Charting a New Course

PMSA-WIL Presentation
March 27, 2013
Welcome to the Port of Oakland

AVIATION

CRE

(Commercial Real Estate)

MARITIME
Oakland Delivers Prosperity

Generates over 73,000 jobs across the region

The East Bay is home to 2/3’s of Port-related jobs.

Proximity to the Port of Oakland is one reason why jobs-creating businesses locate themselves in the region.

Enough jobs to fill the coliseum at an A’s game – twice.
CONNECTED TO NEARLY 827,000 JOBS ACROSS THE COUNTRY
And Deep Local Benefits

- Above-average wage jobs
- Jobs that can’t be exported
- Blue collar and entry level jobs
- More than $617 million in local, state and federal tax revenues
- Support of local and disadvantaged business
The Port Faces Challenges

$1.3 billion in debt

- Dot Com
- 9/11
- Great Recession

Total Debt
Revenue
Expenses
Debt Service
Capital Budget
Port Employees
<table>
<thead>
<tr>
<th>Liabilities &amp; Unaddressed Needs</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree medical benefits</td>
<td>110</td>
</tr>
<tr>
<td>Pension benefits</td>
<td>158</td>
</tr>
<tr>
<td>Deferred capital projects</td>
<td>460</td>
</tr>
<tr>
<td>Commercial paper debt*</td>
<td>78</td>
</tr>
<tr>
<td>Other</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$858 million</strong></td>
</tr>
</tbody>
</table>
Where a Port Dollar Goes

- Operating Expenses: 40%
- Capital Expenses: 33%
- Debt Service: 27%
OUR MISSION
The Port of Oakland delivers the highest value to our customers and community through sustainable stewardship and growth of our assets, optimal performance of our people, and focus on our aviation, maritime, and real estate businesses.

OUR VISION
We are an innovative and sustainable Port through an aggressive focus on business and optimal performance.
Increasing Competition

- **Seaport**: Other West Coast ports (L.A., Long Beach, Seattle, Tacoma) Mexico and Canada; Panama Canal and the East and Gulf coasts; changes in global sourcing patterns (e.g. shift to Suez and near-shoring) and manufacturing (e.g. 3-D printing); future opening of the NW Passage

- **Airport**: SFO, San Jose, Proposed High Speed Rail
Port Export Study conclusions:

We’re leaking 320,000 TEUs – nearly 15% of our volume – of imports and exports out of the region – that stuff at Bed, Bath & Beyond came through LA!

Oakland’s handling about 67% of ALL container traffic coming in and out of the region, with 17% going through LA/LB and the rest all over the country.

Why? Lack of competitive rail; pre-existing higher costs (pilotage, dredging, etc.)

Conclusions: Collaborate regionally; build better rail infrastructure; add Port supporting infrastructure (e.g. warehouses)
CA Seaport Trends

CONTAINERIZED IMPORTS THROUGH CALIFORNIA

Volume, in millions of TEUs, through the ports of Los Angeles, Long Beach and Oakland.

Los Angeles  Long Beach  Oakland

Source: Port reports
Honor Our History

Map of Port area, lithograph, 1893
A Working History

1950s ILWU longshore workers moving grain at the Port of Oakland
Build on Our Strengths

• 5th busiest Port in the U.S. by volume
• 7 container terminals with 36+ cranes on 818+ acres
• 20 deepwater berths with average depth of 50 feet MLLW
• Two class I rail terminals
Oakland & East Bay

- **Oakland Metro Area = $335.5 billion** (San Fran.-Oakland-Fremont Area)
- **Oakland City = $107.8 billion** (Gross Metro. Product; Oakland-only)
- **Top 20 GMP in U.S. & Top 60 in the world**, larger than:
  - cities: St. Louis, Pittsburgh, and Sacramento
  - states: Nevada, Oklahoma, and Kansas
  - countries: Philippines, Singapore and Colombia
- **$5 billion retail market**
Oakland Army Base Redevelopment

• Only major U.S. Port with 365 Port-adjacent acres for new logistics development

• $500 million Phase 1 Underway
  ✓ New Class A Port-adjacent warehouse space
  ✓ Port rail system enhancements
  ✓ New bulk terminal
Leverage Partnerships

LOCAL
CITY OF OAKLAND

REGIONAL
EastBay EDA
Bay Area Council
Bay Planning Coalition

MEGAREGIONAL
Oakland Metropolitan Chamber of Commerce
Northern California MegaRegion Export Initiative
Location Matters

- Serves 7+ million consumers, 6th largest mega-region in U.S.
- Intermodal gateway for California and entire U.S.
- Proximity to one of the largest agricultural producing areas in the world
- 25+ ocean carriers with 60+ weekly services
- More than 2,000 vessel calls per year
Rail Connectivity
## Multiple Services

<table>
<thead>
<tr>
<th>TEU (thousands)</th>
<th>Carrier</th>
<th>Oakland Ranking</th>
<th>Trans-Pacific Ranking</th>
<th>Global Ranking</th>
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</thead>
<tbody>
<tr>
<td>186</td>
<td>APL</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>179</td>
<td>Evergreen</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>131</td>
<td>Maersk Line</td>
<td>3</td>
<td>2</td>
<td>1</td>
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<tr>
<td>122</td>
<td>Hanjin</td>
<td>4</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>117</td>
<td>MSC</td>
<td>5</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>111</td>
<td>Yang Ming</td>
<td>6</td>
<td>10</td>
<td>16</td>
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<tr>
<td>100</td>
<td>Hapag-Lloyd</td>
<td>7</td>
<td>15</td>
<td>4</td>
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<tr>
<td>90</td>
<td>Hyundai</td>
<td>8</td>
<td>6</td>
<td>18</td>
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<tr>
<td>87</td>
<td>Matson</td>
<td>9</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>82</td>
<td>Horizon*</td>
<td>10</td>
<td></td>
<td>34</td>
</tr>
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Oakland Maritime Vision

• Building the Oakland seaport of the future:
  ➢ Customer-oriented organization and people
  ➢ Market responsiveness
  ➢ Constant improvement (people, processes, and assets)
Strategic Initiatives

• Business development with beneficial cargo owners and logistics providers
  – Export Promotion Program
    • Export Study
  – Attract importers to establish distribution centers in Northern California, using Port as a gateway

• Enhance Facilities
  – Improve rail connections (within the Port area and outside)
  – Increase transload offerings
  – Maintain water depth (maintenance dredging funding)
  – Deliver shore power infrastructure by CARB deadline
Shore Power Program

Phase 1
Berths: 56, 57, 58
Construction Period:
March 2011 – June 2012
Grants: TIGER, MISF

Phase 2A
Berths: 25, 35, 37, 55, 59, 68
Construction Period:
May 2012 – June 2013
Grants: Prop 1B

Phase 2B
Berths: 30, 32
Construction Period:
May 2012 – June 2013
Grants: Prop 1B, MTC
Channel Deepening & Berth Dredging
Leverage Global Reach
Market Gateway Sustainability

Maritime Air Quality Policy: Reduce diesel-related health risk by 85% in 2020. Progress:

✓ TRUCKS: Diesel emissions down by 50% confirmed by UC Berkeley study

✓ SHIPS: Shorepower Program 100% complete by close of 2013 – ready for plug-in at every berth
Strategic Initiatives

• Renew leases to maintain revenue and overall competitiveness

• Promote new intermodal rail cargo
  – Incentive for more “first-call” inbound vessel services to speed cargo from Asia to Oakland and beyond
  – Marine Highway to attract more heartland exports
Grow Discretionary Cargo

- **SEA/TAC**
  - 65% IPI
  - 2.3m TEU

- **OAK**
  - 20% IPI
  - 500k TEU

- **LA/LB**
  - 45% IPI
  - 6.3m TEU
### MAJOR EXPORTS BY VALUE, 2011

<table>
<thead>
<tr>
<th>Commodity</th>
<th>$ Millions</th>
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<tbody>
<tr>
<td>1 Fruit and Nuts</td>
<td>2,876</td>
</tr>
<tr>
<td>2 Meat</td>
<td>2,144</td>
</tr>
<tr>
<td>3 Machinery</td>
<td>812</td>
</tr>
<tr>
<td>4 Beverages</td>
<td>734</td>
</tr>
<tr>
<td>5 Vehicles</td>
<td>640</td>
</tr>
<tr>
<td>6 Metal Scrap</td>
<td>617</td>
</tr>
<tr>
<td>7 Precious/Rare-Earth Metals</td>
<td>598</td>
</tr>
<tr>
<td>8 Chemicals</td>
<td>547</td>
</tr>
<tr>
<td>9 Medical Equipment</td>
<td>431</td>
</tr>
<tr>
<td>10 Cereals</td>
<td>420</td>
</tr>
</tbody>
</table>

Source: Port of Oakland Data
Regionalism Works

- **Past Port of Oakland efforts** around dredging, such as with the Bay Area Dredging Action Coalition
- **Greater Baltimore Committee** and funding and competitiveness policy for the Baltimore seaport and airport
- **Southern California Freight Network** and funding and policy support for the investment needed in that trade corridor
- **Silicon Valley Leadership Group** and new Asia air service for San Jose
- **California Partnership** for the San Joaquin Valley and unprecedented grant funding for Valley-wide initiatives
Join Us.

www.portofoakland.com