



PORT METRO
vancouver

NEGOTIATING FOR SUCCESS IN THE COMPETITIVE PORT AND MARINE TERMINAL INDUSTRY

AAPA Marine Terminal
Management Training
Program

September 18, 2015

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TODAY'S AGENDA

- **Background on PMV as an Organization**
- PMV as a Gateway to Asia Pacific Region:
 - Investing in infrastructure
- Case Studies in Successful Negotiations:
 - Real Estate Rental Philosophy
 - Tenant Projects
 - Container Capacity Improvement Program

PORT METRO VANCOUVER CONTEXT

- Canada's largest gateway to the Asia-Pacific region
- 4th largest tonnage port in North America
- Connects Canadians with trading partners in 160 economies
- Approx. \$475 million of cargo moved daily



GOVERNANCE

- Non-shareholder, financially self-sufficient corporation
- Canada Marine Act obligations
- Governed by a diverse board of 11 directors
- Guided by a vision for long-term growth and competitiveness, benefiting communities locally and across the nation.

OUR JURISDICTION



- 640 kilometers of shoreline
- 16 municipalities
- One treaty First Nation, several other First Nations
- Region of 2.3 million people

OPERATIONS & ASSETS

- 28 major marine cargo terminals
- 3,081 vessel calls in 2014
- Serviced by 3 major railways
- Administration of 16,000 hectares of water and nearly 1,000 hectares of land and assets



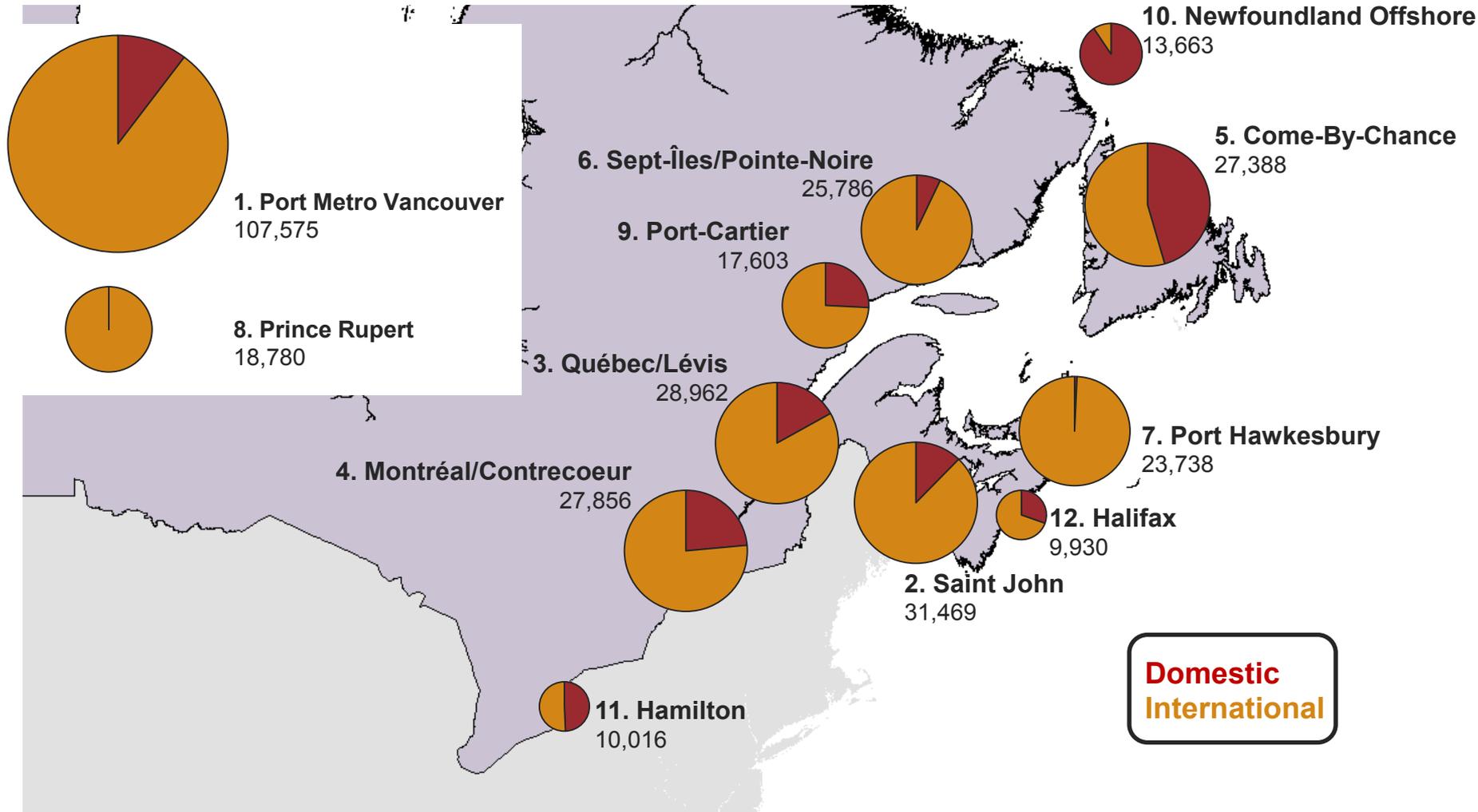
ECONOMIC IMPACT

- 98,800 total jobs across Canada
- 76,800 jobs in British Columbia
- \$9.7 billion in GDP
- \$20.3 billion in economic output
- \$6.1 billion in wages
- \$172.4 billion in cargo value handled annually
 - 19% of Canada's total goods trade

98,800 jobs

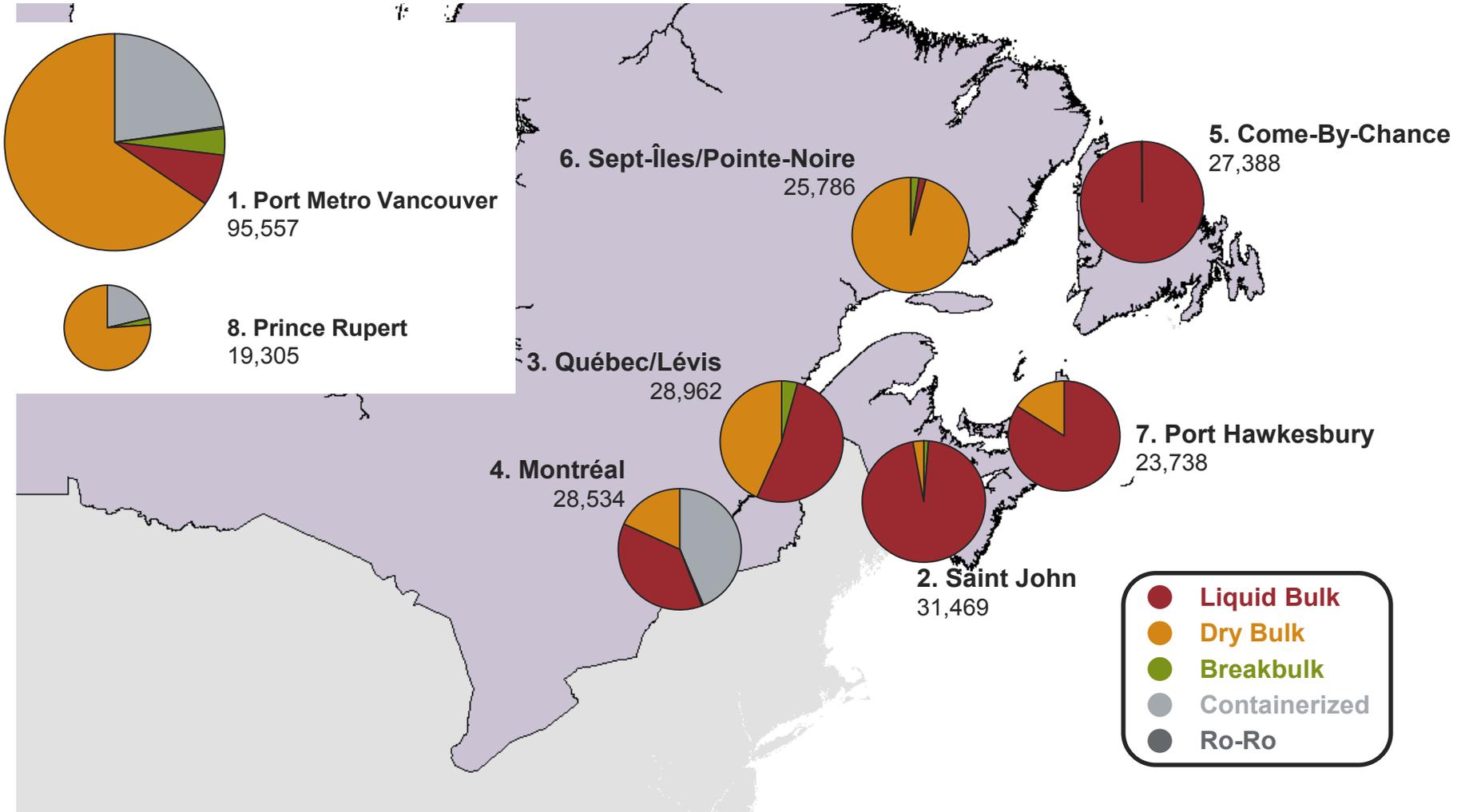


Top 12 Canadian Ports in Cargo Tonnage Domestic and International ('000 t) 2011



Domestic
International

Top 8 Canadian Ports: Cargo Tonnage And Type ('000 t) 2011





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APGCI Investments Map

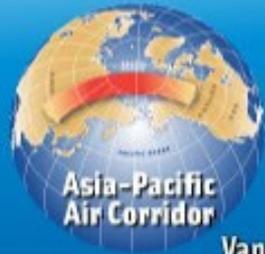
About The APGCI

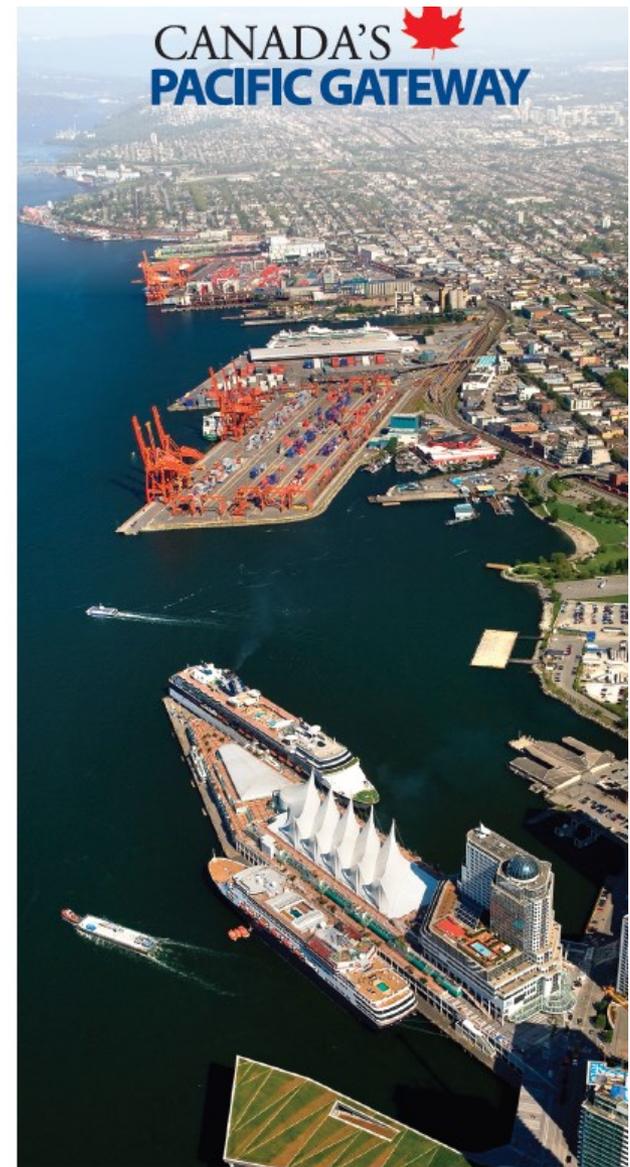
- ▶ The APGCI
- ▶ Our Mission
- ▶ Investments
- ▶ Benefits
- ▶ Projects

Rail Lines

- CN
- CPR
- BNSF

 [View Alternate Rail Maps](#)





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BUILDING THE PROVINCE, CREATING CAPACITY

- **Trade Areas**
 - North Shore
 - South Shore
 - Roberts Bank Rail Corridor
- **Container Capacity Improvement Program**
 - Deltaport Terminal, Road & Rail Project
 - Roberts Bank Terminal 2
- **Tenant-led projects**
- **Regional investments**
 - Port Mann Highway 1
 - South Fraser Perimeter Road

Overview of gateway capacity investments

- 1 Centerm (\$2.3M)
- 2 Alliance Grain Terminal (\$22M)
- 3 Viterra (\$45M)
- 4 Columbia Containers (\$12M)
- 5 Neptune Terminal (\$300M)
- 6 Richardson International (\$120M)
- 7 Seaspan (\$62M)

Regional road network investments

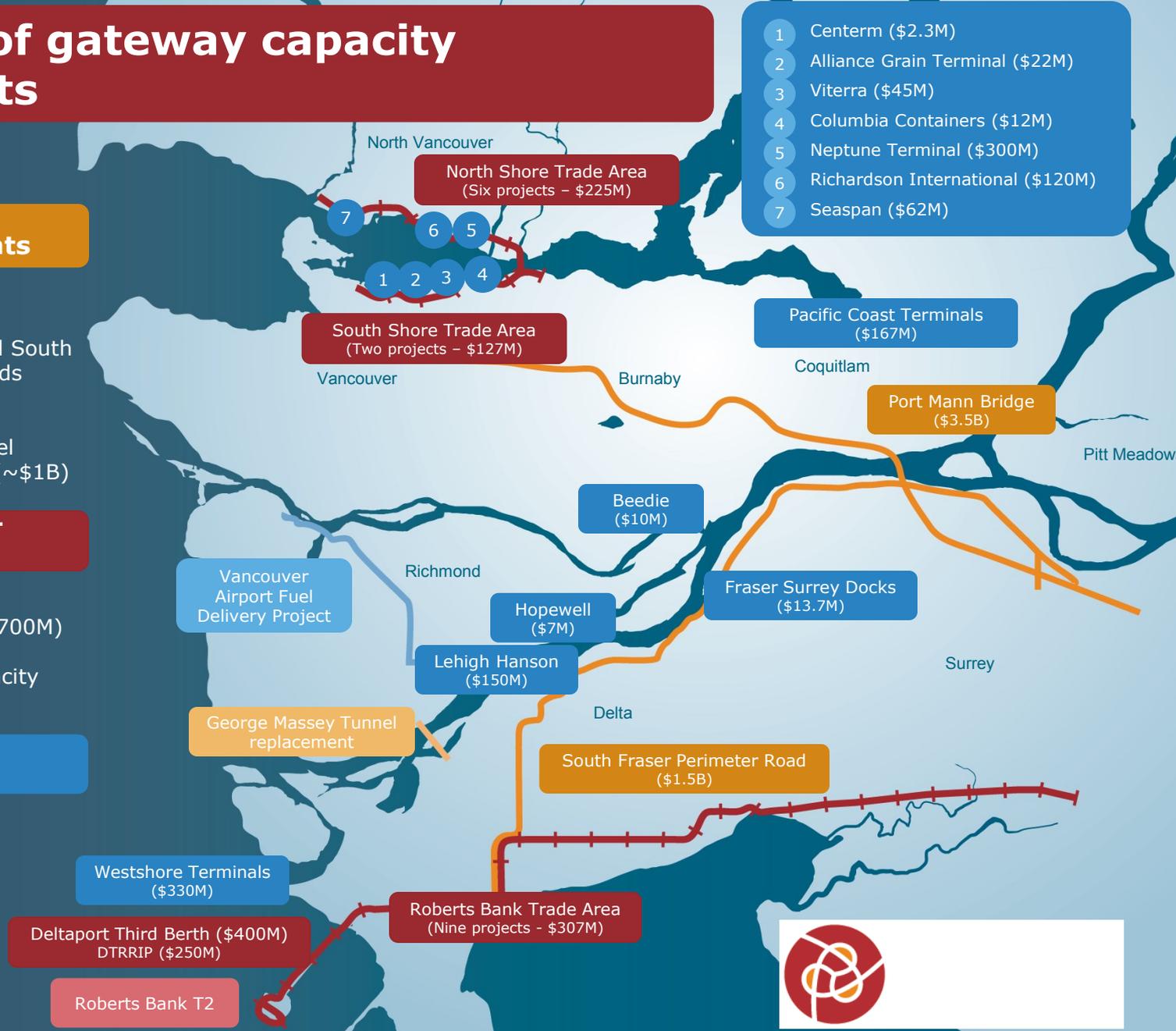
- (Provincial and Federal)
- **Current:**
Port Mann Bridge and South Fraser Perimeter Roads (SFPR) (\$5B)
 - **Future:**
George Massey Tunnel (GMT) Replacement (~\$1B)

Gateway corridor investments

- **Current:**
Three Trade Areas (\$700M)
- **Future:**
Fraser River Rail capacity

Private sector Investments

- **Burrard Inlet:**
\$650M + ~\$500M
- **Fraser River:**
\$20M + ~\$500M
- **Roberts Bank:**
\$1B + ~\$2-3B (T2)



WHERE WE ARE TODAY

- Solid Canadian economy
- Balanced trade
- Opportunity for growth
- Infrastructure projects well underway
- Historic labour agreements
- Significantly improved performance
- Sustainable growth, environmental stewardship



good fundamentals



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 - **Tenant Projects**
 - **Container Capacity Improvement Program**

PMV'S RENTAL PHILOSOPHY

- Local real estate market should guide rent charges for the use of PMV-administered lands:
 - Serves as an objective, fair & equitable indicator of marketplace conditions
 - Protects against competitive inequality between port tenants
 - Protects against competitive inequality between private sector developers tenants and port land developers/tenants
 - Avoids subsidization of the private sector
 - Encourages efficient use of limited land resources
 - Consistent with PMV purchases of strategic land assets on open market
- As part of building public support for PMV, some uses (e.g. parks and utilities) are charged at less than market rent, as allowed in CMA

PMV'S RENTAL PHILOSOPHY IN PRACTICE

- PMV offers the following in certain cases:
 - Cost certainty through predetermined rent
 - Rental concessions during construction
 - Fixed/Variable revenue arrangements
 - Phased-in rental increases

PMV'S RENTAL PHILOSOPHY IN PRACTICE

- Appropriateness of PMV's market-based approach is evidenced by:
 - Significant private sector investment in new port facilities and infrastructure
 - Almost every case directly after negotiated lease renewal/extension
 - Significant growth across sectors and growing market share on west coast
 - No arbitration proceedings
 - Low vacancy rates
 - Good absorption of newly acquired land
 - Low rent receivables

TENANT PROJECTS

- Marine terminal capacity improvement
- In 2014: nearly 80 applications
- Focus on grain, potash, coal, petroleum, canola and containers



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COAL: NEPTUNE TERMINAL UPGRADES



- \$80.5 million investment to build new phosphate rock storage and handling facilities
- \$120 million investment to expand coal-handling capacity
- Installation of new stacker/reclaimer to increase terminal efficiency
- Project permitted by PMV in January 2013

GRAIN: RICHARDSON INTERNATIONAL



- \$120 million investment to expand grain storage capacity
- Increase by an additional 80,000 metric tonnes, to 5 million metric tonnes annually
- Recent \$20 million investment to improve rail receiving capacity
- Increase operating efficiencies to double railcar unloads to 300 cars per day
- Project permitted by PMV in May 2013

CONTAINER CAPACITY IMPROVEMENT PROGRAM



- Increase container capacity to meet growth and demand
- Industrial land densification
 - Efficiency gains at existing container facilities
 - Improvements to road and rail infrastructure
- New container terminal



DELTAPORT TERMINAL, ROAD AND RAIL IMPROVEMENT PROJECT (DTRRIP)

- Increase capacity to 2.4 million TEU
- Overpass, road improvements, track reconfiguration, new track, within existing footprint
- Overpass construction started March 2013
- Entire project completion early 2015

invest



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PROPOSED ROBERTS BANK TERMINAL 2 PROJECT

- Provide additional capacity of 2.4 million TEU per year
- Meet forecast demand until 2030
- Potential construction start in 2017
- Estimated completion 2022-2024

Existing
Roberts Bank Terminals



PORT OF
LOS ANGELES

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PORT OF
ROTTERDAM
AUTHORITY

sustainable prosperity





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THANK YOU

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