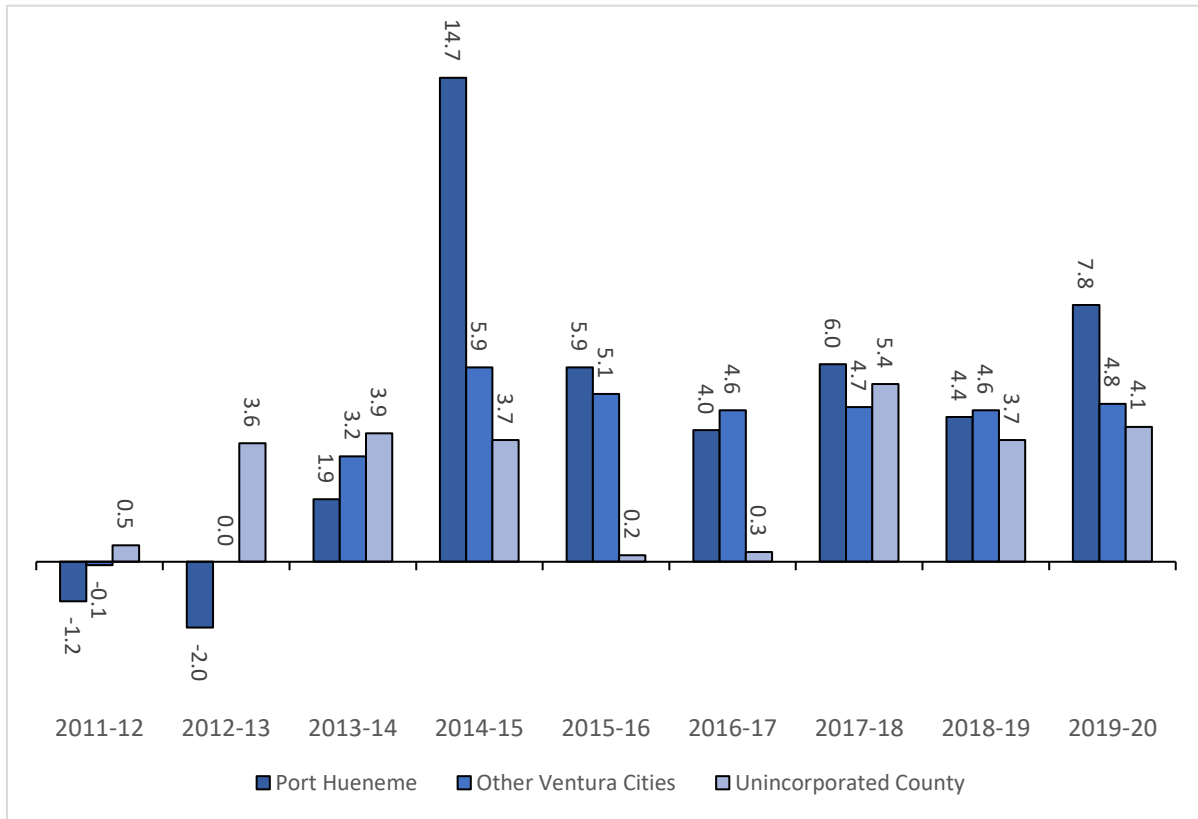
**Figure 10.6 Distribution of Net Taxable Assessed Value in Ventura County for Incorporated Cities, FY 2019-2020**



Source: State Controller’s Office, Open Data Portal; TNDG.

When looking at changes in net assessed valuation of property in Port Hueneme year-to-year, however, the City’s assessed value has increased substantially by about \$690.8 million between FY 2011-12 and FY 2019-20. This represents a 49.0% increase, which is well above percentage increase for the other cities in the County (38.0%). The \$37.8 billion increase for the entire County represented a 36.2% increase during this period. The net taxable assessed value in Port Hueneme has increased at a faster rate in three fiscal years relative to the other Ventura County cities total (six years relative to the unincorporated County). This shows that the City’s value among incorporated cities in the region has increased steadily over the past decade. Figure 10.7 summarizes this data.

**Figure 10.7 Year-over Year Percentage (%) Increase in Net Taxable Assessed Value, FY 2011 to 2019**



Source: State Controller’s Office, Open Data Portal; TNDG.

## 10.4 Taxable Retail Sales

Taxable retail sales are a good economic indicator related to land use. While retail sales are not produced by commercial zoning, the proper location and number of land use designations can help to capture regional and neighborhood retail activity. Taxable sales data evaluated in this section is provided by the California Department of Tax and Fee Administration (CDTFA).

City-wide taxable retail sales have increased by about \$58.9 million between 2015-2019, or by 76%. The largest gains, by far, are in the apparel and non-disclosed categories. Apparel taxable sales increases were largely driven by the Ross Dress for Less store, which opened in 2016. Cannabis sales likely account for the majority of the recent increase in the Other Retail and Food Services category, which increased by 65% between 2018 and 2019. This data is shown in Table 10.5.

**Table 10.5 Taxable Retail Sales, City of Port Hueneme, 2015-2019**

Category	2015	2016	2017	2018	2019	2015-19
	Dollars (\$)					Percent increase
Home Furnishings and Appliance Stores	2,401,808	1,933,347	2,651,925	3,365,337	3,013,944	25%
Food and Beverage Stores	11,349,551	11,452,027	11,763,120	13,580,296	13,513,355	19%
Clothing and Clothing Accessories Stores	89,618	8,771,804	9,683,240	10,856,422	11,627,113	12,874%
General Merchandise Stores	8,576,088	8,648,398	9,154,584	8,494,106	9,142,514	7%
Food Services and Drinking Places	31,544,408	31,521,155	37,444,781	37,164,016	39,231,235	24%
Other / Non-disclosed <sup>1</sup>	23,948,164	22,549,631	24,721,174	36,607,215	60,320,757	152%
<b>Total Retail and Food Services</b>	<b>77,909,637</b>	<b>84,876,362</b>	<b>95,418,824</b>	<b>110,067,392</b>	<b>136,848,918</b>	<b>76%</b>

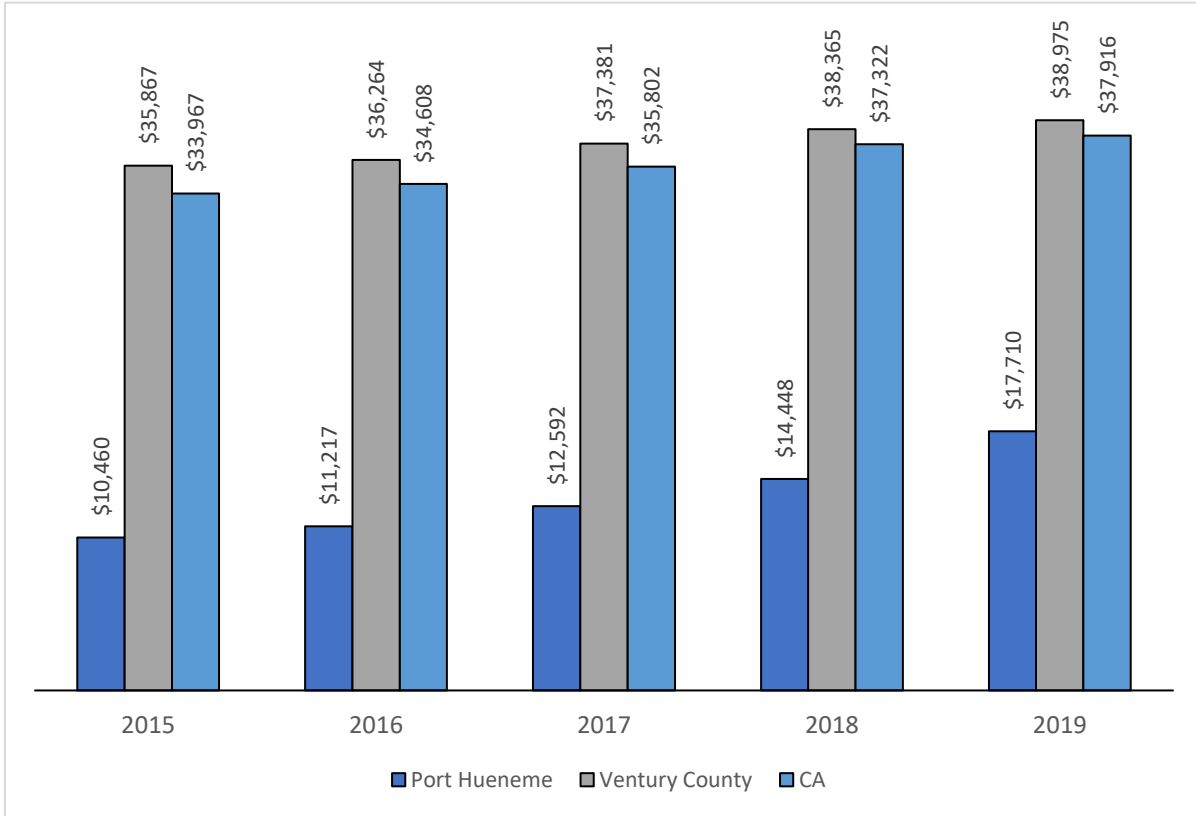
1. Non-disclosed includes: Motor Vehicle and Parts Dealers, Building Materials, and Gasoline Stations.

Source: California Department of Tax and Fee Administration (CDTFA), Taxable Sales - Cities by Type of Business (Taxable Table 4); TNDG.

Although Port Hueneme has performed relatively well in overall sales trends, comparing data for taxable sales per household among the region and State suggests that the City is experiencing substantial retail sales leakage.<sup>1</sup> In 2019, the taxable sales per household was \$17,710, which represents a 69% increase over the 2015 value. This is still well below the comparable figures for the County (\$38,975) and the State (\$37,916). This metric suggests that Port Hueneme has sufficient resident demand to support new retail development in the City. Figure 10.8 summarizes this data.

<sup>1</sup> Retail sales leakage refers to when local people spend a larger amount of money on goods than local businesses report in sales, usually due to people traveling to a neighboring town to buy goods. In this case, people who live in Port Hueneme tend to leave the City to make retail purchases in other municipalities, such as the City of Oxnard.

**Figure 10.8 Taxable Retail Sales/Household (2015 – 2019), Port Hueneme, Ventura County, and California**



## 10.5 Hotels

As part of the General Plan update, TNDG completed a market demand analysis for new hotels in the City. The study examines a range of standard hotel industry performance measures to assess hotel market conditions in the local market area. Along with local market data, this section also provides regional benchmark hotel market data for the Ventura County market. Hotel market data is provided by Smith Travel Research (STR)<sup>2</sup>.

The analysis covers an eight-year period (2012-2019) and considers the following variables:

- Growth in inventory (supply) of hotel rooms (the number of rooms in a set of hotels multiplied by the days in a calendar year);
- Average annual and seasonal occupancy rates;
- Average annual and seasonal room rates;
- REVPAR (“revenue per available room”) – a standard hotel industry performance measure that accounts for both average room rates and overall occupancy levels; and
- Total room demand (i.e., occupied room nights on an annual basis).

Table 10.6 summarizes hotel market performance indicators for hotel facilities in the Port Hueneme-Oxnard market area.

<sup>2</sup>Founded in 1985, STR provides premium data benchmarking, analytics and marketplace insights for global hospitality sectors.

**Table 10.6 Summary of Hotel Market Performance Indicators Hotel Facilities in the Port Hueneme-Oxnard Market Area**

Year	Room Inventory	Annual Occupancy	Avg. Room Rate	REVPAR
		Percentage	Dollars	Dollars
2012	684,310	63.7	\$103.88	\$66.19
2013	682,004	65.5	\$107.71	\$70.60
2014	653,807	70.2	\$118.51	\$83.23
2015	653,043	71.3	\$129.59	\$92.41
2016	634,005	76.2	\$138.75	\$105.72
2017	634,005	77.0	\$140.15	\$107.91
2018	634,005	77.5	\$147.18	\$114.02
2019	634,005	73.7	\$148.45	\$109.38

Room inventory defined as the number of hotel rooms multiplied by the days in a calendar year;  
REVPAR = revenue per available room

Source: Smith Travel Research (STR); The Natelson Dale Group, Inc. (TNDG).

Among the hotels included in the study, occupancy rates have increased from 63.7% to 77.5% from 2012 to 2018. The occupancy rate dropped by 3.8 percentage points in 2019. Average room rates have increased at an annual rate of 5.2% from 2012 to 2019. The revenue per available room also increased at an annual rate of 7.4% during this period. The decline in room inventory over this period is a result of the closing of the Surfside Motel, according to data from STR. Table 10.7 provides the same information for Ventura County.

**Table 10.7 Summary of Hotel Market Performance Indicators Hotel Facilities in Ventura County**

Year	Room Inventory	Annual Occupancy	Avg. Room Rate	REVPAR
		Percentage	Dollars	Dollars
2012	3,013,283	66.9	\$104.64	\$70.06
2013	3,010,486	68.6	\$108.71	\$74.56
2014	2,981,265	72.2	\$116.14	\$83.85
2015	2,980,072	74.5	\$124.83	\$92.94
2016	2,959,237	77.9	\$135.64	\$105.71
2017	2,937,421	76.7	\$136.63	\$104.75
2018	2,914,772	76.4	\$143.54	\$109.68
2019	2,924,180	74.7	\$149.16	\$111.46

REVPAR = revenue per available room

Source: Smith Travel Research (STR); The Natelson Dale Group, Inc. (TNDG).

The market performance indicators show that the Port Hueneme-Oxnard market and Ventura County experienced similar growth rates in most of the evaluated criteria. For most of the period, occupancy rates have been slightly higher in Ventura County compared to the Port Hueneme-



Oxnard market. However, in 2017 and 2018, local market occupancy rates were slightly higher than the County rates. Average room rates in the Port Hueneme-Oxnard market are similar to Ventura County's. Over this period, the variation between the two regions has ranged from just 1% to 3%. Growth rates for average room rates are similar as well, with the Port Hueneme-Oxnard market area experiencing slightly faster growth (7.4%) compared to the County (6.9%). The revenue per available room rate is also similar in the Port Hueneme-Oxnard market area compared to Ventura County. The spread was the largest in 2018, with the local market area about 4% higher than Ventura County. In terms of growth in room demand, the Port Hueneme-Oxnard market experienced a slightly slower growth relative to Ventura County from 2012 to 2019. During this period, room demand increased at annual rates of 1.0% and 1.1% for Port Hueneme-Oxnard and Ventura County, respectively. Table 10.8 illustrates the degree of seasonality in hotel occupancy trends in the local market and Ventura County for calendar year 2019.

**Table 10.8 Seasonality and Hotel Occupancy Rates – Calendar Year 2019 Port Hueneme-Oxnard Relative to Ventura County**

Month	Occupancy Rates %		Difference in Monthly Occupancy Rates Compared to Annual Avg,	
	Port Hueneme-Oxnard	Ventura County	Port Hueneme-Oxnard	Ventura County
January	59.1	64.5	(14.6)	(10.2)
February	73.0	73.6	(0.7)	(1.1)
March	82.6	79.4	8.9	4.7
April	76.9	77.7	3.2	3.0
May	73.7	74.5	0.0	(0.2)
June	79.1	79.0	5.4	4.3
July	82.9	82.4	9.2	7.7
August	82.6	82.3	8.9	7.6
September	73.3	75.3	(0.4)	0.6
October	76.0	77.6	2.3	2.9
November	67.5	69.3	(6.2)	(5.4)
December	57.3	61.1	(16.4)	(13.6)
<b>Average</b>	<b>73.7</b>	<b>74.7</b>	<b>N/A</b>	<b>N/A</b>

Source: STR; TNDG.

Table 10.9 illustrates the degree of seasonality in hotel room rates in the local market area and Ventura County.

**Table 10.9 Seasonality of Room Rates – Calendar Year 2019 Port Hueneme-Oxnard Market Area Relative to Ventura County**

Month	Average Rooms Rates Dollars		Difference in Monthly Room Rates Compared to Annual Avg,	
	Port Hueneme-Oxnard	Ventura County	Port Hueneme-Oxnard	Ventura County
January	128.66	133.96	(19.78)	(15.20)
February	138.88	138.83	(9.57)	(10.33)
March	146.06	143.90	(2.39)	(5.26)
April	146.23	148.14	(2.22)	(1.02)
May	148.87	152.81	0.42	3.65
June	159.82	159.03	11.37	9.87
July	169.48	164.31	21.04	15.15
August	171.38	165.81	22.94	16.65
September	144.01	145.57	(4.44)	(3.59)
October	141.79	146.95	(6.66)	(2.21)
November	138.70	142.77	(9.75)	(6.39)
December	132.42	138.83	(16.03)	(10.33)
<b>Average</b>	<b>148.45</b>	<b>149.16</b>	<b>N/A</b>	<b>N/A</b>

Source: STR; TNDG.

The hotel market study, which was based on conditions prior to the economic downturn from COVID-19, found that when looking at projected gross market demand, the local market would be able to support between 223 and 512 new hotel rooms by 2026, based respectively on baseline and robust scenarios. In 2030, the gross market demand for new hotel rooms is projected to reach between 303 and 794 rooms.

When looking at net market demand, which accounts for potential demand that would be absorbed by other planned or proposed hotel projects in the local market area, the demand for new hotel rooms would be absorbed in Port Hueneme-Oxnard through 2030 under the baseline scenario. This is due to three known proposed hotel projects in the City of Oxnard that would add 328 rooms to the local region’s hotel room inventory. Under the robust scenario, which is based on more optimistic market conditions, there is projected net demand for 55 new hotel rooms in 2024 and 466 rooms in 2030. This number is over and above the three proposed hotel developments in Oxnard.

Oxnard’s recent success in attracting the three proposed hotel developments underscores the need for Port Hueneme to proactively create the necessary conditions (e.g., site identification, hotel recruitment activities, etc.) to attract new hotel projects in the City. Without these City-led efforts, Oxnard would likely continue to dominate the capture of demand for new hotel development in the local market.

## 10.6 City Budget and Fiscal Conditions

Port Hueneme’s General Fund revenues exceeded expenditures by about \$2.85 million for the fiscal year (ending June 2019), using budget data provided by the City’s Comprehensive Annual Financial Reports (CAFRs). This surplus was primarily driven by cannabis related revenues, including taxes and other fees (which are included in the “Other” category)<sup>3</sup>. Taxes and Property Taxes account for about 58% of total General Fund revenues.

Port Hueneme’s City General Fund expenditures declined significantly from FY 2014-15 to FY 2016-17, by approximately \$2.3 million, or a decrease of 15.0%. For the most recent fiscal year, they have since increased – to about \$14.5 million – but are still about 96.5% of FY 2014-15 values. General Government and Public Safety account for most of General Fund expenditures, about 79% of the total. Table 10.10 provides a summary of the City’s General Fund, including revenues and expenditures for the past five fiscal years (FYs).

**Table 10.10 City of Port Hueneme General Fund Budget Summary, Fiscal Years (FY) 2014-15 to 2018-19**

General Fund Category	FY 2014-15	FY 2015-16	FY2016-17	FY 2017-18	FY 2018-19
Dollars					
<b>Revenues</b>					
Taxes	5,701,510	5,772,219	6,062,769	6,406,253	7,466,417
Property taxes	1,939,328	1,983,311	2,140,339	2,298,027	2,619,891
License and permits	609,664	496,454	715,014	557,470	685,867
Fines and penalties	400,476	370,644	372,332	409,304	473,759
Charges for services	668,985	539,228	551,341	652,231	628,485
Investment earnings	1,255,583	1,247,342	1,179,497	1,057,693	1,094,651
Rental income	452,893	476,509	462,861	437,711	493,646
Intergovernmental	4,046,603	410,853	339,364	336,194	255,355
Harbor district revenue	1,492,469	1,660,373	1,653,185	1,690,752	1,779,962
Other	155,793	145,384	703,684	274,918	1,802,573
<b>Total revenues</b>	<b>16,723,304</b>	<b>13,102,317</b>	<b>14,180,386</b>	<b>14,120,553</b>	<b>17,300,606</b>
<b>Expenditures</b>					
General government	4,228,811	4,421,477	3,728,524	4,371,987	4,525,174
Public safety	6,353,266	6,080,435	6,031,950	6,884,138	6,891,199
Streets and highways	897,651	670,155	992,446	563,385	547,479
Parks, recreation & social services	2,552,618	845,631	927,631	934,776	894,166
Community development	945,593	1,114,659	990,057	1,022,046	1,170,322
Principal retirement	0	0	0	402,342	422,036
Capital outlay	0	65,639	54,513	0	0
<b>Total expenditures</b>	<b>14,977,939</b>	<b>13,197,996</b>	<b>12,725,121</b>	<b>14,178,674</b>	<b>14,450,376</b>
<b>Net excess (deficiency)</b>	<b>1,745,365</b>	<b>(95,679)</b>	<b>1,455,265</b>	<b>(58,121)</b>	<b>2,850,230</b>

<sup>3</sup> These two categories experienced the largest relative and absolute increases over the past two fiscal years, from 2017-18 to 2018-19.

## 10.7 Issues and Opportunities

The largely built out nature of Port Hueneme limits opportunities for new commercial and industrial development, given the relative scarcity of vacant land parcels for this type of new development. State requirements for new residential development will compete for scarce developable land in the City. The following list identifies issues and opportunities related to the City's economic development that can be addressed in the General Plan update:

- Due to the City's scarcity of land, special attention will need to be given to potential infill development opportunities on key opportunity sites. In the absence of redevelopment tools, the City will need to proactively engage with property owners of these key opportunity sites to determine their receptiveness to intensifying or repurposing aging commercial facilities with new land use mixes. New use options may include mixed use, since mixed use development would help solve the potential problem of competing residential and commercial/industrial development opportunities on limited available land in the City. For details on housing opportunities, see Chapter 14 *Housing*.
- The Port is a substantial driver of the City's economic and fiscal strength, but its priorities related to future land use in Port Hueneme are not necessarily in alignment with the City's long-term development objectives. For example, one of the key City-owned vacant parcels in the downtown area (a three-acre site that abuts the Port) would potentially be valuable to the Port for its activities and increase the amount of revenue provided to the City annually.
- Neighboring the NBVC presents an opportunity to capitalize on potential technology "spillovers" from Base activities; specifically, attracting high-tech industry sectors (Navy contractors, etc.). An active relationship between some local industry sectors and the Base could act as a catalyst for new high-tech-oriented industrial/manufacturing development in the City. However, the limited land and building capacity in the City will require creative solutions (e.g., redevelopment of outdated commercial properties) to physically accommodate this potential opportunity.
- Due to Oxnard tending to dominate the capture of demand for new hotel developments in region, Port Hueneme may want to proactively seek the creation of necessary conditions to attract new hotel projects in the City, as well as build community support for a new hotel. This could include City-led efforts to identify sites, public surveys or townhalls, and active marketing of the City through hotel recruitment activities.
- Opportunities are available for increasing amenities that attract visitors and make the City more of a tourist destination. These amenities may include more beach recreation (e.g. volleyball courts, barbeque pits), special events (e.g. festivals, farmer's markets), moderate-to high-end dining, resorts, and commercial retail. Also Parking Lot C has been identified as a potential area for recreational camping which could bring additional revenue to the City.

- It is important that the City maintains local support for the cannabis program, as well as competitiveness with other neighboring markets, such as in the neighboring City of Oxnard where cannabis sales are projected to increase. The growth, processing, and sales of recreational cannabis has increased commercial activity in Port Hueneme, and creating more local jobs and tax revenue for the City. A percentage of gross profits from cannabis also go toward local non-profit groups. The City is processing additional cannabis-related permits, which are expected to increase non-dispensary activities (i.e., processing and testing) and associated jobs.

## 10.8 References

- Hueneme, Port of. 2020 Strategic Plan. 2020. [https://www.portofhueneme.org/wp-content/uploads/2015/06/Port\\_of\\_Hueneme\\_2020\\_Strategic\\_Plan\\_FINAL.pdf](https://www.portofhueneme.org/wp-content/uploads/2015/06/Port_of_Hueneme_2020_Strategic_Plan_FINAL.pdf). Accessed June 2020.
- Natelson Dale Group. June 4, 2020. Economic and Demographic Overview. Accessed June 2020.
- \_\_\_\_\_. May 1, 2020. Hotel Market Opportunities Analysis. Accessed June 2020.
- Naval Base Ventura County. January 2018. NBVC Economic Impact Assessment. [https://www.cnvc.navy.mil/regions/cnrsw/installations/navbase\\_ventura\\_county.html](https://www.cnvc.navy.mil/regions/cnrsw/installations/navbase_ventura_county.html). Accessed June 2020.