



PORT OF OAKLAND

STRATEGIC PLAN

FISCAL YEARS 2011-2015

OAKLAND



PORT OF OAKLAND

**Strategic Plan Update
FY14 Priorities, Outcomes, and Metrics:**

***Moving from Activity-Based
to Outcome-Driven***

Board of Port Commissioners
Regular Board Meeting - Thursday, June 27, 2013

Strategic Plan Overview

“Five Stages of Plan Implementation”



Strategic Plan Overview

The Promise of the Plan

“...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**.

“...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.

...helps the Port “realize its **highest potential** for the **City of Oakland**, the **region**, and the **State of California**.”

Action Items - Status

- **WORKSHOP** - Joint Board-Staff Strategic Plan Workshop – March 7, 2013
- **STRATEGIC PRIORITIES** - Revise FY 2014 Strategic Priorities in response to March 7, 2013, Board feedback to include outcomes and metrics – March to June
- **GENERATIVE POLICY DISCUSSIONS** - Conduct “generative” discussions at Board meetings on key strategic areas:
 - Classification and Compensation Studies – March 14, 2013
 - Environmental Programs and Planning – April 25, 2013
 - Strategic Partnerships – April 25, 2013
 - Maritime Division Strategy – May 9, 2013
 - Aviation Division Strategy – May 23, 2013
 - Maritime Division – Oakland Army Base: Phase II – June 13, 2013
 - Commercial Real Estate Division Strategy – June 27, 2013 (scheduled)
- **BUDGET PREPARATION** - Present FY 2014 Operating and Capital Budgets for Board review and discussion:
 - Budget presentation #1 – March 14, 2013
 - Budget presentation #2 – May 9, 2013
 - Budget presentation #3 – June 13, 2013
 - FY 2014 Budget Adoption – June 27, 2013 (scheduled)
- **BOARD MEETING ON STRATEGIC PRIORITIES** - Final Strategic Plan Fiscal Year 2014 Update – June 27, 2013 (scheduled)

Top 5 Strategic Priorities for FY14

I. Retain and Grow Maritime Business

II. Grow Air Passenger Activity Levels

III. Build Stronger Strategic Partnerships

IV. Advance Re-Organization

V. Strengthen Internal Controls & Financial Position

Retain and Grow Maritime Business

STRATEGIC OPPORTUNITY AND DIRECTION

Now is a transformative time for our maritime business. The Port has the opportunity and necessity to align its team, assets, and strategies to address unprecedented challenges: There are four vacant, high-level positions in Maritime that afford the opportunity to develop a new team under the leadership of the new ED, who brings vast maritime experience; the Port is one of the few in the country with an opportunity like OAB, and is going to capitalize on this development with a sense of urgency, as well as close collaboration with the City and strategic partners; finally, the Port is going to implement a new platform of aggressive customer engagement with every part of the supply chain locally and globally, from the BCOs and 3PLs, to the shippers and terminal operators. This alignment focuses our attention on delivering constant value to the supply chain that will bring more cargo to the Port, and do so in ways that are more sustainable and yield deeper, positive impacts in the community.

Retain and Grow Maritime Business

Initiative 1:	Conduct targeted business development program
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none"> • Secure one (1) new first Port-of-Call • Increase Interior Points Intermodal (IPI) cargo by 50K TEUs • Increase market share of West Coast ports TEU cargo • Improve import-export balance. Ultimate ratio = 50%/50%.
Initiative 2:	Enhance Maritime lease portfolio
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none"> • Stabilize and increase revenue from leases • Modernize renewed leases to reflect best practices terms and conditions
Initiative 3:	Continue to implement Oakland Army Base (OAB) redevelopment program
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none"> • Determine and implement business and development approach to OAB Phase II • Achieve and/or exceed local workforce and small business utilization targets • Implement required Standard Conditions of Approval (SCA)/Mitigation Measures (MMs)

Grow Air Passenger Activity

STRATEGIC OPPORTUNITY AND DIRECTION

Passenger volume through the Oakland International Airport is the primary driver of the success of the Port's aviation business, as well as the benefits provided to the region by the Airport in terms of jobs and economic impact. With most planes full, the key to growing passengers is securing new carriers, routes and increased frequencies. This strategy has helped OAK achieve positive growth in 2012 for the first time since 2008. In Fiscal Year 2014, the Port is going to continue on this positive trend by relentlessly focusing on customer service, asset management, and regulatory initiatives. Business development and marketing initiatives will captivate both the consumer as well as secure corporate and business partnerships that will increase air service. OAK is entering an exciting new era with the anticipated openings of the BART Connector, a new air traffic control tower, Terminal 1 improvements, international air cargo facilities, and private investments in corporate aviation facilities. This year, OAK will be positioned for increased global recognition, and customer satisfaction with the Airport experience.

Grow Air Passenger Activity

Initiative 1:	Finalize and Implement Oakland International Airport (OAK) name recognition study recommendations
	Outcomes/Metrics: <ul style="list-style-type: none"> • Increase inbound carrier and passenger activity and interest
Initiative 2:	Advance capital improvements for Terminals 1 and 2 (Begin construction on Terminal 1 improvements, develop International Arrival facility solutions, and develop a Terminal 2 capacity plan)
	Outcomes/Metrics: <ul style="list-style-type: none"> • Complete international arrivals facility plan • Complete Terminal 2 capacity plan • Approve Terminal 1 capital improvements contract
Initiative 3:	Measure and improve OAK customer satisfaction by 15%
	Outcomes/Metrics: <ul style="list-style-type: none"> • Develop and conduct baselines customer service surveys • Implement customer service training program for Airport employees • Increase customer service satisfaction by 15%

Grow Air Passenger Activity

Initiative 4:	Create Customs and Border Protection (CBP) service strategy for near- and long-term implementation
	Outcomes/Metrics: <ul style="list-style-type: none"> • Increase access to CBP services • Increase international air service
Initiative 5:	Promote Congressional approval of increase in Passenger Facility Charges (PFCs)
	Outcomes/Metrics: <ul style="list-style-type: none"> • Increase in PFC rate per enplaned passenger



Build Stronger Strategic Partnerships

STRATEGIC OPPORTUNITY AND DIRECTION

The Port's internal and external stakeholders – business, community, employees, government, and labor – are essential to the success of the Port's ambitious goals covering business, the environment, and economic development. These relationships must be active, aligned, directed, and driven by mutually-shared outcomes. Building from the inside out, this year the Port is focused on developing the internal partnership with employees and labor necessary to achieve customer and stakeholder results; engaging the Port's Local Impact and Local Business area communities in deeper ways to support the Port; and aligning public and private sector partners across the region to drive the Port's maritime and aviation business outcomes.

Build Stronger Strategic Partnerships

Initiative 1:	Strengthen Strategic Partnerships to Grow Air Passenger Activity
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none">• Secure travel commitments from top 10 East Bay employers for identified target air service development routes• Obtain approval for an extended window or alternative solution from Customs and Border Protection (CBP) to meet international service expansion goals at OAK• Increase domestic and international enplanements
Initiative 2:	Launch a Regional Alliance to Retain and Grow Maritime Business
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none">• Launch a regional alliance of maritime trade corridor stakeholders• Develop and adopt specific regional alliance goals including enhanced Measure B funding, support for Oakland Army Base (OAB), and competitiveness policies.• Increase grant and public funding for Maritime capital projects• Increase West Coast market share

Build Stronger Strategic Partnerships

Initiative 3:	Foster Employee Connectivity
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none">• Develop and implement an internal communications plan• Start Labor-Management Committees (LMCs) and implement 50%+ of LMC recommendations• Increase understanding of and connection to the Port and its strategic priorities• Increase employee customer service, productivity, and wellness
Initiative 4:	Enhance Community Partnership
	<p>Outcomes/Metrics:</p> <ul style="list-style-type: none">• Increase understanding of and support for the Port in the Local Impact Area (LIA)• Develop and implement a Community Engagement Plan• Establish a new Community Investment Program• Implement Community Benefits Program elements for the OAB Phase I Railyard construction and operating agreements (SRD)• Complete the Maritime Air Quality Improvement Plan (MAQIP) 2012 Review and Report to stakeholders and the Board (Environmental Programs and Planning)

Advance Reorganization

STRATEGIC OPPORTUNITY AND DIRECTION

Port Employees are critical to the Ports success. With 40% fewer employees today than ten years ago, optimal performance can be improved with updated job descriptions, a new classification plan, and a formal compensation policy. The Port is embarking on a path to review its organization and structure as well as enhance and adopt comprehensive best practices that position the Port to achieve its strategic and operational goals with efficiency, creativity, and urgency. There are resource gaps in areas of importance to the Port that require leveraging all parts of the organization to work collectively and in new ways. The Port is going to advance this transformation in Fiscal Year 2014. This is part of our transition into a new era of accountability and transparency through measured performance, and is foundational to many initiatives planned for Fiscal Year 2014 and beyond.

Advance Reorganization

Initiative 1:	Modernize the Port's classification structure
	Outcomes/Metrics: <ul style="list-style-type: none">• Complete development of job classification structure• Complete update of job descriptions to accurately reflect work being performed• Collaborate with labor to reach agreement• Recommend proposed reduction of active classifications
Initiative 2:	Establish a Compensation Philosophy to Maintain a High-Performing Workforce
	Outcomes/Metrics: <ul style="list-style-type: none">• Create a corporate compensation philosophy• Collaborate with labor to reach agreement

Strengthen Internal Controls and Financial Position

STRATEGIC OPPORTUNITY AND DIRECTION

The Port is a steward of public assets and must adhere to the highest standards of accountability, transparency, leadership, and performance. Many practices and written procedures have not been updated and are not reflective of industry best practices. The Port's external auditors have cited a material weakness with respect to internal controls. This year the Port is going to continue its efforts to address these challenges by modernizing policies, strengthen processes, and leveraging technology.

Strengthen Internal Controls and Financial Position

Initiative 1:	Update 3 financial policies related to accounts payable, accounts receivables and/or grant compliance
Initiative 2:	Update 3 administrative policies
Initiative 3:	Develop a 3-year strategically-aligned, risk-based Internal Audit Work Plan
Initiative 4:	Develop a comprehensive real property agreement inventory for the Commercial Real Estate portfolio
Initiative 5:	Develop and implement a prioritized, continuous improvement approach for the Oracle Enterprise Resource Planning (ERP) system focused on audit and reporting issues
	<p>Outcomes/Metrics (for all initiatives):</p> <ul style="list-style-type: none"> • Downgrade material weakness finding • Reduce number of days to generate monthly financial statements by 25% • Reduce percentage (%) of accounts receivable >90 days outstanding • Ensure compliance with Purchase Card (P-Card), hosting, and travel expense policies • Complete three (3) ERP functional enhancements focused on addressing audit and reporting issues

Looking Forward

- Develop a sustainable Strategic Planning function and process (July 2013-Dec 2013)
- Prepare Year V initiatives (Jan 2014 – June 2014)
- Comprehensive update of next 5-year Strategic Plan



Strategic Plan FY 2014 Update



Now, let's PERFORM!!!