

AAPA EXECUTIVE MANAGEMENT CONFERENCE 2014 CASE STUDY II

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Strength and Weakness Comparison

Silasville Strength	Riverton Strength
Cargo Diversity	Room to Expand
Relationships	Road Connectivity
Short/Deep Channel	Channel Depth
Strong Financials	Diverse Operations
Progressive	Tax Potential
Appointed Board	Community Planning
Multiple Liner Services	Financial Model
Stevedoring Options	Stevedoring Options
Non-Union, Operating Port	Less Concentrated Community
Class I/Interstate	Rail Yard Proximity
Economic Impact	↑ Economic Impact
Job Creation	Customer Driven Growth

Silasville Weakness	Riverton Weakness
Mature Footprint	Elected Board
Limited Financing	Less well known
Environmental Challenges	Promote Accomplishments
Need a BUG- "FFS"	Political clout
Vulnerable Lease Structure	
Communication on emerging markets- ISOTANKS	

Matrix Comparison Summary

- ▣ **Riverton is in strong position for 20 year success**
- ▣ Available port land expansion
- ▣ Stable finance model
- ▣ Community concerns minimal
- ▣ **Silasville is at a greater commercial risk**
- ▣ Restricted footprint
- ▣ Last Mile connectivity C
- ▣ Current financial structure
- ▣ **Silasville is at greater risk in terms of constituent evaluation**
- ▣ Environmentalists
- ▣ Life-style protection advocates
- ▣ Historical preservationists

Carrier Operations Control

- ❑ Century Lines will base its decision on future operations based on ability to have its own terminal in this port region.
- ❑ Riverton is in good position to absorb this growth and build a bigger relationship with Century
- ❑ Silasville will need to revise their operating model
- ❑ Build a dedicated terminal for Century
- ❑ Century will have option to operate terminal
- ❑ Protect the current 52% of TEU's and forecast growth
- ❑ Loss of Century for Silasville could mean implementation of tax subsidies
- ❑ Void of major container line and loss of services

Public Development Challenges

- ▣ Economic leverage by the carriers
- ▣ Fewer ports will benefit as calls are dropped
- ▣ Carrier alliances will lead to ports having to diversify/change roles
- ▣ Community education, communication, and environmental best practices are the new norm
- ▣ The Port LA model

Financial Subsidy Identification

- ▣ General Obligation Bonds are secured by the ability to tax on behalf of the port
- ▣ Federal subsidy for dredging channels-while it lasts
- ▣ Riverton utilizes a percentage of its ad valorem tax (property tax revenue)

Century Lines Strategic Goals

- ▣ Increase by 1 Million TEU's over next 5 years
- ▣ Increase 3.8 Million TEU's next 15 years
- ▣ Consolidate regional operations
- ▣ Control terminal operations
- ▣ Cost reductions and benefits based on economic impact
- ▣ Lower terminal costs
- ▣ Preferential berthing
- ▣ Attractive terminal lease
- ▣ Terminal enhancements
- ▣ Equipment investments
- ▣ Leading to major capital investment

Who Would You Choose?

- ▣ Jarra: Riverton for the development opportunities.
- ▣ Edmond: Make an Offer!
- ▣ Donna: Where am I in my career?
- ▣ Alex: Silasville for the challenge!

THANK YOU!