

“State of the Port 2011: Your Port, Your Partner”
Speech Delivered by Port Executive Director Omar R. Benjamin
Thursday, February 10, 2011
Hilton Oakland Airport, One Hegenberger Road, Oakland California

- Good morning.
- On behalf of my 465 colleagues at the Port of Oakland, thank you for joining us.
- I’d like to also thank President Head and our fellow Port Commissioners. Your service and leadership are vital to our institution.
- Thanks also to our past Port Commissioners.
- I’d also like to thank the Oakland City Council, and I’d like to congratulate our new council president, Larry Reid.
- And a special thank you to our new Mayor, Jean Quan.
- Mayor Quan, we are your Port and we look forward to being your partner in aggressively competing and growing our businesses at the Port for the benefit of the City, the community of Oakland, and the whole region.
- It’s exciting to have so many of our partners together in one room. It exemplifies our theme this year: Your port, your partner. By this we mean that only together can we be the innovative and sustainable port we aim to be.
- Only together can we aggressively grow our businesses, create jobs, and realize the many ambitious community and environmental goals we share.
 - Together, we must seize on the important themes of the day: innovation, infrastructure, exports and jobs.
 - Together, we must promote Oakland as the “Gateway of Innovation.”
 - Our President, and our new Governor have talked about innovation as the key to our future.
 - Well, at the Port of Oakland, we have a rich history of innovation:
 - Our seaport was one of the first in the nation to pioneer containerization.
 - Our airport was where the first flights across the Pacific took off.
 - We have developed innovative public private partnerships as with Ports America, a deal which brings needed revenue and stability to the Port at a critical time in our history.

- More importantly, you—our partners—are innovators.
 - Airline industry innovators such as Southwest and JetBlue.
 - Export innovators, like our partners in the wine and agricultural industries, whose products move through our Port and are distributed throughout the world.
 - And even community and government innovators, trailblazers with their social and environmental programs that have delivered more local jobs and cleaner air.
- Innovation is not only part of our past; it is also essential for our future.
- And what is in our future?
- Before I give you the facts and figures of the State of the Port today, I want to tell you what I foresee in our future.
- This is going to be about the Port of Oakland of the Future. Not a distant future, but a future we can all work toward, the Port...ten years from now.
- I'm sitting in an airport terminal in Shanghai waiting for my 787 flight to Oakland. I check Facebook on my new, holographic, "6G" mobile phone, and note the latest post from the Oakland International Airport: The weather's looking good and, as usual, our flights are on time.
- Shanghai to Oakland, you ask? Yes, I'll be flying the new China-based airline service that Mayor Quan's going to help us realize.
- As I land in Oakland, the plane is guided in by the greenest air traffic control tower in the world...which is being built right now thanks to stimulus funds we secured last year.
- As I exit the plane, I'm greeted by our amazing weather – though it is a tad warmer in the year 2021 – and I see our amazing diversity of culture and people on full display at our airport, which is still the most convenient, low-cost, and reliable airport in the Bay Area.
- Good thing I arrived on time because I have to get to my meeting ASAP. But no worries, because I know I can simply hop on the new BART Connector and get downtown in a matter of minutes.
- My meeting is about closing a major new export deal to deliver California wine to the now three billion, thirsty consumers in China and India. You see, Oakland has a lock on this export market thanks to the initiatives launched back in 2010.
- As I'm zooming downtown on BART, ahead, off to my left, I see Oak-to-Ninth, Oakland's newest neighborhood, with beautiful open space and park areas along the waterfront.
- I make a brief stop for a quick bite to eat in Jack London Square, which is recognized as one of the premiere dining and entertainment destinations in the Bay Area.

- And when I arrive at the West Oakland BART station, I walk to the ground level and notice that the air is cleaner.
- Thanks to the 85% reduction achieved as part of the Port's Maritime Air Quality Improvement Plan approved back in 2008.
- I exit at West Oakland because I'm going to visit the new Trade and Logistics Center at the former Oakland Army Base. It is now one of the greenest and fastest logistics complexes in the world, central to the Port's continued ranking among the top five Ports in the U.S.
- That can be our future.
- That can be our future, working together, as City, Port, community, and businesses: Partners, working together to continue to be an innovative and sustainable airport, seaport, and waterfront destination.
- Getting there will not be easy – it never is.
- And to better understand how we're going to get there, let's take a look at the State of the Port today.
- On the maritime front, in 2010, total container volume increased 14% to approximately 2.3 million TEU's, bringing us almost all the way back to pre-recession peak levels.
- Our export volume was the second highest in our history. While other ports remain overly reliant on imports, we are maintaining and growing our healthy – nearly 50/50 – balance of exports and imports.
- With these strong results: We will maintain our ranking among the top five busiest container ports in the country.
- Nevertheless, these strong numbers do not mean we've fully recovered.
- Pre-recession year-over-year growth in maritime trade was obviously not sustainable for our economy.
- And to be a sustainable Port, we have to plan realistically and conservatively. Thus we are basing our budget and projections going forward on modest, year-over-year growth.
- To achieve this growth, we must work hard to preserve existing business, and attract new business.
- Why? Because more containers mean more jobs.
- We will soon be releasing an updated economic impact report, and our preliminary results show that there are 9,800 people directly employed as a result of just the activity at the Oakland seaport.

- These jobs have average salaries of nearly \$50,000 a year, and nearly half of these are held by Alameda County residents, and over 1,600 by Oaklanders.
- This is why the first and foremost prioritized goal of our new 5-Year Strategic Plan is to maintain and aggressively grow core business. How are we going to do that?
- We are doing that by enhancing our facilities, “greening” our operations, making the port more secure, pursuing external funding, and working with you, our partners and your customers, to market the Port aggressively. Specifically...
- We kicked off 2010 opening the doors to the Ports America Outer Harbor terminal, a lease and concession deal which ensures solid revenue for the Port for the next five decades.
- In June we reached agreement with Evergreen, our partner at the Ben E. Nutter terminal, where Evergreen invested \$30 million in three brand new, state-of-the-art cranes, and extended its lease from 2013 to 2018.
- In September, we completed renovation of the TraPac terminal in the Outer Harbor, a \$27 million project that was part of our lease extension with TraPac through 2024.
- Also in September, our Board approved a shore power plan. This plan ensures that there will be electrical power at our berths so that ocean-going vessels can turn off their auxiliary engines and reduce soot emissions at berth, in compliance with state regulations.
- Let me emphasize that the Port is committed to financing or securing the needed funding to complete this ambitious environmental program.
- And let me thank some of our partners in the audience – from the Metropolitan Transportation Commission, the Bay Area Air Quality Management District, and the federal Maritime Administration – who awarded us a combined \$15 million to help us complete shore power at three berths.
- We will break ground on this project two months from now in April 2011.
- Thanks to our marine terminal operators for being proactive and for continuing to work collaboratively with us on installation of this critical infrastructure.
- To complete the full shore power project, we need to continue to work together – community, business, and government – to raise more funds and ensure a smart and practical regulatory framework that helps rather than hinders full compliance.
- In November, we traveled to China and signed an innovative Memorandum of Understanding with China Merchants Holdings International, to develop and implement a supply chain linkage that will connect our Port with the California’s Central Valley and food exporters on both sides of the Pacific.

- China Merchants is a multi-billion dollar company that offers tremendous potential as a future partner of the Port. And next month, we have arranged for China Merchants to meet with our Mayor to discuss how we can further grow our complementary business interests.
- We also made progress with trucks:
 - In January 2010 we banned all pre-1994 trucks and any pre-2004 trucks not properly retrofitted with diesel particulate filters, from entering the Port.

This means that 1521 trucks are either retrofitted or replaced, which translates into an estimated 86% reduction of diesel PM from those Port drayage trucks. 86% in just one year!
 - I'd like to especially thank the truckers, truck owner operators and licensed motor carriers for working with us and making it happen, particularly during these challenging economic times.
 - And just this past January 2011 we successfully enrolled over 5,000 trucks in our Secure Truck Management Program. Clean and secure trucks help us compete and are good for the community.
 - Finally, by working closely with the City to live up to our promise of providing parking for trucks at the former Oakland Army Base, we've already taken nearly 650 trucks off of local residential streets.
- Looking ahead to the near future, we have big plans that we are working toward everyday:
- On the redevelopment of the former Army Base – a vital project for our future, we are working very closely with the City and potential developer partners to make progress and reach agreement on a deal that will be good for the Port, the City, the community, and ultimately, for business. Because without the latter, remember, there is no deal.
 - So we are working closely with our City partners on the environmental and planning process.
 - And we are conferring almost daily talks with our developer partners and other potential investors and stakeholders who can help ensure an innovative and sustainable project.
 - I am committing to you all today that we will close a deal this year.
- And to drive business in and out of the future Trade and Logistics Center, we are working hard on our Export Program:
 - We are ramping up our incentive program to help us meet our goal of doubling our exports by the year 2015 in support of President Obama's National Export Initiative.

- As an example, next week I will join our agricultural partners in the Central Valley, where – thanks to the efforts of some of you in this room and partners in industry – the Port will have an opportunity to be part of one of only two listening sessions in California held by Congressman John Mica of Florida, the new and very important Chairman of the House Transportation & Infrastructure Committee.
- As you can see, the state of our seaport is strong, and it's going to be stronger.
- It is strong because of the commitment of you, our business partners, and because of the hard work of our team, the community, and our partners in government.
- Turning to aviation, at the Oakland International Airport, we are stabilizing our business and moving forward. Despite continued challenges in the industry, new competition, and new security requirements—we saw modest growth in our passenger volume to a little over 9.5 million passengers in 2010.
- Even better news comes on the cargo side, where we were able to grow air cargo volume by 4%.
- These numbers are solid when you consider that airline industry consolidations have led to 7% fewer seats in and out of Oakland.
- In other words, we and our partners have to do more with less, accommodating more passengers on fewer planes, maximizing the use of our existing facilities, and optimizing our operations, which are all goals of our Strategic Plan.
- We added destinations from OAK to Atlanta on Delta, new service to Maui and Kona on Alaska Airlines, and Eugene and Bellingham service on Allegiant Airlines.
- Have you bought your summer tickets to Hawaii yet?
- To grow our aviation business further, we are being innovative and proactive in our approach to marketing.
- You may not know this, but our airport has the fourth largest number of Facebook fans of any airport in the world. Yes, in the world.
- More importantly, last year Oakland International Airport was recognized as #1 for on-time arrivals among U.S. Airports during the previous year.
- Our Airport was also awarded the prestigious Leadership in Environmental and Energy Design (commonly known as “LEED”) Silver Certification by the U.S. Green Building Council—a first for any airport passenger terminal in the United States.
- To continue this success, as with our maritime partners, we have to constantly be working together to enhance, secure, and market our facilities.
- This means securing more federal stimulus funding than any other airport in the country for our “green” air traffic control tower, which we did last year.

- It also means partnering on marketing efforts like our recent *Park Free* campaign for people flying into Southern California.
- Speaking of airport partnerships, this spring our passenger and cargo airline partners will open a brand new 4.4 million gallon fuel farm.
- This is a true public private partnership effort, as the airlines are investing more than \$30 million in our airport.
- This fuel farm is also an example of environmental stewardship because this state-of-the-art facility will have double-walled tanks, fire protection system, and a containment system that will prevent fuel spillage into our Bay.
- We must continue to sustain, grow and make improvements to our airport because, again, it means jobs—7,683 jobs in the region, over half for Alameda County residents, over 1,300 for Oaklanders.
- Finally, on the Commercial Real Estate front, we have also been making some progress despite the continued challenging economic situation.
- Our real estate revenue remains stable, at around \$12 million, about 5% of Port revenue, and a very visible part of our portfolio for the community.
- Our biggest accomplishment of this year was the closure of a multi-million dollar deal with Divco West to infuse Jack London Square with significant capital to pay for tenant improvements, attract new tenants, and to freshen up the development.
- In an effort to close escrow on the Oak-to-9th development, we reached an unprecedented set of regulatory milestones, achieving key approvals from: the State Lands Commission, Department of Toxic Substances Control, and the Bay Conservation and Development Commission.
- Thanks to each of these government partners for helping us move the project forward.
- We hope to close out the last remaining hurdle this year and close escrow on this exciting and important \$1 billion+ development in our community.
- And on the first day of this year, we closed a lease for the entire 7th floor of the Port Administration building. Our new tenant, Oakland-based Dealey Renton Insurance Company has already settled into their newly remodeled offices.
- Our hard work on the real estate front also translates directly into jobs. 3,336 to be exact.
- Now if you take the jobs numbers I've mentioned across maritime, aviation, and real estate, and then you look at the jobs generated by the expenditures of these workers and the organizations that employ them, you learn that the Port of Oakland is directly tied to nearly 50,000 jobs in the region, the majority of which benefit people here in the East Bay, especially here in Oakland.

- And these are only the jobs from our operations. In addition to these jobs, if you add up the construction work that is going to come from the projects I've mentioned – Trade and Logistics Center; Oak-to-9th; BART Connector – We have a development pipeline that totals nearly \$4 billion, which directly translates into thousands of more jobs to get our economy back on track.
- Now all of these accomplishments in maritime, aviation, and real estate are YOUR accomplishments, but they are not the only work we've been doing over the last several years.
- Many of you this morning may not know that, over the past three years, Port staff has been reduced by 25%! One fourth in just three years.
- We've had to make deep cuts to sustain our operations during this economic downturn.
- The Board and I have asked a lot of our employees.
- Now I want all of my colleagues, our Port employees to please stand so that we can give them a big round of applause.
- When I say "Your Port," these are the faces of the Port of Oakland.
- Through their hard work, we have also embarked upon an organizational realignment in accordance with our 5-year Strategic Plan.
- This plan is going to deliver tangible results to you, our partners, and help us improve communication so that we can have a dynamic and effective partnership.
- We have already made some new strategic hires, upgraded Port-wide technology for greater efficiency, and begun realignment to maximize staffing resources.
- We are going to be rolling out a comprehensive communications plan, which will help keep you informed, and help make sure we are getting the information we need from you to make effective decisions.
- Also, we are going to ramp up our joint governmental advocacy efforts to ensure that we are maximizing external grant funding opportunities for the region.
- All of these investments in the Port, in our people and in Port processes are being made so that we can better serve you—our partners.

In closing, I ask you to join us:

- To our community leaders, I ask you to join us as a partner in welcoming new businesses to the Port and in advocating for funding and policies that will enhance economic development, economic opportunity and overall quality of life.

- To our tenants, customers, and business leaders, I ask you to tell us what we can do better, what you need, and ask you to partner with us and the community to grow your business, and ours, aggressively and sustainably.
- To our government partners, I want to say thank you for your past support and funding.
- By the way, we're coming back for more!!!
- And that concludes the State of our Port for 2011.
- Thanks you for coming today.
- We are Your Port, and Your Partner, and we look forward to continuing our work together.
- Thank You.