AAPA Port Real Estate Issues Workshop
September 18, 2018
Port of Oakland Seaport by the Numbers

- 4 marine terminals in operation
- 3 terminal operators – SSAT, Everport & TraPac
- 33 Cranes of which 23 are Port-owned
- 2.42 million TEU handled in 2017
- 20 ocean carriers with service to/from Oakland
- 1,600 vessel calls in 2017
Volume Trends

Revenue & Volume Trends
Fiscal Year 2013 - 2023

Note: For TEU and Revenue figures, B = Budget, F = Forecast, and all other numbers are Actual
Note: Revenue excludes utility sales
Note: Fiscal Year is July 1 – June 30
Vessel Size & Infrastructure Demands

- 2005: 10,000 TEUs
- 2010: 14,000 TEUs
- 2015: 18,000 TEUs
Leased & operated by SSAT (Oakland), LLC

2nd busiest container terminal in US (daily gate moves)

Handles 60% of Port-wide cargo; largest terminal

Leases first executed in 1999-2000; extended and amended several times

In 2013, OICT absorbed adjacent terminal:

- 271 acres & 5 berths
- Expiration June 2022

SSAT also leases another terminal
Recent (2013-2017) amendments covered:
- Crane raise & purchase
- Combined compensation provision
- Modernize certain standard terms; remove antiquated terms
- Memorialize certain agreements (e.g., FMV adjustments)

2018 Amendments
- Negotiations began in 2016; completed in 2018
- Key objectives of negotiations for the 2018 lease amendments:
  - Revenue growth, stability, predictability
  - Minimize Port cash/debt for maintenance & investment
  - Ensure adequate facilities to serve ocean carriers & grow cargo
OICT 2018 Lease Amendments – Key Terms

- Term extension + options
  - Manage debt-related encumbrances
- Eliminate short-term use of adjacent parcels
- Exclusive negotiation rights on other properties
- Pre-set rent adjustments
  - FMV, inflation, etc.
- No cargo “transfers”

- Financing for crane raising
  - Pay back period, interest, etc.
- Requirement to buy cranes
  - Quantity, deadline, buy-back rights, removal
- Transfer pavement maintenance
  - Transition period
- Environmental requirements
  - Grants
  - Future “laws”
  - “Best efforts”
- Limited 1st right of negotiation on available marine terminal property
  - Limited uses
  - Approx. 150 acres
- Convert adjacent parcels to long-term use
  - 19 and 13 acres, respectively
Innovative Thinking (where possible)

**Port Administration**
- Market position
- Tenant/revenue portfolio
- Resources available to:
  - Actively manage leases
  - Act as “developer”
- Keep it simple
- Role of the Port Tariff(s)
- Port ‘mission’

**“Policy” Considerations**
- Should port be a lender?
- Maintenance
  - What, who, when?
- Should the port own cranes?
- Stance on “extra” environmental requirements
- Core Port functions

**Other Considerations**
- Trade off between certainty & upside potential
- Locking in property vs. flexibility
- Granting exclusive rights to other properties