



Case Study – Team #4

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STRENGTHS & WEAKNESSES

Silasville

Strengths

- Diverse revenue streams (bulk, containers & general cargo)
- Multiple stevedoring/agency company relations
- Lower labor costs (non-union)
- Board & management alignment
- State of the art terminals (expansion through technology)
- Creative use of technology
- Top regional market position
- Positive image/reputation in the community
- Economic impact of \$5.5 billion
- Short Channel (5 versus 12 miles)
- More experience in container cargo
- Intermodal rail access

Weaknesses

- Expansion constraint
- Challenged by environmental, lifestyle protection advocates, historic preservationists
- Limited borrowing capacity
- Potential transportation issues (location of intermodal marshaling yards)

STRENGTHS & WEAKNESSES

Riverton

Strengths

- 1,000 acres available for expansion
- Intermodal rail access
- Access to additional debt service funding
- Stable revenue base through leases
- Lower operation costs (less labor costs)
- Remote industrial location
 - ✓ less residential concerns
 - ✓ less transportation issues
- Support of community (port development)
- \$3.1 billion economic impact

Weaknesses

- Less diversified (primarily containers)
- Longer channel (12 versus 5 miles)

Case Study - Question #1

- Which port is in a stronger position for success over the next 20 years?
 - ▣ Riverton*
 - Easier Access to Funding
 - Available Space for Expansion
 - Little or no resistance from environmentalists

- Which port is at greater risk commercially?
 - ▣ Silasville
 - Limited near term capacity
 - Limited diversification of cargo and revenue sources

- Which port is at greater risk in terms of constituent evaluation?
 - ▣ Silasville
 - By environmentalists, lifestyle protection advocates and historic preservationists

*Depending on how much acreage Silasville uses outside current container ship terminals, they could potentially eliminate bulk and general cargos to increase container terminal capacity.

Case Study – Question #2

- Will the carrier's desire to have more control over its terminal operations be a major issue in its decisions?
 - ▣ Yes. They have made it clear that in long term commitments preference would be to control all terminal operation functions.

Case Study – Question #3

- Give brief examples of how this case defines the changes in the nature of public challenges to port development.
 - ▣ Opposition in expansion of port facilities by environmentalists, lifestyle advocates and historic preservationists – potential increased permitting requirements and timeline
 - ▣ “Tank” containers not well received by the Silasville community
 - ▣ Encroachment of ports by surrounding residential communities
 - ▣ Increased awareness of economic significance to the community

Case Study – Question #4

- The case mentions two forms of financial subsidy. Identify them and offer a summary opinion as to the merits of such subsidy.
 - ▣ General obligation bonds – debt service funded by ad valorem taxes (generally lower cost option – tax exempt)
 - ▣ Revenue bonds – debt service partially funded by operation revenue streams (puts pressure on operational revenue stream)

Case Study – Question #5

- Summarize Century's strategic goals:
 - ▣ Expand regional TEU throughput (double) to 3.8 million TEU's within 15 years
 - ▣ Consolidate operations
 - ▣ Control terminal operations
 - ▣ Formulate a financial package that reflects its contribution to regional economic growth

Case Study – Question #5

- What does the carrier have in mind when it invites the port authorities to become its “planning partners”:
 - ▣ Trying to get “buy in” from the community
 - ▣ Long term success
 - ▣ Intent is to include both ports as stakeholders to minimize negative or unintended consequences in the community
 - ▣ Put pressure on the ports to be in a position to seize the opportunity to create a required business environment
 - ▣ Increase market share of container shipments