



DRAFT

CITY OF PORT
HUENEME
STRATEGIC
ACTION PLAN

Policy and Program
Initiatives For
2017-2018

City Council
December 2016

INTRODUCTION

Port Hueneme faces unprecedented challenges that threaten the City's very existence as a self-sustained and independently governed community. The consequence of a structural deficit, coupled with the State's termination of redevelopment in 2012, is illustrated in the five-year financial forecast appearing in **Figure 1** below. Without fundamental changes in how the City provides services and cultivates revenues, all unassigned reserves within the General Fund will be depleted by Fiscal Year 2019-20.

Figure 1

CITY OF PORT HUENEME
FIVE YEAR FINANCIAL FORECAST
GENERAL FUND 2017-18 THRU 2021-22

Source: <http://porthuenemeca.suiteonemedia.com/Web/UserControls/DocPreview.aspx?aid=43> [page 93]

*Includes \$5 million cost reduction from previous GF Loan to the Surplus Property Authority.

	Budgeted 2015-16	Budgeted 2016-17	Estimated 2017-18	Estimated 2018-19	Estimated 2019-20	Estimated 2020-21	Estimated 2021-22
Unassigned Reserves Beginning Balance	5,725,739	3,254,365	2,389,931	1,528,833	701,356	(368,426)	(2,282,667)
Total General Fund Revenues*	15,469,305	15,328,577	15,008,596	15,091,102	15,224,563	15,365,202	15,508,295
Total General Fund Expenses	17,940,679	16,193,011	15,869,694	15,918,579	16,294,345	17,279,443	17,422,075
General Fund Surplus/(deficit)	(2,471,374)	(864,434)	(861,098)	(827,477)	(1,069,782)	(1,914,241)	(1,913,780)
Unassigned Reserves Ending Balance	3,254,365	2,389,931	1,528,833	701,356	(368,426)	(2,282,667)	(4,196,447)

The underlying circumstances and potential options in dealing with the City's financial crisis are discussed in the paragraphs that follow. There is no silver bullet; rather, the solution requires a combination of political fortitude and stakeholder compromise. To begin the discussion, a set of a proposed actions are presented in Sections I through V. These actions are expressly organized under Section headings that correspond to the goals adopted by the City Council in April 2015 and have guided budgetary decisions since that time.

Structural Deficit: Structural deficit is generally defined as the difference between recurring costs of providing basic municipal services and the traditional sources of revenue used to pay for those expenses. The City's structural deficit is not a new phenomenon. In 1975, the gap between new revenues and actual costs amounted to 36% (Source: Adopted Budgets, Department of Finance, City of Port Hueneme). Forty years later, the gap remains nearly the same at 37% while the actual financial difference has increased dramatically from \$1.6 million in 1975 to \$4.7 million in 2015 (see **Figure 2**). The consequence of this deficit, coupled with the State's termination of redevelopment in 2012, has been a drain on General Fund Reserves, increased user fees, and inter-fund borrowing to generate higher interest earnings (<http://ci.port-hueneme.ca.us/DocumentCenter/View/1187>).

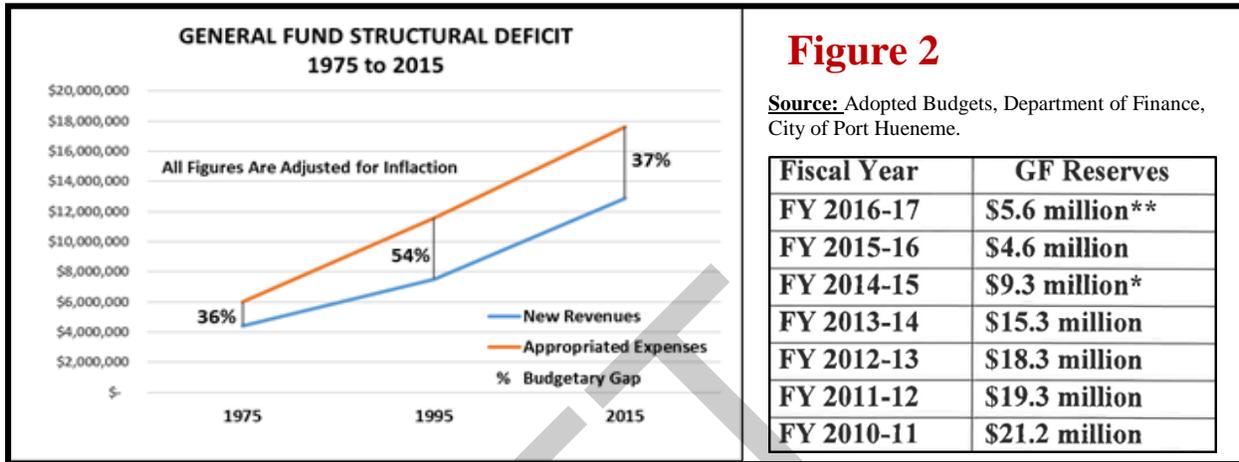


Figure 2

Source: Adopted Budgets, Department of Finance, City of Port Hueneme.

Fiscal Year	GF Reserves
FY 2016-17	\$5.6 million**
FY 2015-16	\$4.6 million
FY 2014-15	\$9.3 million*
FY 2013-14	\$15.3 million
FY 2012-13	\$18.3 million
FY 2011-12	\$19.3 million
FY 2010-11	\$21.2 million

Employee Costs: The cost of providing municipal services is largely attributable to personnel which represents roughly 72% of the City’s total General Fund appropriations (<http://ci.port-hueneme.ca.us/DocumentCenter/View/1187>; page 15). These costs, in turn, are traceable to wages and benefits. In its most recent published report, the California State Controller shows that total average compensation for Port Hueneme employees ranks third among all cities within Ventura County (<http://www.publicpay.ca.gov/>). The City also ranks highest among all Ventura County communities with populations of less than 50,000 persons. A major contributing factor is the amount of overtime earned by public safety employees. Of the top seven sworn officers, overtime constituted 27% of their regular wages (see Figure 3).

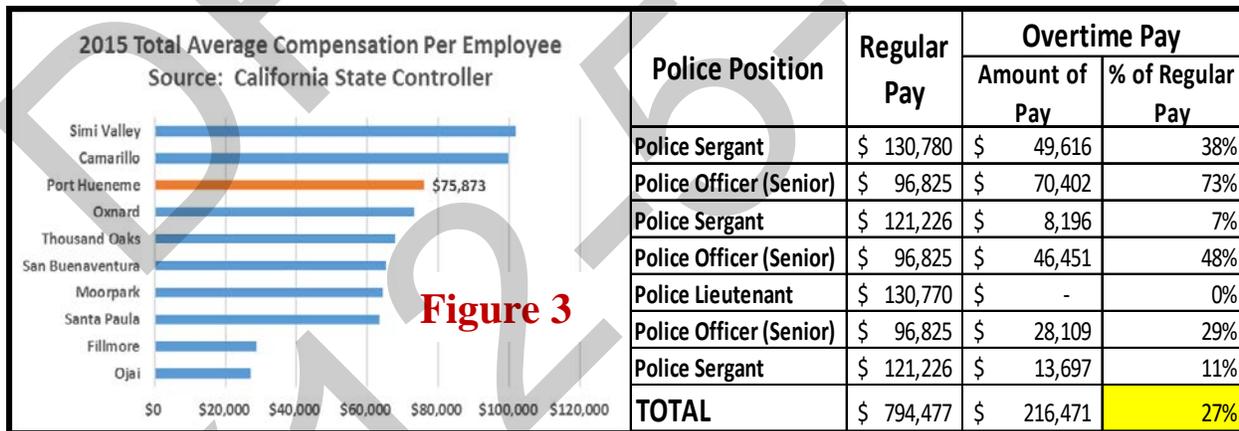


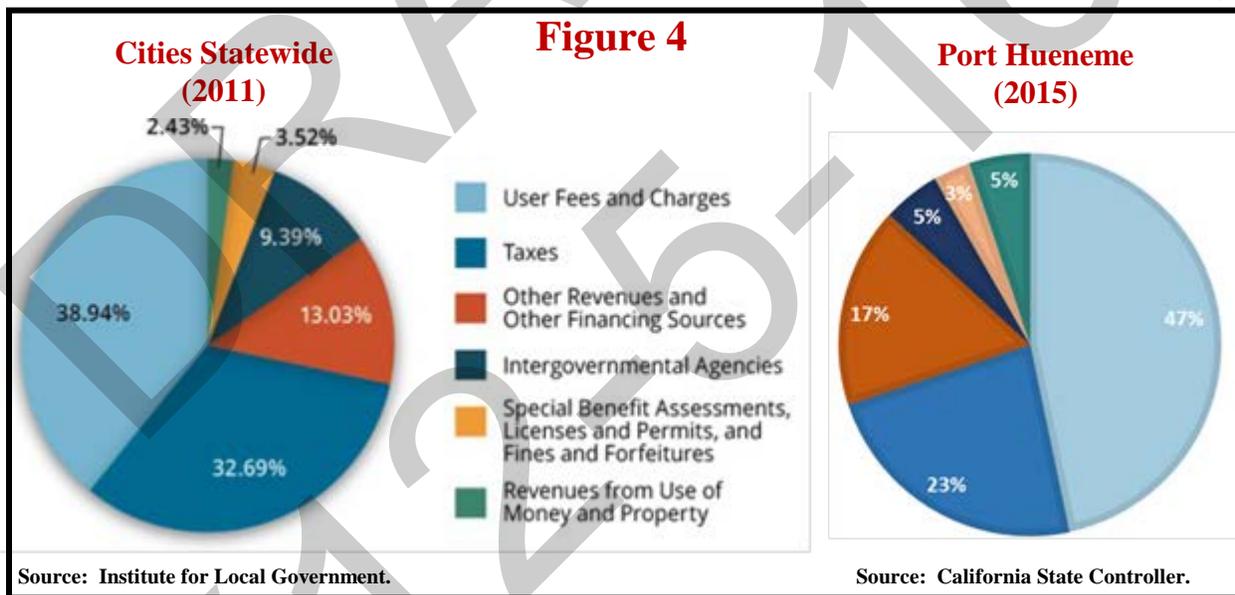
Figure 3

Police Position	Regular Pay	Overtime Pay	
		Amount of Pay	% of Regular Pay
Police Sergeant	\$ 130,780	\$ 49,616	38%
Police Officer (Senior)	\$ 96,825	\$ 70,402	73%
Police Sergeant	\$ 121,226	\$ 8,196	7%
Police Officer (Senior)	\$ 96,825	\$ 46,451	48%
Police Lieutenant	\$ 130,770	\$ -	0%
Police Officer (Senior)	\$ 96,825	\$ 28,109	29%
Police Sergeant	\$ 121,226	\$ 13,697	11%
TOTAL	\$ 794,477	\$ 216,471	27%

Outsourcing Services: The City has the latitude to determine the breadth and depth of municipal services it chooses to provide. This entails decisions regarding the level of service (e.g., frequency of street cleaning, quality of landscape maintenance, range of recreational programs, etc.) and means by which service is rendered (e.g., in-house staff, independent contractors, or special assessment districts). These choices all have benefits and consequences. While special districts and outsourcing may reduce municipal costs, they do not necessarily lessen the overall tax burden on property owners or assure that the quality of service previously provided will remain unchanged. At issue is the value of local control and accountability versus the potential cost savings of alternative service arrangements.

Fiscal Policies: According to the Government Finance Officers Association, the minimum unrestricted budgetary fund balance for general-purpose governments should be no less than two months of regular general fund operating revenues or expenditures (<http://www.gfoa.org/appropriate-level-unrestricted-fund-balance-general-fund>). By comparison, the City has an adopted policy that requires between six and eight months' worth of coverage (<http://www.ci.port-hueneme.ca.us/Document Center/ View/1003>; page 193). Similarly, the City has built up reserves in each of its Enterprise Funds to anticipate capital improvement needs based on idealized replacement schedules. Together, these practices affect the rates currently paid by resident consumers and the amount of funds that are available for ongoing operations.

Revenue Generation: The City's ability to cultivate new revenue sources is greatly limited: taxable retail sales are the lowest among all Ventura County jurisdictions due to unfavorable demographics and lack of highway access; more than 50% of the City is comprised of non-taxable real property (principally the U.S. Navy); the majority of the City's resident population is comprised of households with limited disposable income; and there is little vacant land by which to expand the City's tax base. As shown in **Figure 4**, the City lags far behind other California jurisdictions in the amount of revenues derived from taxes (23% vs. 33%). Consequently, this has placed greater reliance on utility fees and user charges to offset operating costs (47% for Port Hueneme and 39% for Cities statewide).



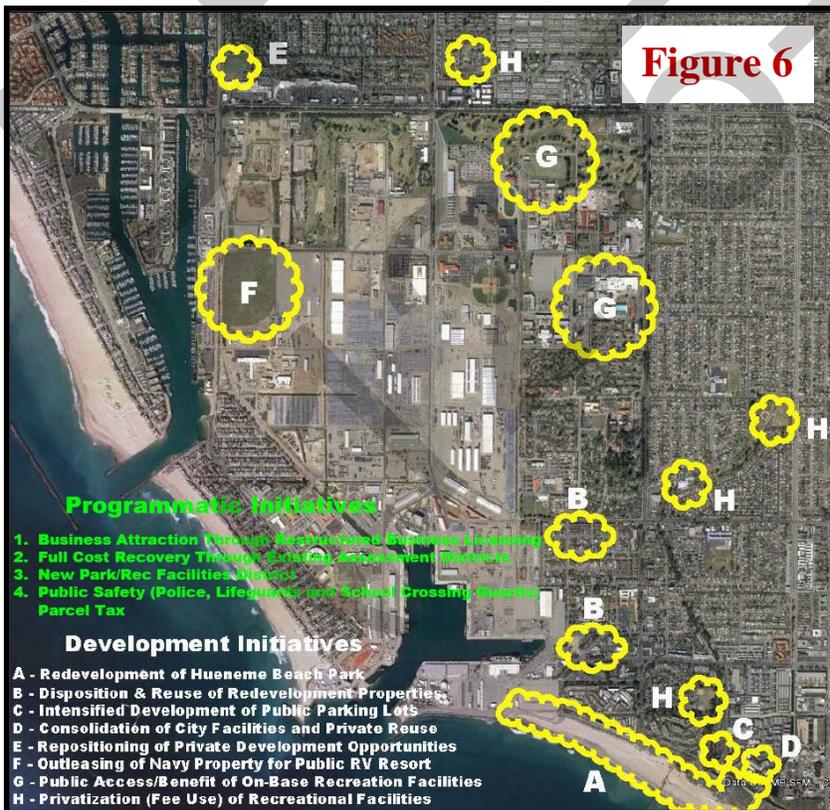
Tax Alternatives: Resolving the City's structural deficit requires a heavy dose of budget cuts along with cultivating new revenue sources. Over the past two budget cycles, emphasis has been on placed on internal cost savings through wage and benefit concessions, delayed hiring, employee layoffs and reduction in services. While further savings must be pursued, it is increasingly likely that some sort tax increase will be needed. As noted in the discussion of "Revenue Generation" above, the City's ability to cultivate new income by means other than taxation is greatly limited; other possibilities (particularly regarding new development) will likely encounter opposition. In specific regard to taxation, there is a broad range of alternatives, each with their own distinct advantages and disadvantages (see **Figure 5**).

Figure 5

	General Tax (Business License)	Special Tax (Police Services)	Assessment Districts (Landscape, Lighting & Drainage)
Tax/Revenue Restriction	fees/taxes must be reasonable, but there is no nexus requirement	zones of benefit and varied tax assessments are permitted provided that a nexus can be established	assessments must be proportional to benefits conferred; requires an engineering report to establish fee allocations
Approval Threshold	requires majority voter approval	requires 2/3 voter approval	determined by majority protest vote of affected property owners
Public Property	public property is exempt	public property is exempt	cannot exempt public property unless such property clearly receives no special benefit
Impacted Parties	businesses	property owners	property owners
Eligible Voters	all registered voters (9,133 according to last general election)	all registered voters (9,133 according to last general election)	all affected property owners (varies according to assessment district boundaries)
Positive Features	revenues are non-restricted; outcome is controlled by a voting base that is largely unaffected by the outcome	entire community is affected and allowed to determine their fate; voters understand how their vote affects them personally	voting is restricted to the parties most affected; outcome is not dependent on the general or special electoral process (mail-in ballots only)
Negative Features	disenfranchisement of those most affected (businesses represent less than 10% of all eligible voters)*	revenues are restricted; voting threshold of 2/3rds is formable; non-owner voters control 49% of the outcome	revenues are restricted; benefits are largely geographic in nature and require a more refined apportionment of cost/benefit
Issues and Considerations	increasing fees/taxes could be counterproductive and undermine retention/attraction efforts (see reverse side)	potential cost savings from outsourcing to other law enforcement agencies; community attitude regarding alternatives	application of current assessments to public properties (including OHD, Navy and Hueneme School District); resurrection of a Beach Maintenance Assessment District

*This apportionment is based on the number of business listed in the City's online directory (112 businesses vs. 9,133 registered voters). This calculation assumes that all 112 businesses are owned by individuals who reside in Port Hueneme and have at least two household members that are eligible to vote.

Economic Development: Raising revenue through means other than taxation falls within the general domain of economic development and includes: (i) grantmanship; (ii) business retention and attraction; (iii) repositioning real property assets owned or controlled by the City; (iv) collaboration with community stakeholders and business partners (e.g., Navy, Port and Chamber); and (v) volunteerism to supplement or supplant services presently performed by the City. Though certainly not all-inclusive, **Figure 6** provides a summary of the many possibilities that exist. As with the consideration of tax alternatives, economic development can be equally unpopular for those who might be most affected (e.g., redevelopment of Hueneme Beach Park to maximize its visitor-serving potential).



Summary: Difficult decisions lie ahead. How we got to this point is less important than what can be done to put the City back on solid footing. Many of the potential solutions will be hotly contested by some while aggressively supported by others. These dynamics require an inclusive process of balancing citizen desires with the Council’s fiduciary responsibilities. In the end, the community at large (e.g., decision makers, residents, property owners, public employees, community stakeholders and business partners) must be willing to accept their share of responsibility to arrive at a suitable outcome. This will require accommodation and compromise if we are to overcome the challenges we presently face. The proposals that follow offer a starting point of discussion.

DRAFT
(12-5-16)

I. PROMOTE COASTAL AMENITIES

	ACTIONS	BUDGETING	TIMING	PRIORITY	ASSIGNMENTS
1	Establish and activate a citizen based Beach Advisory Commission (in addition to or as part of a redefined mission for “REACH”) to promote volunteerism, event programming, capital improvement planning and asset development.	\$10,000 seed money from the unrestricted City/OHD Community Enhancement Fund (“UCEF”).	Establish mission statement, devise commission protocols and make appointments. (3 rd Qtr. 2017)	Medium	Council Lead: TBD Staff: Deputy City Manager/Human Resources Manager
2	Formalize and commence an Inter-Agency Coalition (City, County, Port and Navy) to monitor sand replenishment operations, proactively seek State and Federal funding, promote special legislation and lobby for Congressional support. (See Figure 7)	Initial costs: \$9,000 from former BEACON membership. Operational funding: future CEF (amounts to be determined “TBD”).	Conduct outreach, establish coalition structure and devise overarching goals. (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: City Manager
3	Devise and implement a capital improvement plan expressly dedicated to Hueneme Beach for upgrading/replacing infrastructure (e.g., landscaping, picnic shelters, outdoor showers, etc.) with immediate priority for beach restrooms.	Evaluation phase: \$10,000 from the Surplus Property Authority (“SPA”) Capital costs: SPA (TBD); more than \$5 million is available).	Perform needs assessment, quantify costs, prioritize improvements and incorporate results into the FY 2017-18 Budget. (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: Public Works Director
4	Explore joint City-Oxnard Harbor District (“OHD”) sponsorship of a community Beach-Port celebration to replace and/or supplement separate events (Hueneme Beach and Banana Festivals) sponsored by these entities independent of one another.	Initial establishment: \$25,000 from the UCEF. Subsequent events: a percentage of future CEF contributions (TBD).	Engage in discussions; collaborate on program logistics and joint sponsorship. (3 rd Qtr. 2017)	Medium	Council Lead: TBD Staff: Deputy City Manager/Human Resources Manager

II. CULTIVATE A HIGH PERFORMING ORGANIZATION

	ACTIONS	BUDGETING	TIMING	PRIORITY	ASSIGNMENTS
1	Replace the “Inspiration” at the beginning of each City Council meeting with an acknowledgement of City employees for the services they provide and the contributions they make; provide recognition and awards for exceptional performance.	No new funding required (internal administrative task).	This is a policy matter that can be accomplished by immediate Council action. (1 st Qtr. 2017)	Medium	Council Lead: TBD Staff: Deputy City Manager/ Human Resources Manager
2	Re-examine reserve policies, establish baseline financial conditions and seek agreement on compensatory capacity in collaboration with labor units within the City (e.g., POA and SEIU); link salary increases to the City’s overall financial condition and future performance.	\$15,000 from the General Fund Reserve (“GFR”).	Retain mutually acceptable consultant and conduct audit. (1 st Qtr. 2017) Engage labor units in collaborative negotiations. (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: City Manager, Deputy City Manager/ Human Resources Manager and Finance Director
3	Conduct an independent assessment of the City’s risk management program, institute best management practices and explore alternative underwriting arrangements with the goal of enhancing workplace safety and reducing premium costs.	\$15,000 from the GFR.	Retain consultant and conduct assessment. (1 st Qtr. 2017) Receive and implement recommendations (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: Deputy City Manager/ Human Resources Manager
4	Craft and implement organizational “norms” to promote vertical and horizontal communication and team building throughout the City’s organization; embody results in advisory guidelines as an “add-on” to the existing Council Protocols.	No new funding required (internal administrative task).	This is an administrative action can be accomplished internally. (1 st Qtr. 2017)	Medium	Council Lead: TBD Staff: City Manager

III. MAINTAIN INFRASTRUCTURE AT A HIGH LEVEL

	ACTIONS	BUDGETING	TIMING	PRIORITY	ASSIGNMENTS
1	Evaluate creation of an Enhanced Infrastructure Financing District by which to implement the City's Capital Improvement Program and recapture debt financing (over an extended period) through future tax increment revenues.	Evaluation phase: \$10,000 from the UCEF. Establishment phase: SPA (TBD; more than \$5 million is available).	Retain consultant, conduct assessment and present findings. (3 rd Qtr. 2017)	Medium	Council Lead: TBD Staff: Public Works Director
2	Explore alternative financing mechanisms (e.g., Mello Roos and Special Assessment Districts) to raise revenue dedicated to shoreline protection, capital replacement and beach maintenance based on benefits derived from beach proximity. (See Figure 8)	Evaluation phase: \$15,000 from the UCEF. Establishment phase: SPA (TBD; more than \$5 million is available).	Retain consultant, conduct assessment and present findings (4 th Qtr. 2017)	Medium	Council Lead: TBD Staff: Public Works Director
3	Complete the City's ongoing water rate study with analysis of treatment/delivery options and associated costs; finalize the impending RFP for outsourcing landscape maintenance to incorporate qualitative performance measures.	Rate study: no funding required; previously budgeted. Landscape RFP: No funding required (internal administrative task).	Complete water rate study. (1 st Qtr. 2017) Update/issue RFP, select bidder and award maintenance contract. (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: Public Works Director
4	Re-amortize Capital Replacement schedules based on actual infrastructure conditions and health/safety importance; explore the feasibility of bond financing using future OHD revenue sharing funds as the means for security.	\$15,000 from the UCEF.	Retain consultant, conduct analysis, and incorporate findings into the FY2017-18 Budget (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: Public Works Director

IV. ENHANCE COMMUNITY INVOLVEMENT

	ACTIONS	BUDGETING	TIMING	PRIORITY	ASSIGNMENTS
1	Establish a Citizen Advisory Committee ('CAC') as a sounding board for Council decision-making; engage the CAC to help craft political, financial, and budgetary reforms by means of the Municipal Code as opposed to a Charter Amendment. (See Figure 9)	No new funding required (internal administrative task).	Establish mission statement, devise commission protocols and make appointments. (2nd Qtr. 2017)	Medium	Council Lead: TBD Staff: City Manager and Finance Director
2	Conduct periodic Town Hall meetings elicit citizen feedback on community issues; devise an agenda, establish a Council Ad Hoc Committee and conduct meetings with community stakeholders to explore issues of common interest (e.g., OHD, Navy, School District, and Chamber of Commerce).	No new funding required (internal administrative task).	Develop topics list, Town Hall venues and tentative meeting schedule; Appoint Council Ad Hoc Committee. (1st Qtr. 2017)	High	Council Lead: TBD Staff: City Manager and City Clerk
3	Evaluate options and resources by which to keep citizens aware of important community issues (e.g., more regular updating of the City's website, broader use of social media, interactive video streaming, messaging through utility billings, and HOA newsletters).	Evaluation phase: no new funding required (internal administrative task). Implementation phase: UCEF and future CEF (amounts TBD).	Conduct internal review of public information options, identify associated costs and devise recommended actions. (3rd Qtr. 2017)	Medium	Council Lead: TBD Staff: Deputy City Manager/Human Resources Manager
4	Broaden/refine the mission of "REACH" to encourage more volunteerism, grantmanship, and recreational programming; serve as a mechanism to fund ongoing activities at the Hueneme Historical Museum and Ray Prueter Library.	\$10,000 seed money from UCEF.	Recraft mission statement, supplement committee appointments and implement initiatives. (2nd Qtr. 2017)	High	Council Lead: TBD Staff: Deputy City Manager/Human Resources Manager

V. CREATE A SUSTAINABLE FINANCIAL FUTURE

	ACTIONS	BUDGETING	TIMING	PRIORITY	ASSIGNMENTS
1	Conduct an economic impact assessment of NBVC at Port Hueneme, identify/examine shortfalls (if any) in municipal revenues received compared to services provided and explore alternatives for obtaining compensation in lieu of taxes.	\$50,000 from the GFR.	Retain consultant, conduct assessment and present findings. (3 rd Qtr. 2017)	Medium	Council Lead: TBD Staff: City Manager and Public Works Director
2	Continue the exploration of redevelopment/reuse options for City real estate assets; seek community input and set priorities; commence the outreach, disposition, and development process to maximize near and long-term revenue potential.	\$50,000 from the GFR.	Retain consultant, conduct outreach, establish options and present findings. (4 th Qtr. 2017)	High	Council Lead: TBD Staff: City Manager
3	Employ specialty consultants to devise and gauge voter acceptance of a Public Safety Parcel Tax Measure to provide a dedicated source of funding for retaining police, lifeguards, and school crossing services under local control. (See Figure 10)	\$50,000 from the UCEF.	Retain consultant, conduct analysis, assess public acceptance and present recommendations. (4 th Qtr. 2017)	High	Council Lead: TBD Staff: City Manager
4	Commence engineering studies to assess feasibility and potential cost recovery by restructuring existing maintenance assessment districts (including application to public lands not presently assessed).	\$25,000 from the GFR.	Retain consultant, conduct assessment and present findings. (2 nd Qtr. 2017)	High	Council Lead: TBD Staff: City Manager and Public Works Director

V. CREATE A SUSTAINABLE FINANCIAL FUTURE (Continued)

	ACTIONS	BUDGETING	TIMING	PRIORITY	ASSIGNMENTS
5	Retool the City’s business licensing practices to backfill existing storefront vacancies as opposed to increasing taxes; incentivize occupancies through discounted licensing and institute a business retention/attraction program. (See Figure 11)	\$15,000 from the UCEF.	Retain consultant, conduct assessment, present findings and adopt license changes. (3rd Qtr. 2017)	Medium	Council Lead: TBD Staff: City Manager and Public Works Director
6	Commence discussions with OHD on joint initiatives and allocation of future UCEF; explore development opportunities for Market Street Landing; revisit the status of existing revenue sharing agreements and the need for updating.	No new funding required (internal administrative task).	This is a policy matter that can be accomplished by immediate Council action. (2nd Qtr. 2017)	High	Council Lead: City-Port Development Review Committee Staff: City Manager
7	Retain a specialty consultant to identify and pursue grant opportunities; collaborate with the OHD, Navy and School District on funding possibilities that arise by their value-added missions (e.g., Homeland Security).	\$25,000 from the UCEF.	Retain consultant, conduct assessment and present findings. (4th Qtr. 2017)	Medium	Council Lead: TBD Staff: City Manager
8	Evaluate the feasibility of a locally-imposed real property transfer tax that is applied to the valuation difference between Proposition 13 baselines and current market value at time of sale; consider the possibility of a dedicated tax (2/3rds majority) vs. a general tax (simply 50% majority). (See Figure 12)	\$25,000 from the UCEF.	Retain consultant, conduct assessment and present findings. (4th Qtr. 2017)	Medium	Council Lead: TBD Staff: City Manager and Finance Director

Figure 7

Sand Replenishment Dredging Data					
(Source: U.S. Army Corps of Engineers and County of Ventura)					
Dredge Cycle	Sand Delivered	Statutory Need	Annual Deficit	Cumulative Shortfall	
1996-97	2,946,812	\$ 2,508,000	\$ 438,812	\$ 438,812	
1998-99	1,116,990	\$ 2,508,000	\$ (1,391,010)	\$ (952,198)	
2000-01	1,116,990	\$ 2,508,000	\$ (1,391,010)	\$ (2,343,208)	
2002-03	2,062,638	\$ 2,508,000	\$ (445,362)	\$ (2,788,570)	
2004-05	2,141,115	\$ 2,508,000	\$ (366,885)	\$ (3,155,455)	
2006-07	1,171,008	\$ 2,508,000	\$ (1,336,992)	\$ (4,492,447)	
2008-09	2,198,011	\$ 2,508,000	\$ (309,989)	\$ (4,802,436)	
2010-11	969,191	\$ 2,508,000	\$ (1,538,809)	\$ (6,341,245)	
2012-13	784,770	\$ 2,508,000	\$ (1,723,230)	\$ (8,064,475)	
2014-15	2,805,342	\$ 2,508,000	\$ 297,342	\$ (7,767,133)	
2016-17	1,500,000	\$ 2,508,000	\$ (1,008,000)	\$ (8,775,133)	* COE estimated

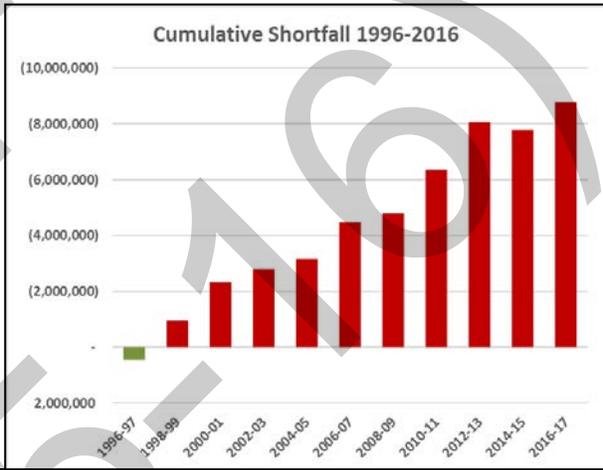
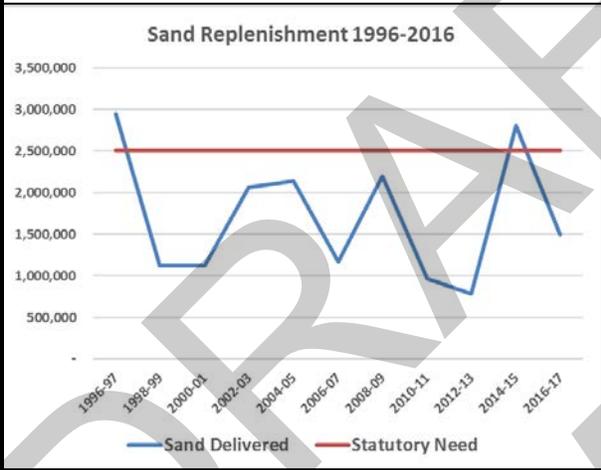


Figure 8

Conceptual Beach Maintenance/Erosion Assessment District

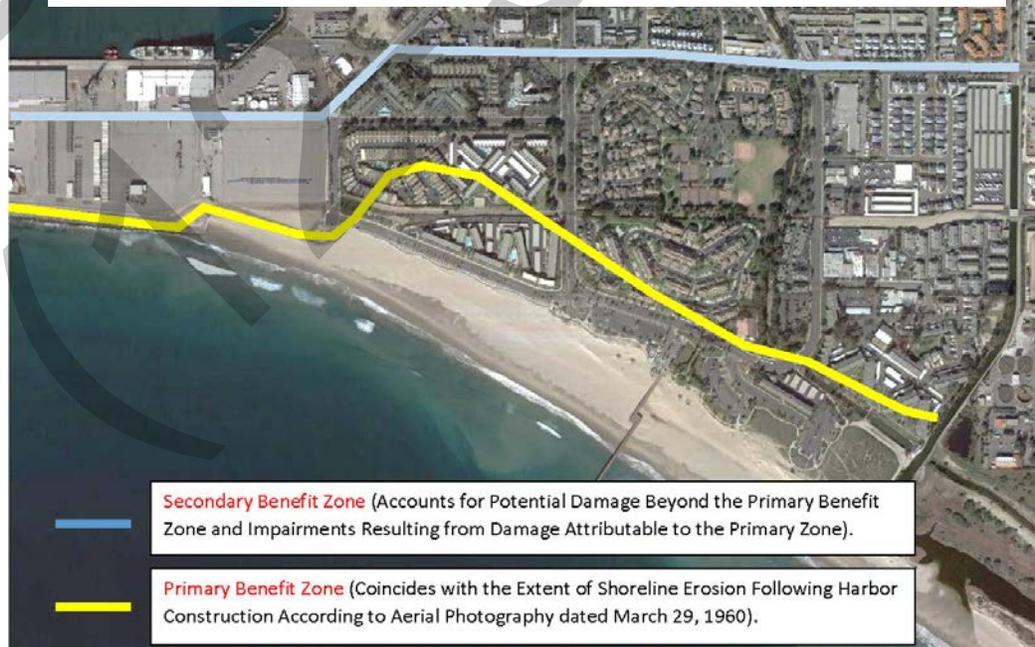


Figure 9

Proposed Charter Amendment (June 2016)

TOPIC		PROPOSAL	RATIONALE	MOTIVATION
INTRODUCTION		Amend the City's Charter that Was Adopted 20 Years Ago. This Entails a Ballot Measure that Must be Approved by a Majority of Eligible Voters.	Institute Reforms that Address Issues of Leadership, Accountability, Transparency, Financial Management and Citizen Participation.	The Charter Amendment is Not a Panacea for All Problems, But It Does Offer a Means by Which to Institute Structural Change for Better Governance.
POLITICAL REFORM	Term Limits	Impose a Maximum Limit of Three Consecutive Terms (12 Years) for all Persons Elected to the City Council	Broaden Opportunities for Leadership Development, Embrace New Ideas and Prevent Political Entrenchment	12 Years Should be More than Sufficient to Effect Change; If Not, Then Others Should be Given That Opportunity
	Mayoral Appointments	Disqualify Councilmembers From Being Appointed Mayor in the Same Year as their Re-Election and Require Regular Rotation	Provide Balanced Leadership and Eliminate any Advantage Resulting from a Ceremonial Appointment	The Position of Mayor is Ceremonial; However it Also Provides a Platform to Promote Oneself in a Year of Election
	Council Assignments	Limit Council Assignments to a Maximum of Two Consecutive Years on Any One Board, Commission or Committee	Encourage Leadership Development and Succession Planning, While Counteracting Complacency and Entrenchment	For Sake of Continuity and Institutional Knowledge, All Councilmembers Should Share in the External Affairs of the City
FINANCIAL REFORM	Financial Management	Require More Robust, Frequent and Thorough Reporting of the City's Financial Condition Including Employee Wages	Provide Tools to Monitor the City's Financial Well-Being and a Means for Intervention before a Fiscal Crisis Occurs	The City Has a Structural Deficit That Requires a Comprehensive and Systematic Means by Which to Reconcile Chronic Shortfalls
	Staff Accountability	Delineate Council Goals, Departmental Objectives and Performance Results as part of the Annual Budgetary Process	Create an Integrative Approach to Policy Development, Performance Assessment and Corrective Measures	The Annual Budget is the City's Most Important Policy Document and is a Vehicle by Which to Hold All City Officials Accountable
SPIRITUAL REFORM	Civic Engagement	Create Advisory Bodies to Monitor and Consult the Council on Issues of Fiscal and Communitywide Concern	Engage the General Public and Community Stakeholders in Budgetary and Policy Matters That Directly Impact Them	At Present, Public Participation is Largely Limited to Council Meetings that Restrict the Time and Scope of Discussion
	Open Government	Conduct Townhall Meetings, Provide Advanced Distribution of Agenda Materials and Impose Limits on Closed Sessions	Promote Meaningful Opportunities for Citizen Involvement Beyond Traditional (Minimally Required) Council Meetings	With Few Exceptions, Council Meetings are Sparsely Attended; Different Avenues are Needed to Elicit Greater Participation

Figure 10

Conceptual Apportionment of a Public Safety Parcel Tax

Public Safety Services	FY2015-16	Notes: The apportionment of taxes between categories of land use is estimated based on a combination of source data including housing units (State statistics)) and land use acreage (assessor data). Actual figures will likely change pending more thorough analysis (including the treatment of tax-exempt properties).
Police	\$ 7,369,854	Definitions: <ul style="list-style-type: none"> • Minimal: Equivalent to City's General Fund Deficit (\$1.4 Million). • Moderate: Mid-Point Between Minimal and Maximum Cost Recovery. • Maximum: Full cost recovery of Public Safety Services (\$7.6 Million).
School Crossing Guards	\$ 53,000	
Reserves Program	\$ 28,414	
Lifeguards	\$ 204,845	
Subtotal	\$ 7,656,113	
Total General Fund Deficit	(\$1,373,668)	

	Allocation Criteria			Total Tax Recovery		
	Housing Units	Acres	Weighting	Minimal	Moderate	Maximum
Residential*	8,271	565.80	70%	\$961,568	\$2,679,640	\$5,359,279
Commercial		82.26	9%	\$122,141	\$340,375	\$680,751
Industrial		5.15	1%	\$7,647	\$21,310	\$42,620
Harbor*		125.10	5%	\$68,683	\$191,403	\$382,806
Institutional		130.97	14%	\$194,461	\$541,913	\$1,083,827
Miscellaneous		9.73	1%	\$14,447	\$40,261	\$80,523
Vacant		6.13	1%	\$9,101	\$25,361	\$50,722
		925.13	100%	\$1,373,668	\$3,828,057	\$7,656,113

	Annual Tax Ramifications			Monthly Tax Ramifications		
	Minimal	Moderate	Maximum	Minimal	Moderate	Maximum
Residential (Per Dwelling)*	\$116	\$324	\$648	\$10	\$27	\$54
Commercial (Per Acre)	\$1,485	\$4,138	\$8,276	\$124	\$345	\$690
Industrial (Per Acre)	\$1,485	\$4,138	\$8,276	\$124	\$345	\$690
Harbor (Actual)*	\$68,683	\$191,403	\$382,806	\$5,724	\$15,950	\$31,900
Institutional (Per Acre)	\$1,485	\$4,138	\$8,276	\$124	\$345	\$690
Miscellaneous (Per Acre)	\$1,485	\$4,138	\$8,276	\$124	\$345	\$690
Vacant (Per Acre)	\$1,485	\$4,138	\$8,276	\$124	\$345	\$690

*Weighting has been adjusted to account for existing revenue sharing agreements with the Port of Hueneme and fulltime occupancy by residential uses. Cost allocation among all other land use categories is based on acreage apportionment.

Figure 11 Conceptual Business License Occupancy Incentive Program

Business License Fees				Difference Over Inflation	NOTE: THE CONCEPT OF INCENTIVIZING COMMERCIAL OCCUPANCY CAN BE USED TO TARGET SPECIFIC TYPES OF BUSINESSES (e.g., RETAIL) AND/OR GEOGRAPHIC LOCATIONS (e.g., PORT CITY PLAZA)	
	1974 Actual	2014 Actual	Inflationary Change From 1974			
Actual Dollar Amount	\$ 41,994	\$ 359,793	\$ 201,653	43.95%		
Per Capita Amount	\$ 2.35	\$ 16.07	\$ 11.28	29.81%		
Population	\$ 17,850	\$ 22,389				
Sales Tax Receipts				Difference Over Inflation		
	1974	2014	Inflationary Change From 1974			
Actual Dollar Amount	\$ 85,244	\$ 693,392	\$ 409,337	40.97%		
Per Capita Amount	\$ 4.78	\$ 30.97	\$ 22.95	25.90%		
Population	\$ 17,850	\$ 22,389				
	Year One	Year Two	Year Three	Year Four	Year Five	Total
Business License						
Unsubsidized	\$ 3,212	\$ 3,212	\$ 3,212	\$ 3,212	\$ 3,212	\$ 16,062
Subsidized (%)	100%	75%	50%	25%	100%	
Subsidized (Amount)	\$ (3,212)	\$ (2,409)	\$ (1,606)	\$ (803)	\$ (3,212)	\$ (11,244)
Sales Tax Receipts	\$ 5,684	\$ 5,684	\$ 5,684	\$ 5,684	\$ 5,684	\$ 28,418
Total Outcome	\$ 2,472	\$ 3,275	\$ 4,078	\$ 4,881	\$ 2,472	\$ 17,174

NOTES: Business License computations are based on a typical storefront location which is the average number of all registered business (122) versus total business license fees collected. Sales Tax Receipts are computed on a similar basis.

CONCLUSION: By employing a graduated schedule of license fees, more revenue can be generated compared to leaving storefronts vacant. Assuming a current commercial vacancy rate of 20%, added annual income could total over \$500,000 by year five (i.e., 30 vacant storefronts x \$17,174)

Figure 12 Conceptual Property Transfer Tax

Residential Valuation and Taxation	
Per Unit Single Family/Condo Market Value Beginning in 2003:	\$ 278,000
Per Unit Single Family/Condo Sales Price in 2016:	\$ 362,000
Per Unit Single Family/Condo Proposition 13 Value in 2016:	\$ 316,390
Estimated Per Unit Sale Loss in Property Tax to City:	\$ 584
Annual Tax Capture Potential @ 400 Sales Per Year:	\$ 233,754
Non-Single Family/Condo Valuation and Taxation	
Total Non-Single Family/Condo Tax Value in 2015:	\$ 137,016,654
Total Non-Single Family/Condo Tax Value in 2016:	\$ 142,395,125
Total Estimated Non-Single Family/Condo Market Value in 2016:	\$ 150,718,319
Estimated Annual Loss in Non-Residential Property Tax to City:	\$ 14,982
Total Annual Income Potential Through a Transfer Tax	\$ 248,736.14
Sources: County of Ventura Assessor and Tax Collector Offices, https://trulia.com/ , http://www.zillow.com/ , http://www.city-data.com/city/Port-Hueneme-California.html#b .	
Note: The valuation analysis and tax estimates are based on a wide array of statistical assumptions and interperlations. More detailed analysis is required to validated tax recapture potential, in particular, non-residential property transfers.	