

# **AAPA Economic Development Seminar**

**Strategic Asset Management**

**July 12, 2011**



**PORT OF OAKLAND**

**Maritime Division**



# Overview of Oakland

- Enterprise agency of the City of Oakland with three major revenue divisions: Airport, Seaport, and Real Estate
- 5<sup>th</sup> busiest seaport in the U.S.
- 1,200 acres
- 2.3 million TEUs in 2010
- 2 Class I railroads, Extensive Road network
- 7 Marine Terminals; 18 Deep Water Berths

# Business Model Evolution

- From 1997-2007 Oakland was focused on investing in expansion and modernizing its container terminals and intermodal assets
- Oakland is evolving from:
  - Engineering focus to Business development focus
  - Developer model of business to a true Landlord model.
- In the last three years:
  - Completed PPP with Long-term business partner who will bear the cost of bringing their terminal to state-of-the-art facility
  - 3 new state of the art cranes – tenant owned
  - Negotiating with a private developer to develop a former army base

# Considerations for the Future

- Seek opportunities to transfer capital cost to private partners
- Things to consider:
  - Diversity of revenue/risk portfolio
  - Not all functions can be transferred to private sector
    - Utilities such as sewer, water, and electricity
    - Roads and off-terminal infrastructure
    - Dredging; berths and channel
    - Security
    - Regulatory compliance
  - Public-private, long-term deals are not cookie-cutter
  - Transition will take time

# Considerations for the Future

- What Strategic Asset Management could do for Oakland:
  - Provide an Inventory of assets
  - Assess Age, Condition, Replacement cost
  - Develop a risk assessment strategy to upgrade, replace, and expand
  - Provide a decision making tool for the board and senior management