

#### Welcome!!

30<sup>th</sup> Annual Session

### Introductions!

Diversity....

1985:

Trend is "Change"

### 2014

Trend is .....

#### 2014

# Trend is "CHANGE"

#### Faithful "Local" Followers

In A Carriers' Drive Industry.....

#### Faithful "Local" Followers

In A Carriers' Shippers'

Driven Industry.....

Trend is "CHANGE"

Quicker, Dramatic, Risky,

Capital Intensive, Policy

Dependent...

# Very Risky!

#### Trend is "CHANGE"

A stark reminder that Port Authorities are single port-principals in an industry of increasing flexibility. Carriers have multiport options, port authorities do not.

### Liner Service Dominant

#### 2014...Trend is "CHANGE"

A time for mission audits, risk assessments, capital planning updates and, most importantly, expectations reviews.

# Industry of Trend-Defining Acronyms And Abbreviations

# Suezmax

# Seawaymax

#### Panamax

Post Panamax

Super Panamax

# Malaccamax

#### Malaccamax...

the largest size of ship capable of fitting through the 25-metre-deep (82 ft) Strait of Malacca

Bulk carriers and supertankers have been built to this size, and the term is chosen for very large crude carriers (VLCC).

### **CKYHE**

#### **CKYHE**

# Cosco, "K" Line, Yang Ming, Hanjin and Evergeen

#### G-6

American President Lines, Hapag Lloyd AG/USA,

Hyundiai Merchant Marine,

Mitsui OSK Lines, Nippon Yusen Kaisha, Orient Overseas Container Line

# P 3

# Maersk CMA-CGM Mediterranean Shipping Co.

# P 3

40 Per Cent Market Share

Monopoly?

P-3 alliance will allow the three to cut costs by using each other's ships and port facilities.

It will also play on each shipper's geographic strengths to move cargo faster and more

cheaply.

# **P** 3

Maersk Line alone

is expected to cut its costs

by \$1 billion annually

along the Asia-to-Europe trade route

Alliances....

Could control up

to 95 per cent of business

on many major trade routes.

Similar to airline code-sharing deals... the

P-3 alliance will allow the three **to Cut**costs by using each other's

ships and port facilities.

It will also play on each shipper's geographic strengths to move cargo faster and more cheaply.

# Competitive Scramble

# Realities

Competitive Scramble "Realities"

Market Shares- Losses and Gains

"Footprint Demands"

Terminals, Rail, Highways

Capital Demands

#### Winners and Losers

Risky!

Define "Winning" and "Losing"

# 50-foot Channels

# Federal Channels

# HMT

# HMT

## Harbor Maintenance Tax

# "....Enough About These ContainerShips

and

Intermodal 'This'

and

Multi-Modal 'That'....Already !!!"

#### What's Important?

To Your Port Authority?

To Your Port?

To You?

#### Special Request:

#### Port Authorities Are Different!

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The Mission, The Mandate

### The Good:

Functions within REALITY, nurtures niches, projects authentic expectations.

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Bad: Rationalizes REALITY, gripped by self-created expectations...and competitive pride.

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## UGLY: Bad, Capitalized

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Bad: Rationalizes REALITY, gripped by self-created expectations...and competitive pride.

Ugly: Bad, Capitalized

## Fiduciary Board Issue!

No More "Sellers' Markets

No Experts

#### Priority 2014- New Marketing Reality



The "Market"

**The Host Community** 

The Basics?

Marketing and Planning

Financial Management? / Capital Planning

Community Relations / Support and Approval



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Resources/Operations



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Team/Operations

Superior Knowledge Sources?



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Team / Operations



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Resources/Operations

### Value Functions



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Resources/Operations

### Value Functions

## Board - Management Operations



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Resources/Operations

Board - Management Operations

### Value Functions

## Board Members Relationships



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Resources/Operations

Board - Management Operations

Board Member s Relationships

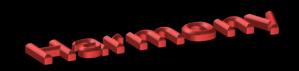
### Value Functions

Perceptions



## Institutional Integrity / Credibility?

Perception Is The Law
Background "Noise"



Financial Management?/Capital Planning

Community Relations/ Support and Approval

Management Resources/Operations

Board - Management Operations

Board Member s Relationships

**Perceptions** 

## Value Functions



Financial Management?/Capital Planning

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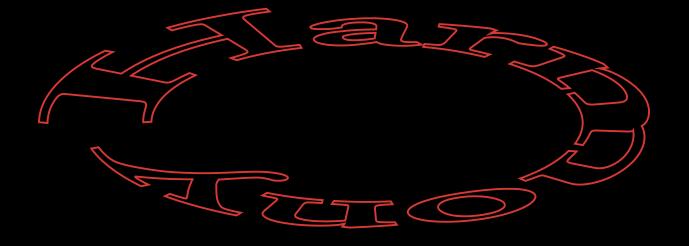
Board - Management Operations

Board Member s Relationships

**Perceptions** 







• Whom Do You Depend Upon?

## Audits

## Compensation

Management/Employees

**Board Members** 



Financial Management/

Capital Planning?



## Community Relations/

Approval?



### Priority 2014- New Marketing Reality



The "Market"

**The Host Community** 

# Board - Management Relationships?

### Board - Management Relationships?

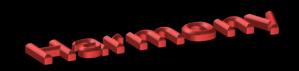
## Organizational Relationships?

### Institutional

Integrity / Credibility?

## Institutional Integrity / Credibility?

Perception Is The Law
Background "Noise"





Financial Management?/Capital Planning?

Community Relations/Approval?

Board - Management Relationships?

Institutional Integrity/Credibility?

Organizational Harmony?

The value of harmony to any fiduciary board might be hard to discern, for well-intended people are disposed to harmonious teamwork;

.....but the cost of disharmony is too often stark and immediate, and becomes the point of distraction and discontent.

Harmony, therefore, should be a constant objective of good governance.