

# Special Seminar

## Members of Port Authority Governing Boards and Commissions

Boston May 19-21, 2009



*Alliance of the Ports of Canada, the Caribbean, Latin America and the United States*

**Good Governance,**

**Good Management,**

**and Public Support**

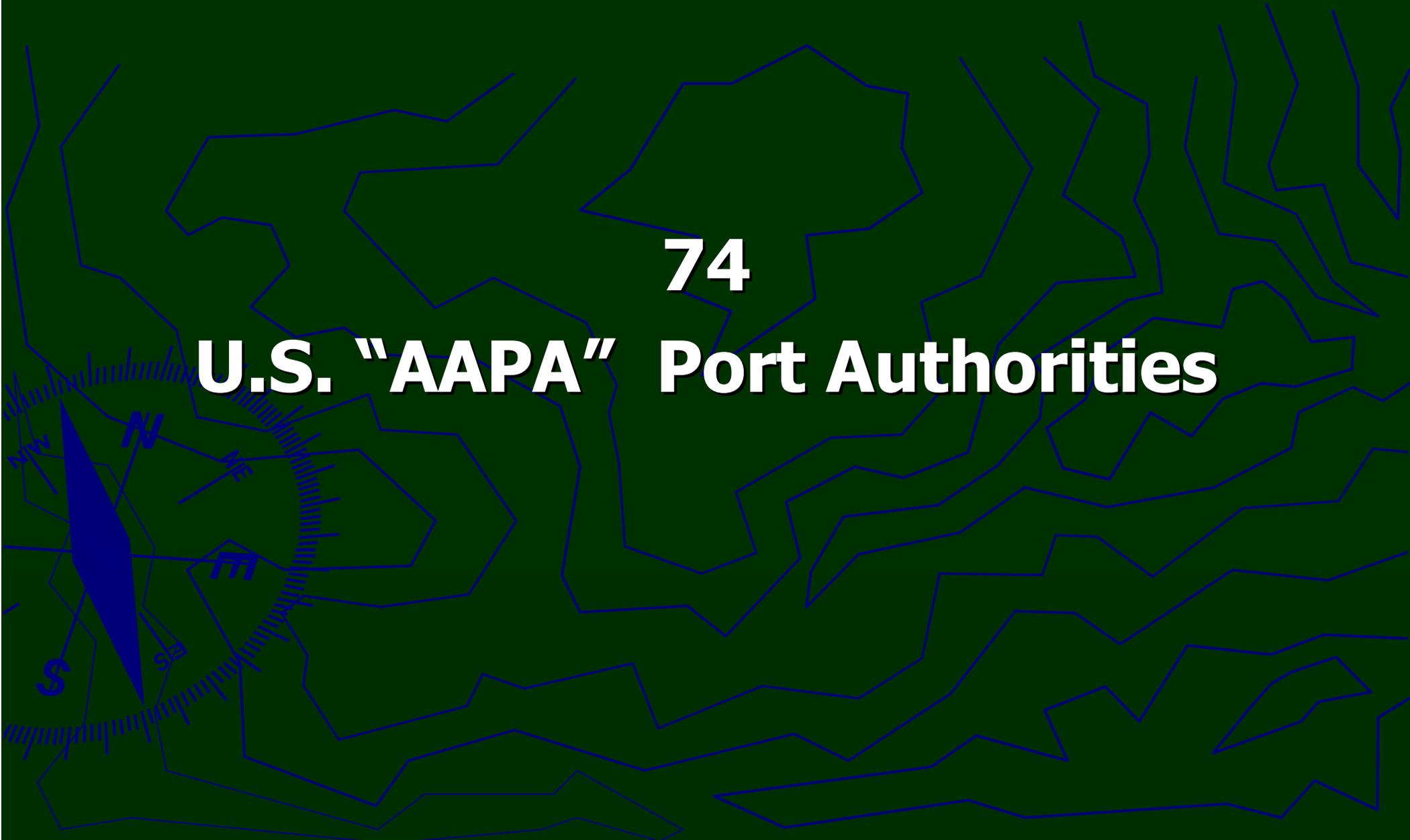
**Equal Great Results !**



# The U.S. Port Authority “Industry”

74

U.S. “AAPA” Port Authorities



# The Port Authority "Industry"

**74**

**U.S. "AAPA" Port Authorities**

**479**

**Board Member Positions**



# The Port Authority "Industry"

**479**

**Board Member Positions**

***46 Boards --Appointed***

***27 Boards---By Public Election***

# The Port Authority "Industry"

**Total Operating Revenues**

**\$4.1 Billion**

**Public Port Authority Employees**

**13,200**



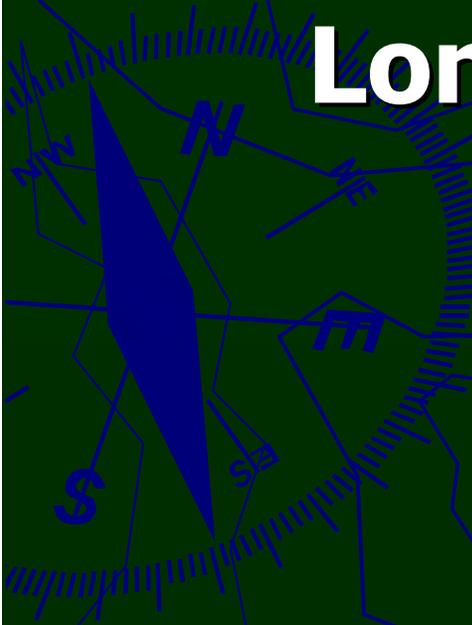
# The Port Authority "Industry"

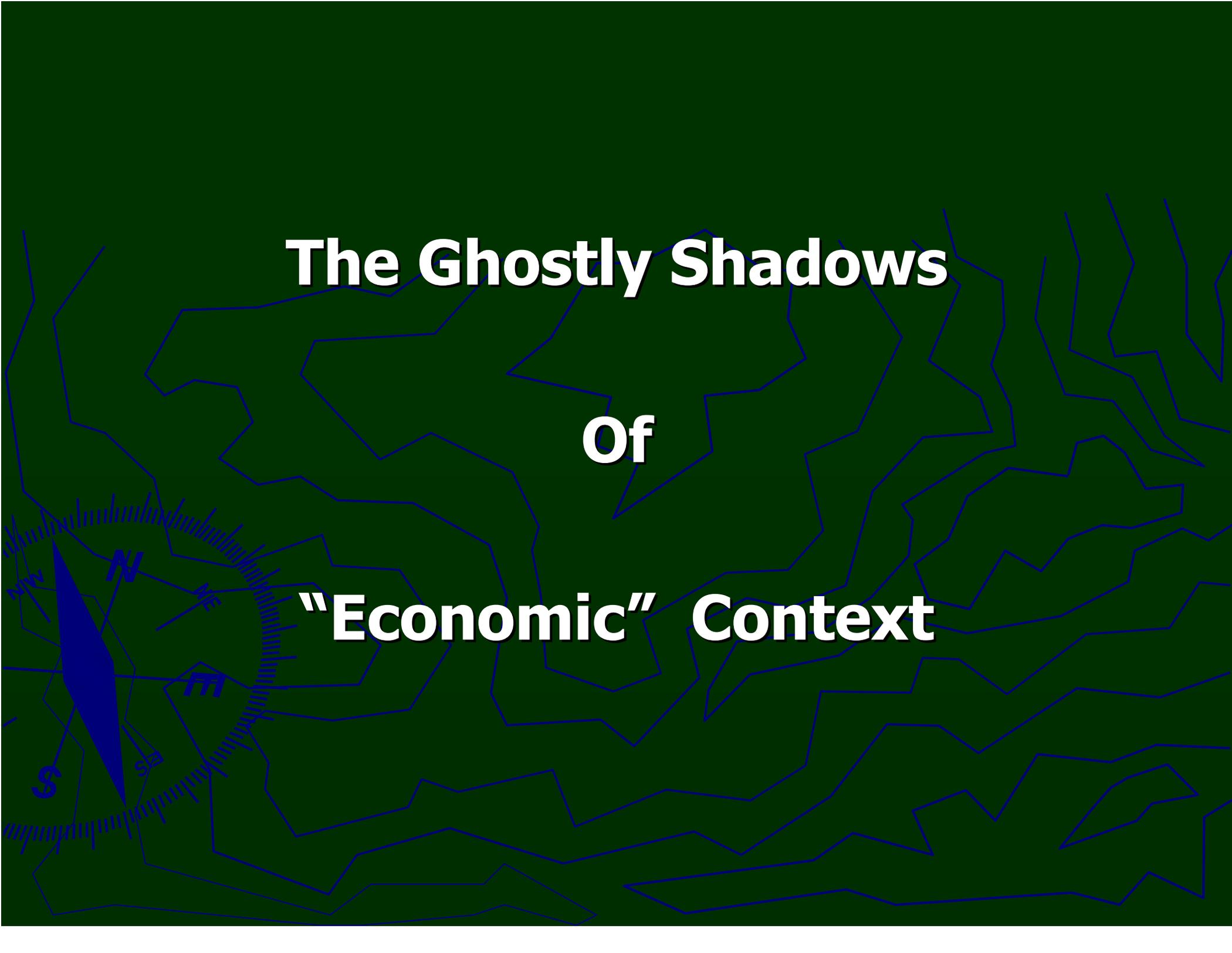
**Total Operating Revenues**

**\$4.1 Billion**

**Long Beach and Los Angeles**

**17.7 %**





**The Ghostly Shadows**

**Of**

**“Economic” Context**



**Governance And Management  
Challenged At Your Port ?**

**Efficacy of Planning, Marketing,  
Lease Structures.**

**Tests and Tune-ups**

**Lexicon**

**Of**

**“New Normalcy”**



**“Recessed”**



## **“Recessed”**

*Relatively mild condition of discontent, ennui or disillusion triggered by job loss, portfolio plundering, or home value decline.*

*Not as serious as the experience of being depressed.*



# "Slayoff"



# “Slayoff”

A particularly cold-blooded method of laying off employees, such as breaking the news on a company blog, leaving a note in an employee's chair, dispatching a mass email, or sending a certified letter to a worker's home.

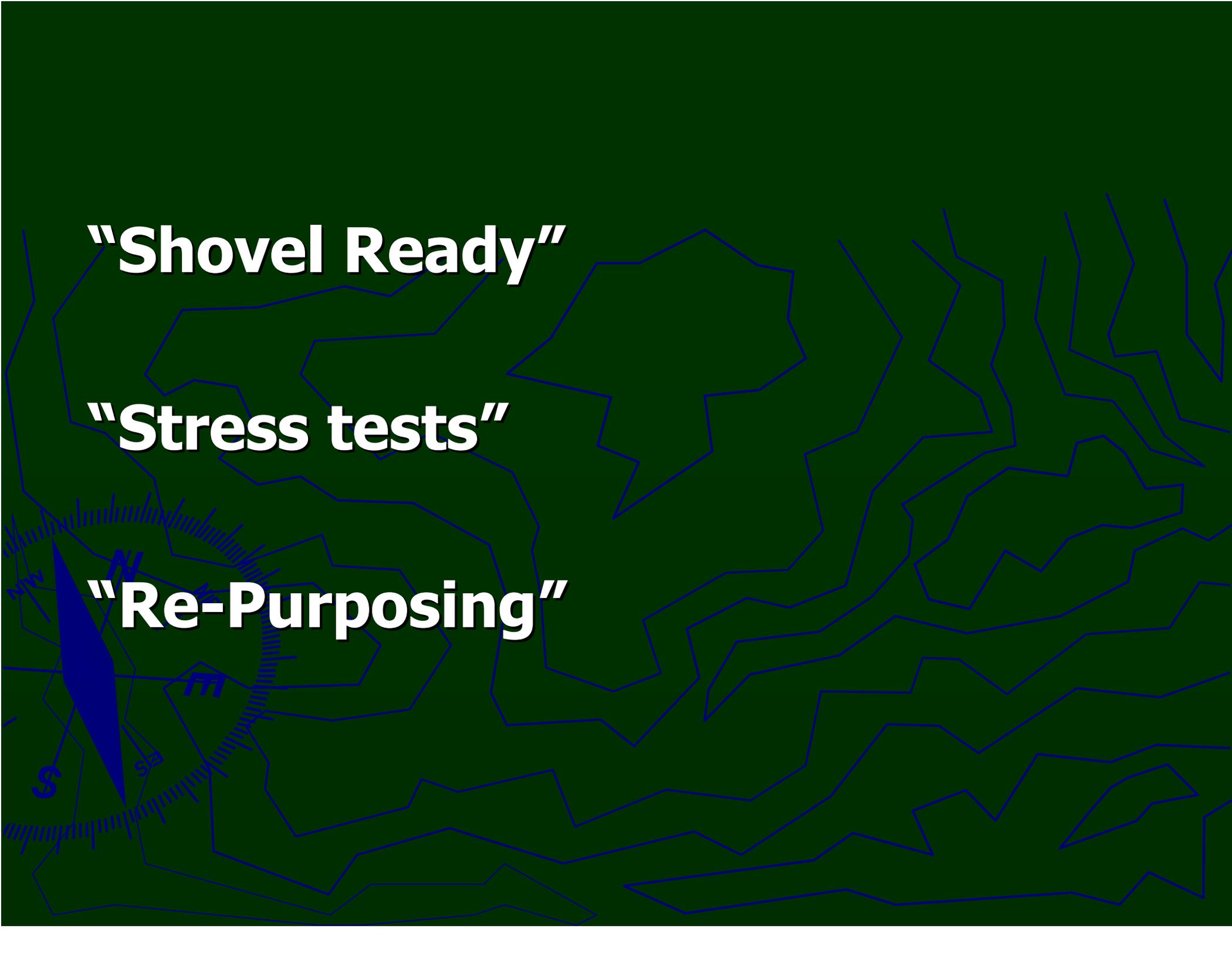
# “Recession Hacking”





# **“Recession Hacking”**

**Finding and using smart strategies and ideas for dealing with the downturn**



**“Shovel Ready”**

**“Stress tests”**

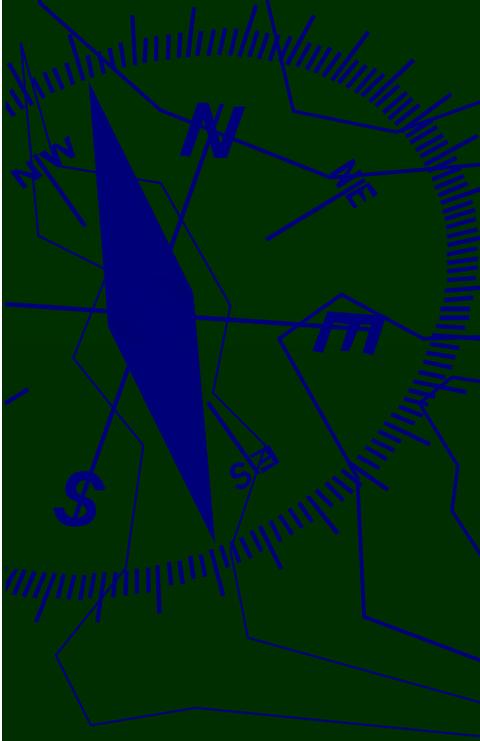
**“Re-Purposing”**

**“Good Banks”**

**“Bad Banks”**



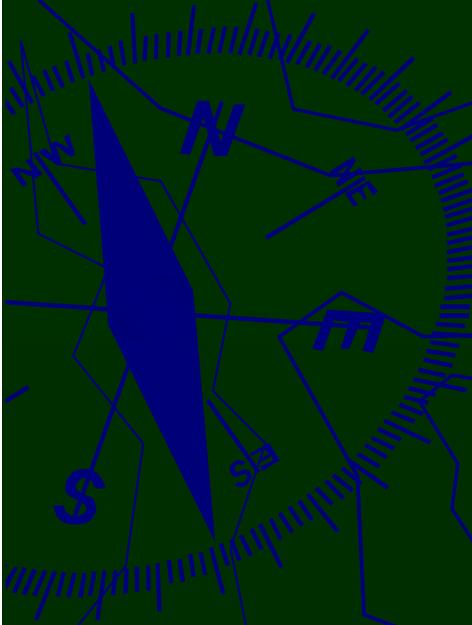
# “Zombie Banks”

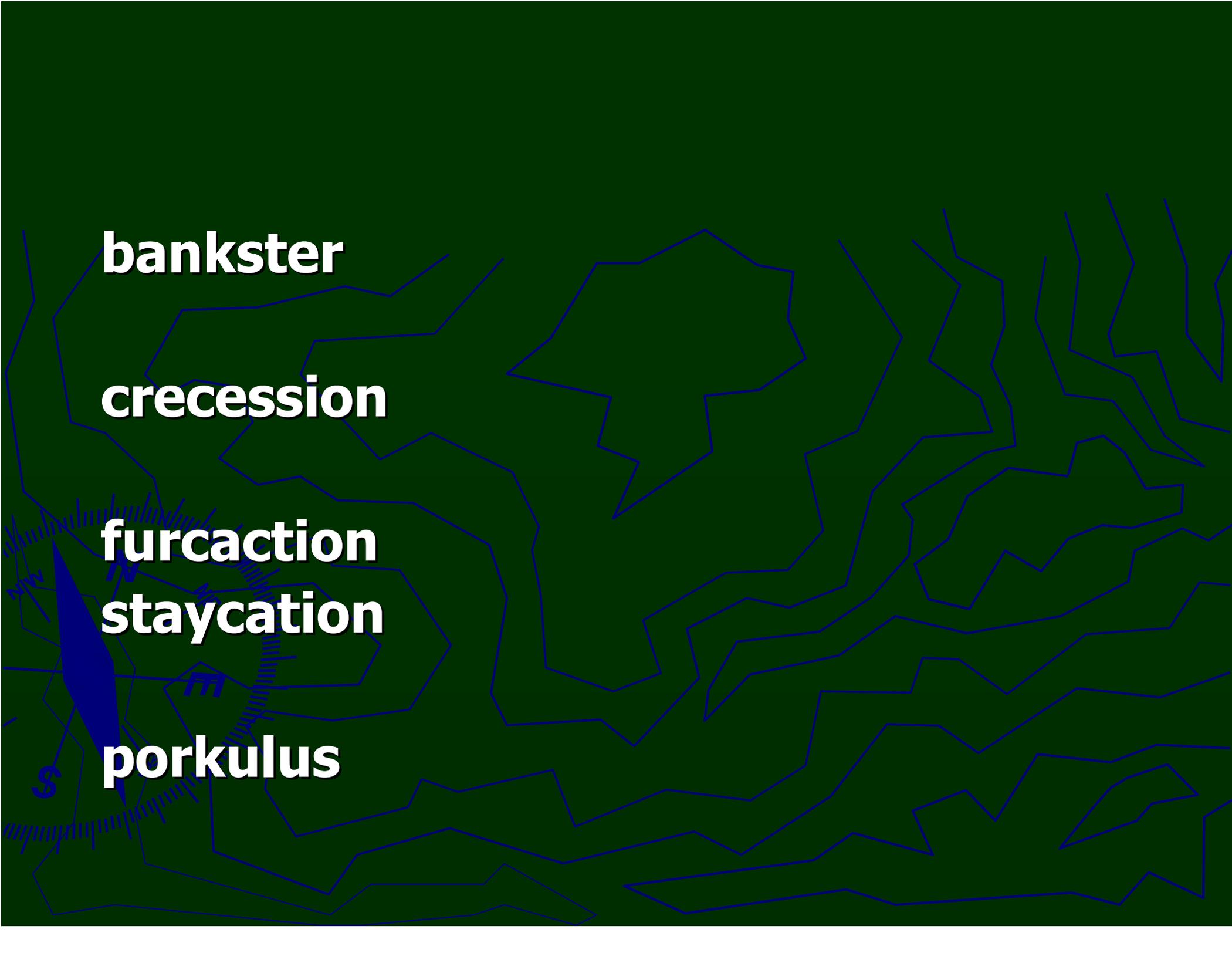


# **“Zombie Banks”**

**A bank that really should have gone bust  
but it's being kept alive by government guarantees  
in the form of bailout money.....**

**(Dead....but still Alive.)**





**bankster**

**crecession**

**furcacion**  
**staycation**

**porkulus**

"Less Bad"

is now the *new*

"Pretty Good."



**"TIGER"**



# "TIGER"

## Transportation Investment Generating Economic Recovery

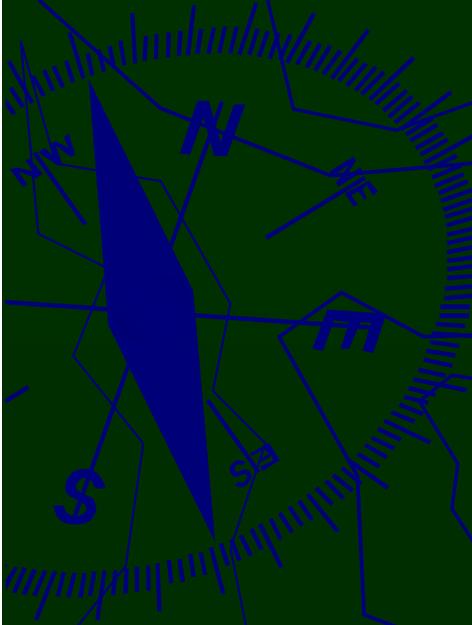
(a contrived acronym from the  
Department of Transportation);

New transportation projects will be  
stamped with the TIGER logo



**“Furloughs”**

**“Stimulus”**

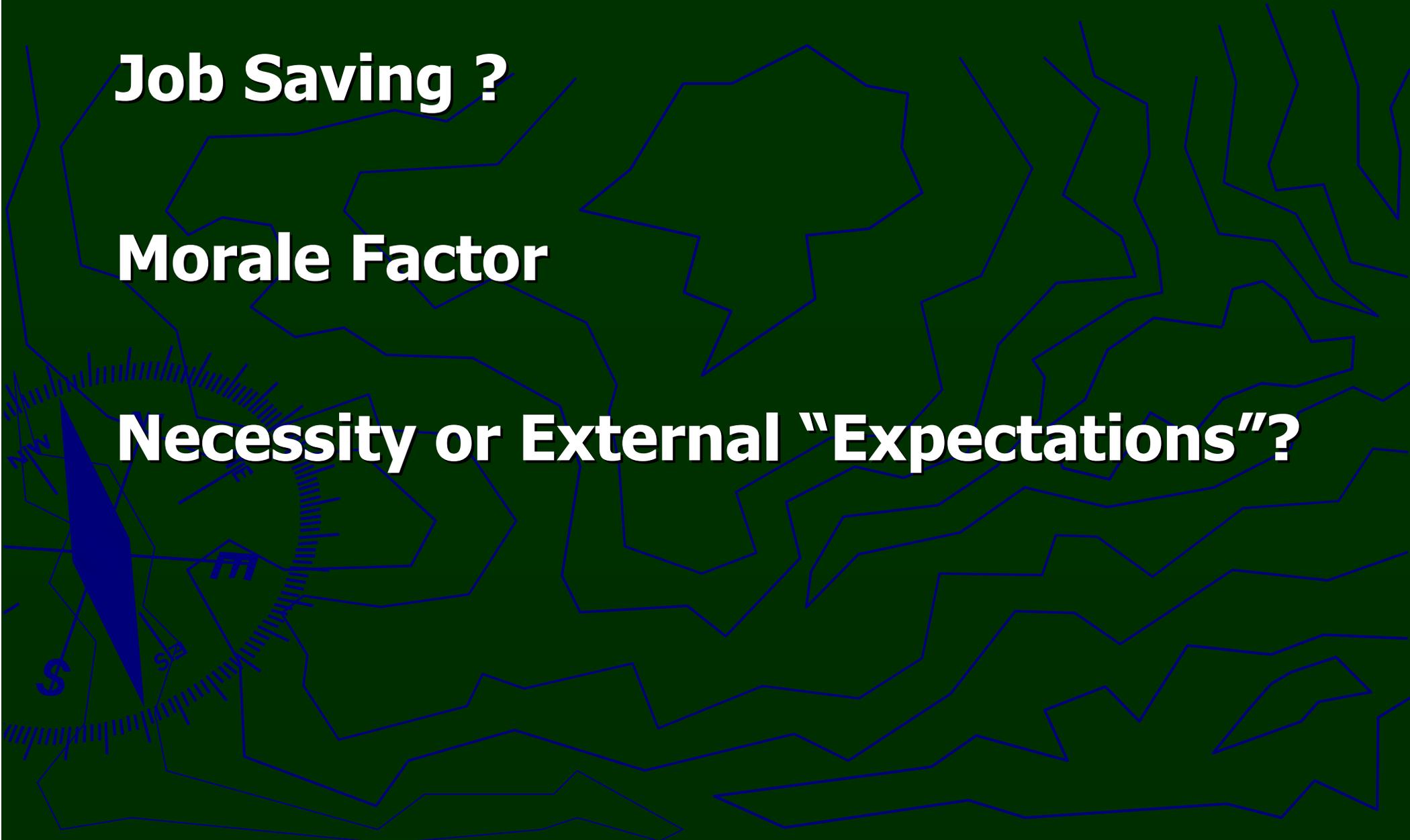


# "Furloughs"

**Job Saving ?**

**Morale Factor**

**Necessity or External "Expectations"?**



# "Stimulus"

**Economic Stimulation**

**Then What?**

**Investments - Operations**

**Windfall --- Recurring**

**Quick Sand.... or Gold Mine ?**

**“Stimulus”**

**Competitive Relationships**

**Among Ports ?**



# “Stimulus”

**Competitive Relationship Among Ports ?**

**Depends Upon Constancy  
of the Federal Role**



# **Ports and Port Authorities**

**Problems  
Solutions**

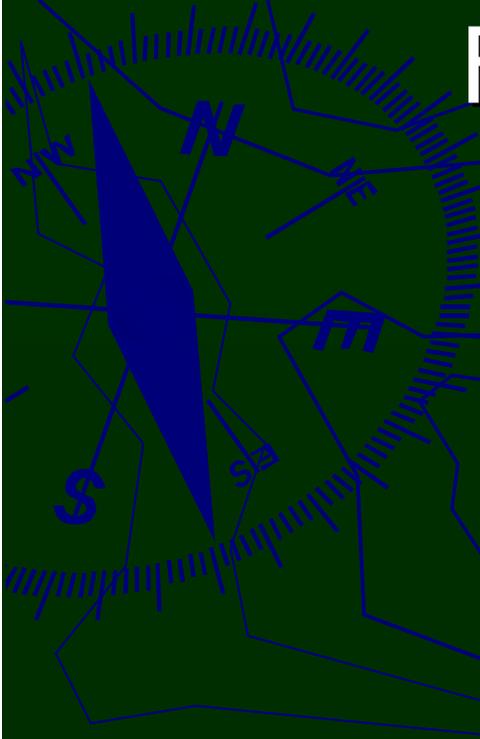
**Reminder of The Role of Ports**

***'Bigger Than We Are'***



Answer:

Will Likely Decline in 2009—  
For First Time Since 2001



# WORLD TRADE

Will Likely Decline in 2009—

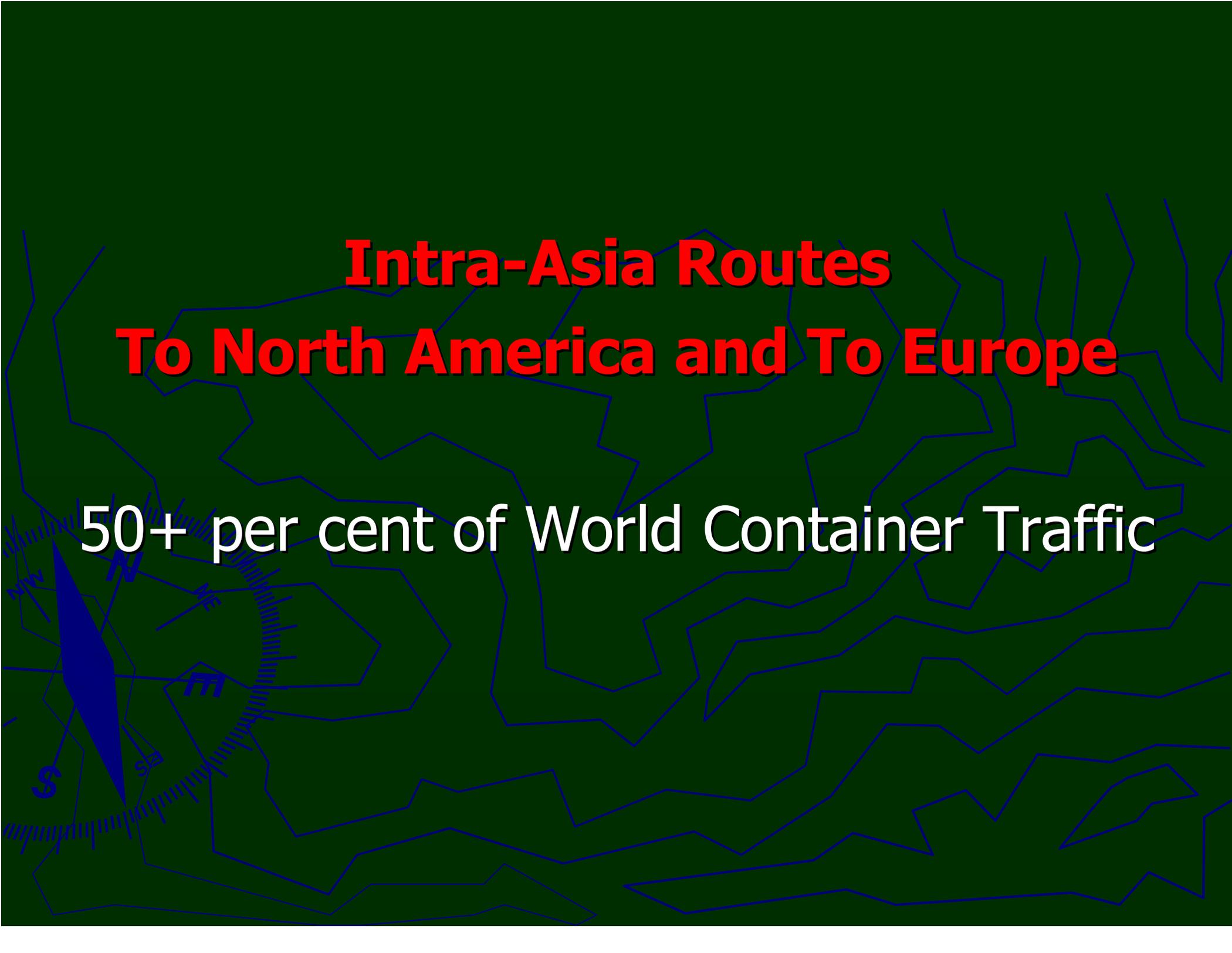
For First Time Since 2001



Answer:

Slightly More Than 50 per cent



The background features a dark green map of Asia with blue lines representing shipping routes. A compass rose is visible in the lower-left corner, with a blue arrow pointing towards the top-left. The text is overlaid on this map.

# **Intra-Asia Routes To North America and To Europe**

**50+ per cent of World Container Traffic**

Answer:

Six Are Located In China



Five Are Located In China?

# World's 12 Largest Container Ports

L.A. 13

Long Beach 15

N.Y. 19



## The crisis is severe, but there is no reason to panic

- World economy slumps into a recession; risks are on the downside; world trade declines
- Shipping market is highly affected; boom of the container shipping industry will come to an end; only stagnation in world container handling in 2009
- Major problem for shipping companies for now: overcapacities and low or even declining freight and charter rates
- Medium and long-term prospects for the container shipping market are intact
- Investment in container terminals and intermodal infrastructure in the seaports' hinterland are a must
- Scarcity of public funds generally benefits private investors

Answers:

11 Years

19 Years

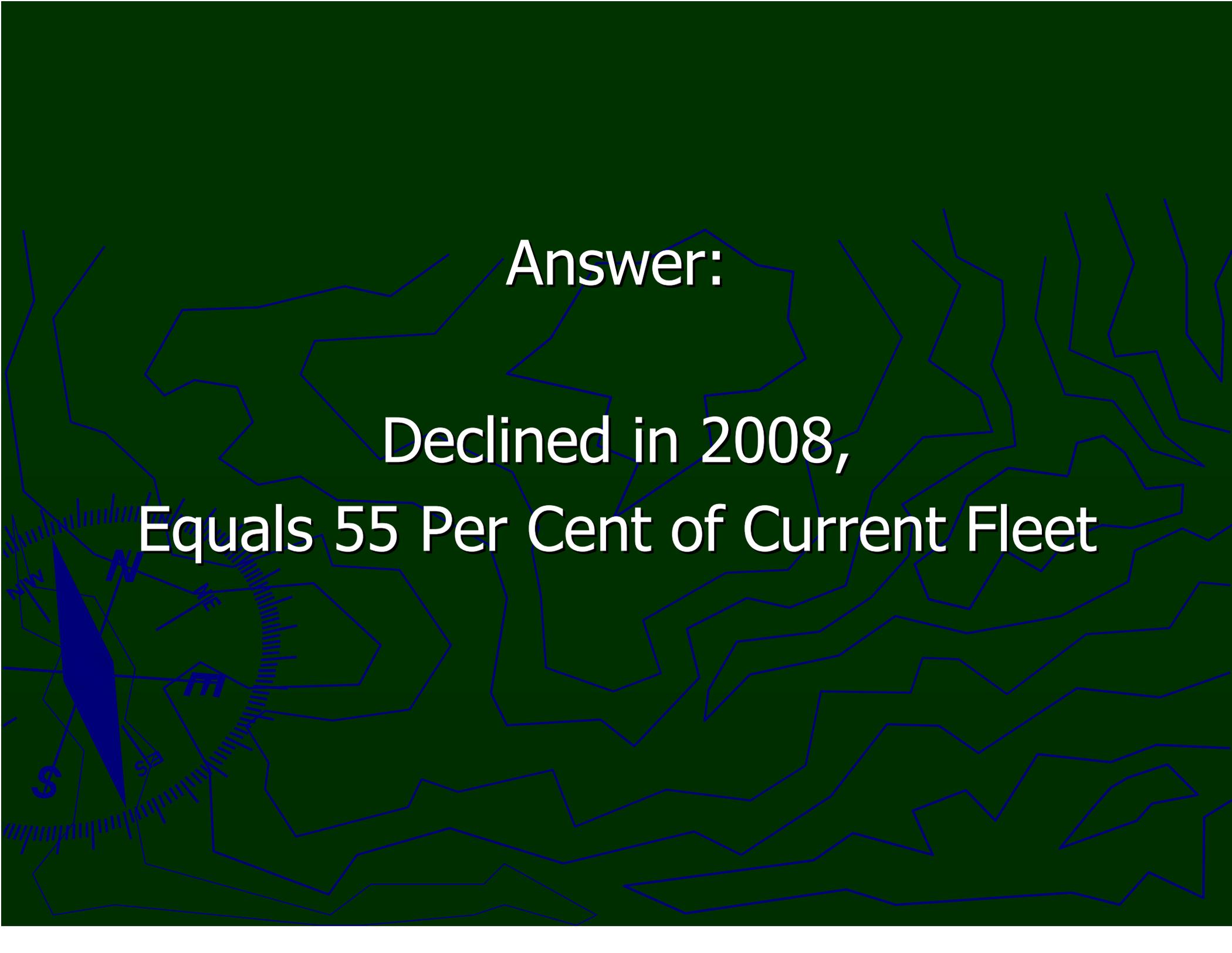




## Average Age of World Fleet

11 Years – **Container Ships**

19 Years – **World Fleet**

The background features a dark green field with intricate, light blue contour lines that resemble a topographic map. In the lower-left corner, there is a stylized compass rose with a blue needle pointing towards the top-left. The cardinal directions are labeled with 'N' for North, 'S' for South, 'E' for East, and 'W' for West. The text is centered in the upper half of the image.

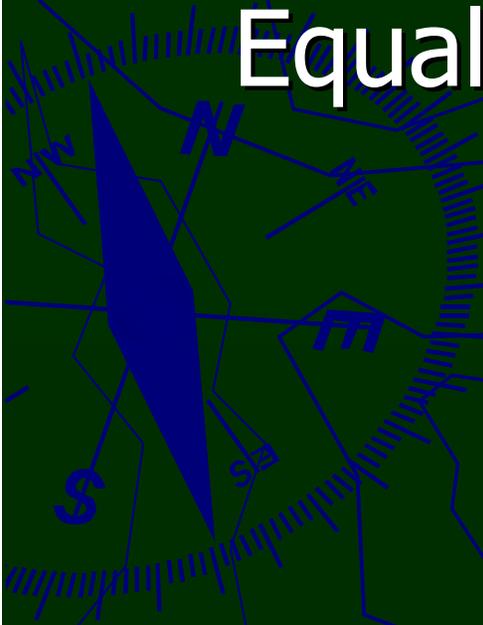
Answer:

Declined in 2008,  
Equals 55 Per Cent of Current Fleet

# CONTAINER SHIP ORDERS

Declined in 2008,  
Equals 55 Per Cent of Current Fleet

(Bulk Vessels Lagging)





**Opportunities And Challenges**

**For Ports and Port Authorities**

**Are Shaped By External Trends**

Very LARGE

External Trends

But.....



# Fresh Thinking?

## **“Recession Hacking”**

**Finding and using smart strategies and ideas for dealing with the downturn**



# **“New” Normalcy ?**



# Since 1970

Containers

Environmental Laws and Regulation

Deregulation-

Inland Transport Modes

Intermodalism

Macro Economics

Currency of Global Trade

**Four Decades.....**





**Four Decades.....**

**-Post War Trade Patterns,  
Export Dominated**



**Four Decades.....**

**-Post War Trade Patterns,  
Export Dominated**

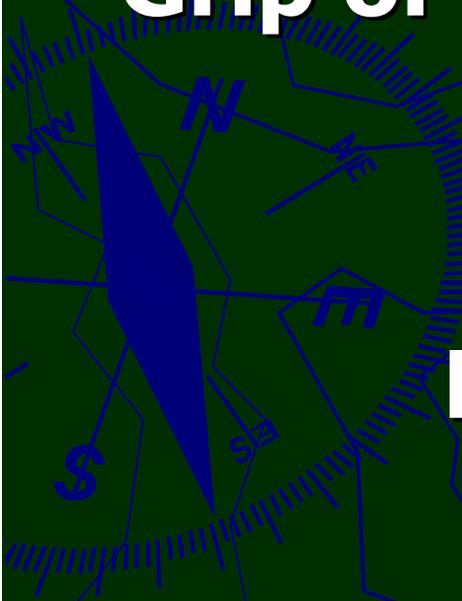
**-Global "Free" Trade  
Import Dominated**

**Four Decades.....**

**Deregulation Altered  
Traditional Flows of Commerce.**

**Grip of Containerization/Intermodalism**

**Major Impacts on  
Ports and Port Authorities**



**Four Decades.....**

**National Port Policy in Canada**

**Emergence of Latin American  
and Caribbean Ports**

**North American Free Trade Agreement**



**Four Decades.....**

**Asian Nations...Especially China  
Become Major Producers  
for Global "Consumerism"**



# Four Decades.....

West Coast Ports Evolve from  
Sleepy Multi-Purpose Operations

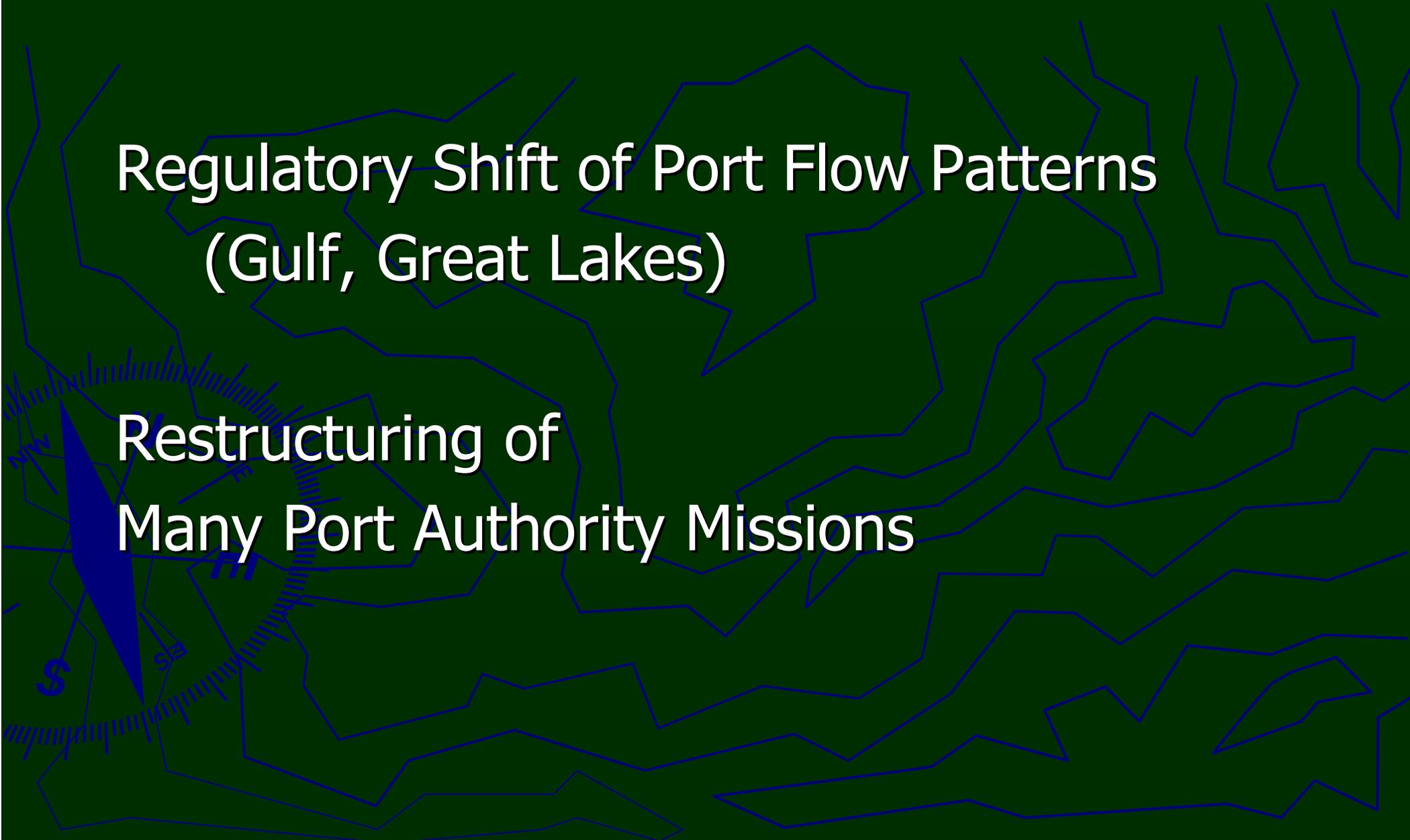
To **Huge** Intermodal Centers



# Four Decades.....

Regulatory Shift of Port Flow Patterns  
(Gulf, Great Lakes)

Restructuring of  
Many Port Authority Missions



**“New” Normalcy ?**

**Ha!**





**“Normalcy”**

**Always Being Redefined**

**Trends, Trends, Trends.....**

# “Trend” Management



**The Present Was the Future**

***(So.....How're You Doing?)***





# **“Trend” Management**

**Do We Manage Trends, or  
Do Trends Manage Us?**

# **“SMARTER” Confidence in the Future**

**Trends**

**How Do We Plan, Manage...and Govern**

**Strategy Tests—Tactics Test**

**Continue With “Investments”**

**Restructure Strategic Roles**



# Topics For Wednesday

*"If you want to be in the market, you have to have the facilities and the infrastructure. The unknown factor is, where do we get the money?"*

Balance Sheet Analysis and Tune-Up

***REALITY – Based Capital Planning***

'One of the biggest failures of the Port....  
has been its failure to communicate  
why our newest residents should care  
about the port.'

***Marketing To The Owners***

**Green**

**Green Cargo**

**Green Enterprises**



**Compensation**

**Succession Plans**

**Board**

**Management**

