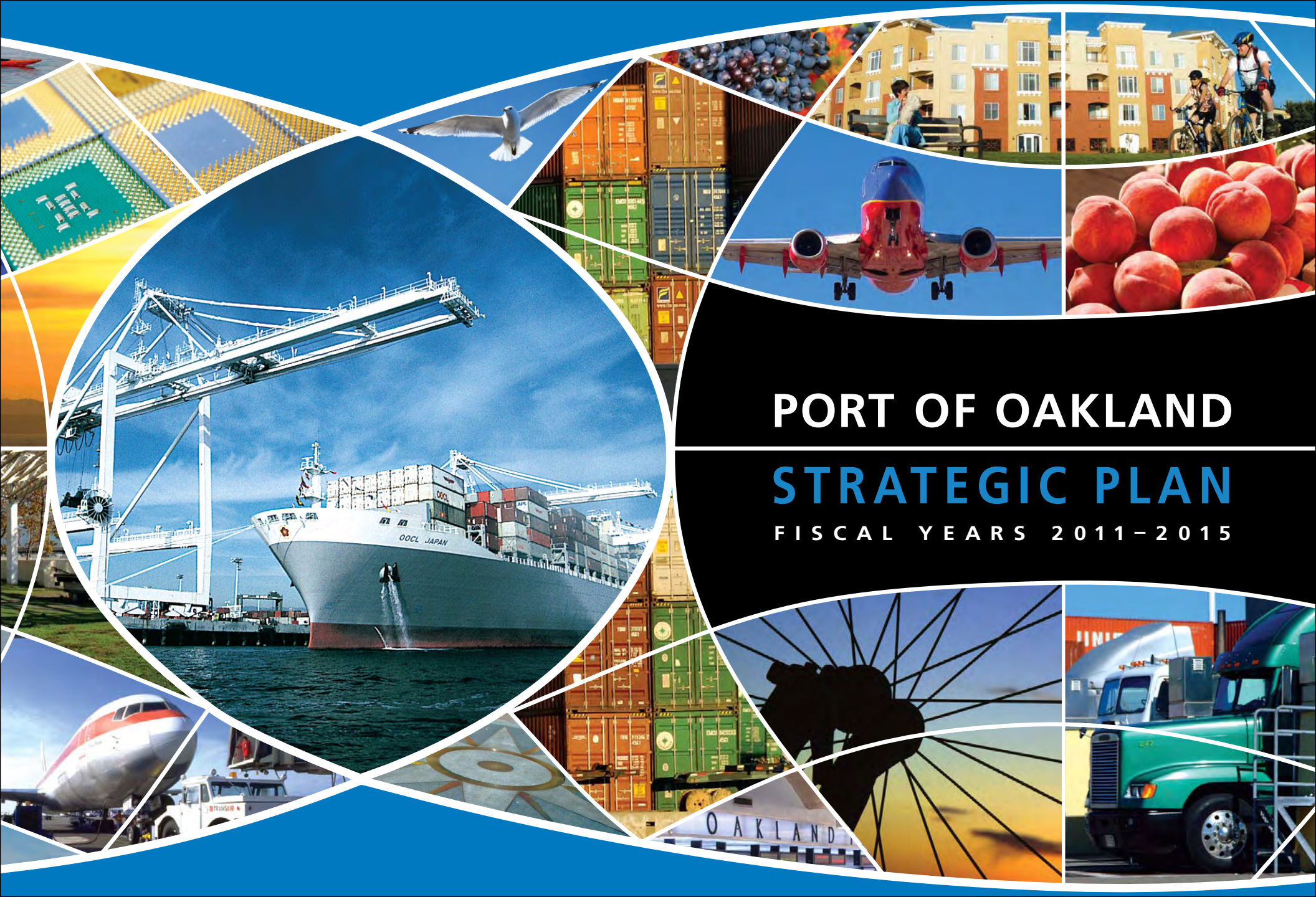


FISCAL YEARS 2011-2015



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TABLE OF CONTENTS

FOREWORD	1
OUR VISION	2
OUR MISSION	2
OUR GUIDING PRINCIPLES	3
SITUATIONAL ANALYSIS	4
ELEMENTS OF THE STRATEGIC PLAN	7
Prioritized Goals	10
IMPLEMENTATION	11
MOVING FORWARD	14
Five Stages of Plan Implementation	16
APPENDIX: GOALS & OBJECTIVES	18

FOREWORD

The Port of Oakland Strategic Plan Fiscal Years (FY) 2011-2015 represents hours of work, analysis, and dedication over the past year by the Board of Port Commissioners, Port staff, and stakeholders to identify the major challenges and opportunities facing the Port of Oakland and to respond with a stable and adaptable framework to guide the Port during the next five years.

The resulting plan accomplishes this goal, while embodying the innovation, creativity, dedication, and resilience that have characterized the Port of Oakland through its long and proud history in the City of Oakland and Northern California.

We are confident that the Strategic Plan will serve as a guide towards long-term sustainability and optimal performance of the Port on behalf of all its stakeholders.

James W. Head
*President,
Board of Port Commissioners*

Omar R. Benjamin
*Executive Director,
Port of Oakland*

October 5, 2010





OUR VISION

We are an **innovative** and **sustainable** Port through an **aggressive focus** on **business** and **optimal performance**.

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 GUIDING PRINCIPLES

1 Economic development is the center of the Port's work.

2 Environmental stewardship is a lens for all Port activities.

3 The Port is a public enterprise that uses all appropriate public and private business development models to pursue and ensure its business and strategic goals.

4 The Port seeks opportunities to leverage cross-business line benefits.

5 The Port proactively communicates with its multiple stakeholders.

6 The Port maximizes its assets, investments and resources.

7 Relevant and timely information is fundamental to effective Board stewardship and decision-making.

8 The Port staff is appropriately aligned with the Port's strategic goals.

9 All Port activities must incorporate a full financial assessment.

10 The Port is a high performing workplace with partnership, accountability and teamwork among staff.

11 The Port delivers the highest value in its services and facilities at the most competitive price.

SITUATIONAL ANALYSIS

Maritime

The Port owns and manages the fifth busiest cargo container port in the United States, moving more than 2 million 20-foot equivalent units (TEUs) annually. The Port is an international gateway, with approximately 88% of its trade with international trading partners and regions, and the remaining 12% representing domestic trade within the United States.

Real Estate

The Port owns and manages 876 acres of real estate along the Oakland Estuary which includes commercial developments such as Jack London Square and hundreds of acres of public parks and habitat conservation areas. The Port of Oakland also serves as trustee for waterfront property serving commercial, recreational and public access purposes.

Finances

The Port of Oakland does not receive tax revenues and is financially self-sustaining. Port operating revenues are generated through tenant and customer-related business

activities, and expended on Port operations, debt obligations, capital facilities, and in support of programs related to environmental stewardship and social responsibility. Port capital development programs are funded through one or more of the following sources of funding: grants, special fees (such as Passenger Facility Charges³), debt, and general revenues from the Port's three business lines (Aviation, Maritime and Real Estate).

Economic Footprint

The Port of Oakland is a vital driver in the regional, national and international economies. It is the third-busiest Port on the United States West Coast, owns and operates an easily accessible airport conveniently located to serve the San Francisco Bay Area and Silicon Valley, and owns and manages significant waterfront real estate holdings. The Port provides valued services, facilities and infrastructure to its customers and partners, thereby enabling their success while promoting stewardship in the community.

³ The Passenger Facility Charge (PFC) is a fee collected for every passenger at commercial airports controlled by public agencies. Oakland International collects and uses these fees to fund Federal Aviation Administration (FAA)-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

SITUATIONAL ANALYSIS

Strategic Planning at the Port of Oakland

The Strategic Plan is a cornerstone of the overall alignment of the Port to an increasingly dynamic and competitive business environment. Through the Strategic Plan, the Port will meet key challenges and leverage opportunities to achieve its goals. The Plan provides the policy and decision-making framework to focus the work of staff and the Board of Port Commissioners, and to guide an organization-wide redesign to better match the skills and duties of Port employees to the overall strategic goals of the organization.

To determine the key issues and circumstances facing the Port of Oakland today, the Board and staff completed an analysis of internal and external challenges and opportunities. This review—known as the Situational Analysis—was the first step in the strategic planning process.

Challenges and Opportunities

In anticipation of increased global trade and aviation activity, the Port of Oakland made significant investments in facilities in the past decade, resulting in ample capacity. However, slower growth in business activity in recent years constrained Port revenues. Concurrently, the Port funded and staffed a broad range of programs and functions as part of its triple bottom line business model, which integrates economic, environmental and social equity factors in all business decisions. The expansion of Port programs and facilities, combined with the global economic downturn and U.S. recession, resulted in financial challenges for the organization.

The Strategic Plan was developed to transparently address these circumstances and place the Port on a path to long-term sustainable growth and optimal performance. The Board of Port Commissioners committed to a planning process demanding a deep level of engagement and active participation across all levels of the Port organization. The strategic planning process, lasting ten months, created opportunities for transformative discussion and collaboration among the Board of Port Commissioners, staff, and stakeholders.

ELEMENTS OF THE STRATEGIC PLAN

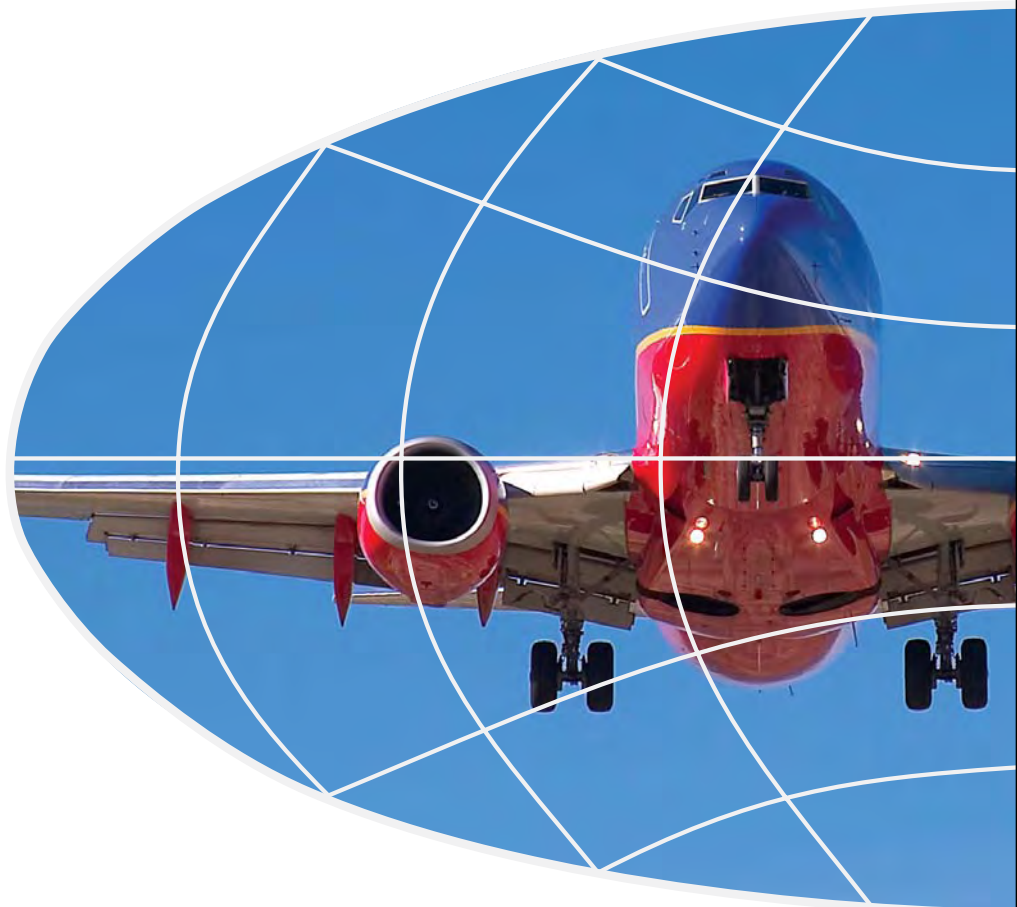
The Strategic Plan is comprised of related elements that form a policy framework for Board governance, decision-making, and staff action. The Strategic Plan Elements are:

- **Guiding Principles**
- **Strategic Priority Areas**
- **Goals and Objectives**
- **Implementing Actions**
- **Priority-Setting**

Used together, the Strategic Plan elements create a path to long-term sustainability and optimal performance.

Guiding Principles

The Guiding Principles are the values articulated by the Board of Port Commissioners which apply to the entire organization. The Board developed the Guiding Principles upon close examination of the Port's Situational Analysis and reflection on the major themes expressed early in the planning process.



ELEMENTS OF THE STRATEGIC PLAN

Among these themes were **the need for:**

- **Clarity about vision and purpose**
- **Creation of decision-making criteria and priorities across business lines and the entire organization**
- **Change and innovation**
- **Fiscal prudence**
- **Clarity of roles and accountability**
- **Integration among business lines and support divisions**
- **Improved and effective communication**

The Guiding Principles inform all Port governance and business activities. Their purpose is to unify Port activities and provide consistency in decision-making. As values held by all, the Guiding Principles are the “heart” of the Strategic Plan.

⁴ Under Executive Director Ben E. Nutter, the Port of Oakland became one of the pioneers of large-scale containerization and intermodalism in the 1960s. (Source: Minor, Woodruff, *Pacific Gateway: An Illustrated History of the Port of Oakland*, 2000.)

⁵ Oakland Board of Port Commissioners, Resolution No. B1348 (December 4, 1950).

Strategic Priority Areas

The Port of Oakland has a proud history of innovation.

Examples include:

- The pioneering adoption of the container in the maritime industry⁴
- Oakland International Airport’s low-fare domestic passenger service
- Jack London Square—the designation in 1950 of a retail district on Oakland’s industrial waterfront⁵
- The use of dredged materials to create shoreline public access and restore habitat in the Middle Harbor
- Maritime Aviation Project Labor Agreement (MAPLA)—the progressive and socially conscious project labor agreement demonstrating the Board’s unambiguous commitment to project labor stability, employment opportunities for local residents, and utilization of Port-recognized small businesses in significant maritime and aviation construction programs.

Similarly, the Board promoted innovative thinking in the strategic planning process itself. To this end, the Guiding Principles were examined to ascertain common themes and to explore their structural and strategic implications.

ELEMENTS OF THE STRATEGIC PLAN

This analysis resulted in four Strategic Priority Areas:

- **Sustainable Business and Economic Development**
- **Stewardship and Accountability**
- **Port Workforce and Operations**
- **Communications and Information**

The Strategic Priority Areas offer new perspectives on Port priorities and organizational design.

Goals and Objectives

The Goals and Objectives define how the Plan's vision will be achieved. The Goals are long-term policy statements, while the Objectives are more specific statements tailored to accomplish a Goal. The twelve Goals and Objectives reflect the Guiding Principles and were developed to address specific Strategic Priority Areas. Taken together, the Goals and Objectives constitute the tactics that the Board and staff will employ to achieve the Strategic Plan priorities. The Table of Goals and Objectives is included as an Appendix at the end of the plan document (see pages 18-24). In the Table, the Goals are listed in alphabetical order (from Goal A to Goal L).

Implementing Actions

The Implementing Actions are the specific measureable actions whose outcomes determine the success of the plan. The Implementing Actions are described in the Implementation section (pages 11-13).

Priority-Setting

Among the most important themes informing the Strategic Plan is the need to set priorities for the organization as a whole, across business lines and support functions. Port-wide priorities are critical to maintaining the focus and cohesion of Port staff and Board over the five-year life of the plan. The Board engaged in priority-setting at its July 26, 2010 meeting, which resulted in a top-tier of goals. While all twelve Strategic Plan goals are important, the top-tier goals serve to inform:

- **The Vision and Mission of the Port**
- **Strategic thinking and decision-making by Port staff and Board**
- **Phased implementation of Plan implementing actions**
- **Organizational culture**

The Prioritized Goals are shown on page 10.

PRIORITIZED GOALS

Maintain and aggressively grow core businesses
Aggressively obtain maximum amount of external grant and government funding and regulatory relief
Sustain healthy communities through leading edge environmental stewardship
Improve the Port's financial position
Align the Port's workforce, organizational structure and personnel management practices for optimal performance of the Port
Promote equitable community access to employment and business opportunities
Improve the processes for evaluating and managing capital expenditures and for long-term management of Port property and infrastructure
Improve internal governance practices
Create sustainable economic growth for the Port and beyond
Develop and maintain a high performing workforce
Promote a proactive and responsive communications model
Provide timely and relevant information to support critical analysis and decision-making

IMPLEMENTATION

From Aspiration to Action

Implementation of the Strategic Plan transforms the aspirational parts of the plan—the Guiding Principles, Goals and Objectives—into action. Implementation is the process by which the aspirational goals become operational actions and deliver results.

The Strategic Plan uses several planning and project management tools to define specific outcomes and to track, monitor, evaluate, and report progress. The key planning and operational tool is the Implementing Action. Each Implementing Action is correlated with at least one Strategic Plan goal. Thus, successful completion of an Implementing Action furthers the goal, and by extension, promotes the Port of Oakland Mission and Vision.

Implementing Actions

The Strategic Plan is put into effect through its Implementing Actions. An Implementing Action is defined as a specific, time-bound and measureable action, activity, or initiative to achieve a goal and objective(s). During the planning process, Port staff identified and developed Implementing Actions to support each plan goal.



IMPLEMENTATION

For planning and resource programming purposes, the Strategic Plan spans a 5-year time period and contains both near-term (1 year), and longer-term (2–5 years) Implementing Actions with corresponding milestone dates. The Strategic Plan also recognizes that some Implementing Actions may take longer than five years to complete.

Technology

The Strategic Plan uses an internet-based system to maintain a database of all Implementing Actions, track completion of tasks, and report progress. At the end of each fiscal year quarter, Port staff will record the status of milestones associated with Implementing Actions as well as data for key performance indicators in the internet-based system. From these data, Port staff will create progress reports. This system will serve as a central repository for the Strategic Plan and ensure consistency in the tracking and reporting process.

Monitoring and Reporting

Port staff will update and review the status of the plan on a quarterly basis, concurrent with the Port's quarterly budget reports. A designated staff member will use the on-line system to track and report on the status of the Implementing

Actions. The tracking and reporting task will be followed by strategy review meetings held in each Division and led by the Division Director. Additionally, the Port Senior Management team will hold a strategy review session each quarter to review Port-wide progress. Progress on the Strategic Plan will be presented and discussed with the Board at its regularly scheduled meetings.

Updating the Plan

The Port will update the Strategic Plan annually, taking into account progress on each fiscal year's Implementing Actions, budget considerations, as well as changing business, economic and other factors. The Port will commence the annual strategic planning update process each January in order to align with the annual Port budget planning cycle, which begins each February.

Port Staff and Interdisciplinary Teams

Many of the Implementing Actions require the support and services of interdisciplinary teams composed of Port staff from different functional areas and Divisions. In addition to staff project managers and interdisciplinary teams, the Strategic Plan relies upon all staff to run the operations of

IMPLEMENTATION

the Port effectively with an understanding of how their specific, daily functional duties support the strategic goals. In all Port endeavors, staff will work with a focus on each stage of the plan and a commitment to collaboration, innovation, performance, accountability, problem-solving, and information-sharing.

Communications Plan

Recognizing the insights and contributions that each stakeholder brings to the Port and its activities, a strengthened Communications Plan provides regular updates on Strategic Plan progress. Because the Strategic Plan is also shaped by external circumstances, especially those affecting the Port's three core businesses, the Communications Plan includes informational briefings with industry and regulatory experts. All stakeholders are encouraged to participate in the on-going planning process, especially at Port Board Meetings, where strategy and key Port actions are discussed, public comment and input sought, and decisions made.



MOVING FORWARD



The Strategic Plan 2011-2015 is akin to a navigational chart to guide the Port to its strategic goals. Its perspective is forward-looking and its destination is an innovative and sustainable enterprise focused on business and optimal performance.

Because the plan is executed over a five-year time period, it is subject to circumstances unforeseeable at the time of inception. Thus, the plan must be adaptable to future conditions without losing site of its ultimate destination.

To shield the Port against the inevitable vagaries of time, focus, and preferences, the plan includes “buttressing” elements, in the form of stages of plan implementation with unifying themes. It also includes tools to measure progress: key performance indicators, on-going analysis, forecasting, and numerical and graphical dashboards.

Finally, because a well-charted and successful journey requires the right craft and crew, the plan describes the next steps in the organizational design and culture change processes.

MOVING FORWARD

Five Stages of Plan Implementation

The Port of Oakland operates on a fiscal year schedule (July 1–June 30). Thus, the Strategic Plan will be implemented on a fiscal year schedule, with a planning horizon of five fiscal years covering July 1, 2010 to June 30, 2015.

Each fiscal year represents a stage in plan implementation. Because the Port of Oakland is characterized by the concurrent activities of its varied business lines and support functions, stages can also overlap fiscal years and inform each other.

To strengthen the alignment of all Port activities and people, each stage has a theme. Each theme reflects functional areas where the Port will prioritize its efforts and resources, as shown in the Table on page 16.

Key Performance Indicators

Key Performance Indicators (KPIs) are targets to focus effort and gauge success. The KPIs are derived from the Goals and Objectives. KPIs can be qualitative and/or quantitative. Each plan stage (described on page 16) will include a set of key performance indicators to measure outcomes and provide the basis for evaluating course-correction, as needed.

On-Going Analysis, Forecasting and Dashboards

The Strategic Plan relies on on-going analysis and forecasting to track business markets, projections, and economic trends affecting core Port businesses. Additionally, the plan will utilize “dashboards” to monitor plan progress of key performance indicators (KPIs) as well as external market and business conditions. On-going analysis, forecasting and dashboards will allow the Board and staff to determine whether course corrections should be made, and identify emerging challenges and opportunities, while staying focused on long-term strategic goals.

Organization Design and Culture Change

The greatest asset of the Port of Oakland is its employees. It is the employees of the Port who oversee the Oakland seaport, negotiate contracts with tenants and customers, manage Port finances, operate Oakland International Airport, and perform the administrative and operational tasks that keep the Port running smoothly.

Each day, Port employees bring great professionalism, experience and technical knowledge to their work.

FIVE STAGES OF PLAN IMPLEMENTATION

Stage 5 (FY 2015) Focus on sustained growth and optimal performance.
Sustain

Stage 4 (FY 2014) Focus on performance of new facilities, assets, procedures, etc.
Perform Anticipates a learning-curve towards sustaining levels.

Stage 3 (FY 2013) Focus on implementing solutions reflective of marketing and design
Build efforts. Examples: maritime facilities development, targeted training
and workforce alignment, etc.

Stage 2 (FY 2012) Focus on intelligence and marketing efforts to sharpen market
Market
and Design niche, strengthen business and government relationships, complete
negotiations, and then design solutions that deliver price, value,
and service to Port customers.

Stage 1 (FY 2011) Focus on activities which continue to stabilize Port businesses,
Stabilize finances, workforce, and procedures (i.e. ERP)⁵, and create a new
governance and decision-making framework (i.e. Strategic Plan).

⁵ Enterprise Resource Program, which establishes a unified technological platform for Port financial, administrative, and project management processes.

MOVING FORWARD

At the same time, many administrative practices and job classifications must be rigorously examined to meet twenty-first century needs.

The Strategic Plan provides for the alignment of employee skills and duties on behalf of the Port's strategic business needs. This alignment will take place consistent with the five implementation stages, supported by a new organizational structure and a change management program.

Conclusion

The **promise** of this Strategic Plan is that it focuses on **growing and expanding** the Port's **core businesses** and **enhancing its stewardship** while aligning and strengthening its **finances, people, systems, policies, processes** and **governance**.

The plan ensures an **ethical organizational culture** deeply rooted in the **values** of **honesty** and **integrity**, and committed to **accountability, collaboration** and **innovation** in all its activities.

Through **commitment** to the Strategic Plan, the Port will realize its **highest potential** for the **City of Oakland**, the **region**, and the **State of California**.



APPENDIX: GOALS & OBJECTIVES

Sustainable Economic and Business Development

Goal A

Create sustainable economic growth for the Port and beyond.

Objectives

1. Maximize the use of existing assets.
2. Affirm Port identity as a public enterprise.
3. Increase revenue, job creation and small business growth.
4. Pursue strategic partnerships at all levels: local, regional, national and international.

Goal B

Maintain and aggressively grow core businesses.

Objectives

1. Retain existing customers and tenants.
2. Market strategically and aggressively to attract new customers and tenants.
3. Price Port services to provide a highly competitive value.
4. Promote effective strategic communication with Port customers.
5. Enhance customer services (i.e., market intelligence, technical knowledge, strategic advice and problem solving).

APPENDIX: GOALS & OBJECTIVES

Sustainable Economic and Business Development

Goal C

Promote equitable community access to employment and business opportunities.

Objectives

1. Comply with all federal, state, local and Port workforce mandates.
2. Conduct comprehensive communication and outreach to stakeholders and strategic partners to improve workforce and small business opportunities.
3. Integrate workforce mandates into all Port agreements, policies and processes at inception.

Goal D

Improve the Port's financial position.

Objectives

1. Improve cash position and debt service coverage ratio (DSCR).
2. Minimize expenditures and focus on core services.
3. Maximize return on investments (ROI).
4. Pursue refunding of Port debt for interest rate savings.
5. Explore debt restructuring options.

APPENDIX: GOALS & OBJECTIVES

Stewardship and Accountability

Goal E

Improve the processes for evaluating and managing capital expenditures for long-term management of Port property and infrastructure.

Objectives

1. Implement a new planning and funding model for capital improvements.
2. Improve analytical tools to evaluate return on investment and other financial indicators.
3. Manage cash flow and capital planning as distinct, but related, items.
4. Strengthen contract expenditure controls.
5. Prepare plans for long-term use, development and management of Port property and infrastructure.

Goal F

Aggressively obtain maximum amount of external grant and government funding and regulatory relief.

Objectives

1. Seek out and pursue all promising and prospective grants and external funding resources.
2. Partner with other agencies to create joint grant strategies.
3. Enhance governmental affairs outreach efforts and capacity.

APPENDIX: GOALS & OBJECTIVES

Stewardship and Accountability

Goal G

Sustain healthy communities through leading edge environmental stewardship.

Objectives

1. Ensure effective communication and education regarding environmental and safety standards with business partners and the community.
2. Partner to share risk, accountability, benefits and improve environmental and safety compliance.
3. Increase cost recovery for environmental and safety compliance activities.
4. Continue to provide quality public access and open space at a financially-sustainable level.
5. Develop effective relationships with regulatory and resource agencies.

APPENDIX: GOALS & OBJECTIVES

Port Workforce and Operations

Goal H

Develop and maintain a high performing workforce.

Objectives

1. Identify, assess and implement key skills and knowledge required for an employee within a public enterprise.
2. Conduct targeted training.
3. Continue to elevate health and safety of the Port workforce.
4. Strengthen the performance management system.
5. Create an organizational culture in which employees and the Board acknowledge and hold themselves and each other accountable for the consistent execution of strategic goals and effective operations.

APPENDIX: GOALS & OBJECTIVES

Port Workforce and Operations

Goal I

Align the Port's workforce, organizational structure and personnel management practices for optimal performance of the Port.

Objectives

1. Identify requirements for organizational change.
2. Build and strengthen an effective partnership with labor unions.
3. Align responsibilities, authorities and incentives to ensure accountability and transparency in achieving the Port's strategic goals.

Goal J

Improve internal governance practices.

Objectives

1. Develop a new Board Meeting schedule, order of business, and agenda report format to focus on strategic and policy issues.
2. Strengthen leadership by designing and implementing a governance and business curriculum for Board and staff.

APPENDIX: GOALS & OBJECTIVES

Communications and Information

Goal K

Promote a proactive and responsive communications model.

Objectives

1. Develop a strategic and comprehensive communications plan which reaches out to a wide range of internal and external stakeholders and incorporates state-of-the-art practices and technology.

Goal L

Provide timely and relevant information to support critical analysis and decision-making.

Objectives

1. Strengthen long range planning.
2. Develop performance measures to monitor and improve achievement of objectives and for earliest notification of areas of concern.
3. Modernize and update Port technology systems and tools to enhance organizational productivity, efficiency and data analysis capabilities.

STRATEGIC PLAN TASK FORCE

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First Vice-President, Board of Port Commissioners

Richard Sinkoff

Co-Chair: Director of Environmental Programs & Planning

James Kwon

Co-Chair: Director of Maritime

Jean Banker

Manager, Maritime Administration/Finance Services

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