

Port Commerce Department Strategic Overview

**Board of Commissioners
September 17, 2014**

Background

- Third largest port in the United States
- Largest port on the East Coast



Economic Impact of the Port of New York and New Jersey

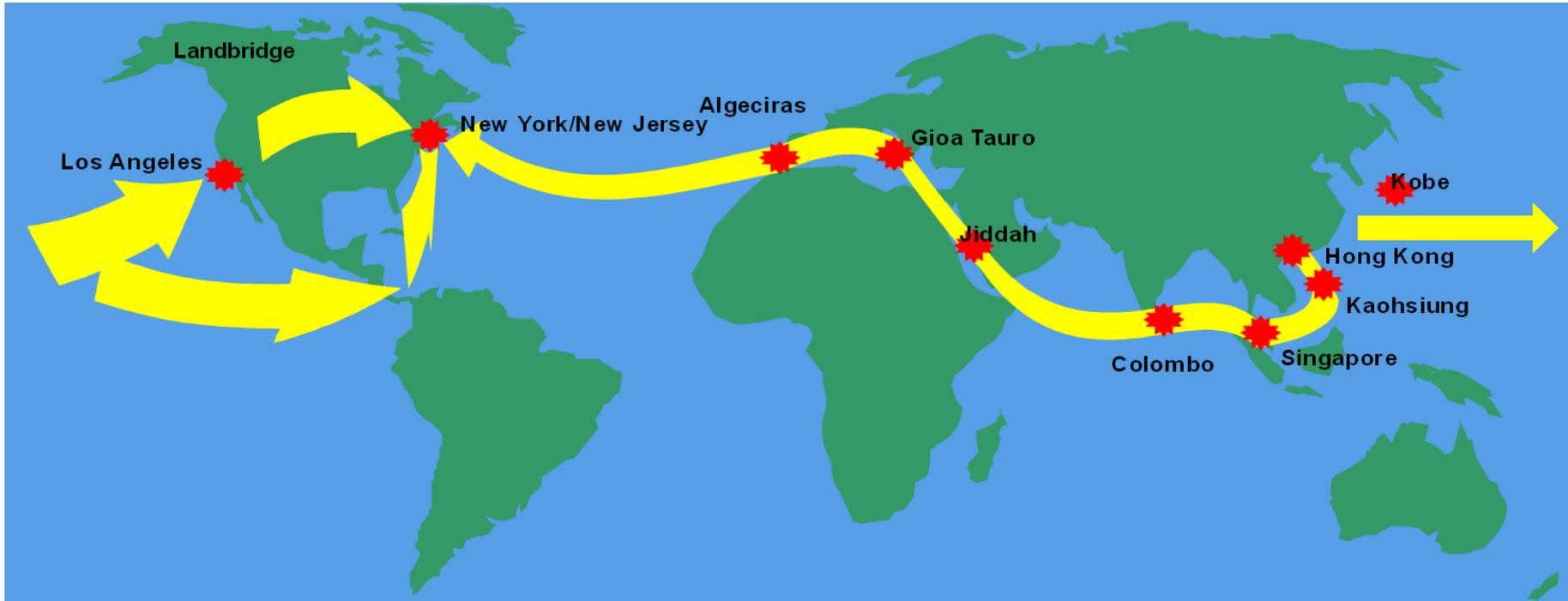
- 25% of US Gross Domestic Product (GDP) is international trade
- 90% US international trade (by volume) moves by water

In 2012, the New York-New Jersey Port Industry supported:

- 296,060 total direct and indirect jobs in the NY-NJ region
- Nearly \$18.3 billion in personal income
- Over \$28.9 billion in business income
- Almost \$6.12 billion in federal, state and local tax revenues

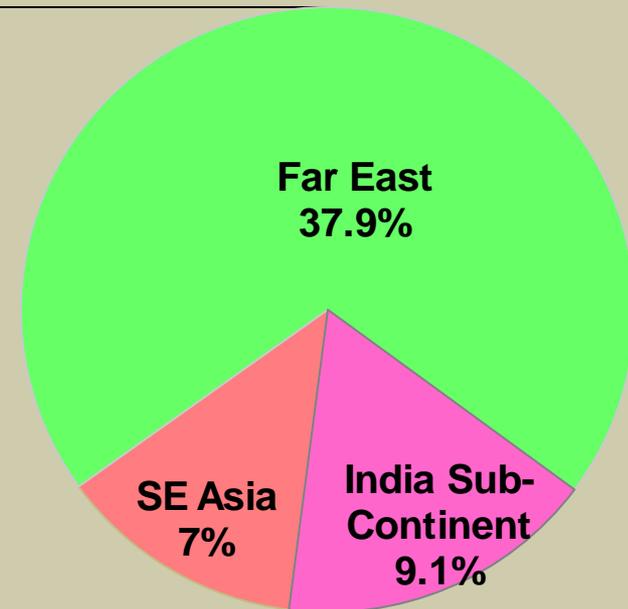
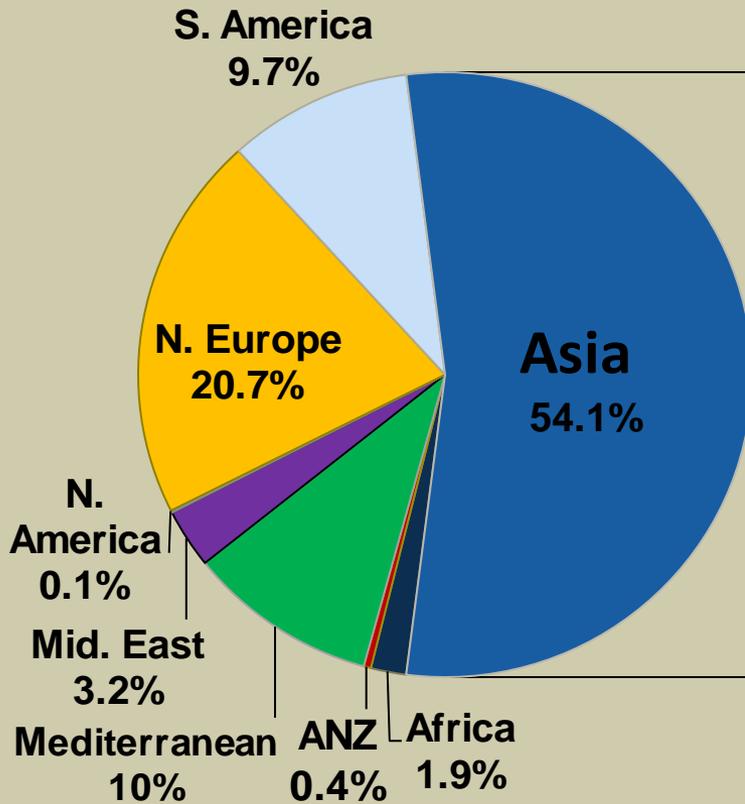
Source: Economic Impact Study – New York Shipping Association

The Route to New York/New Jersey



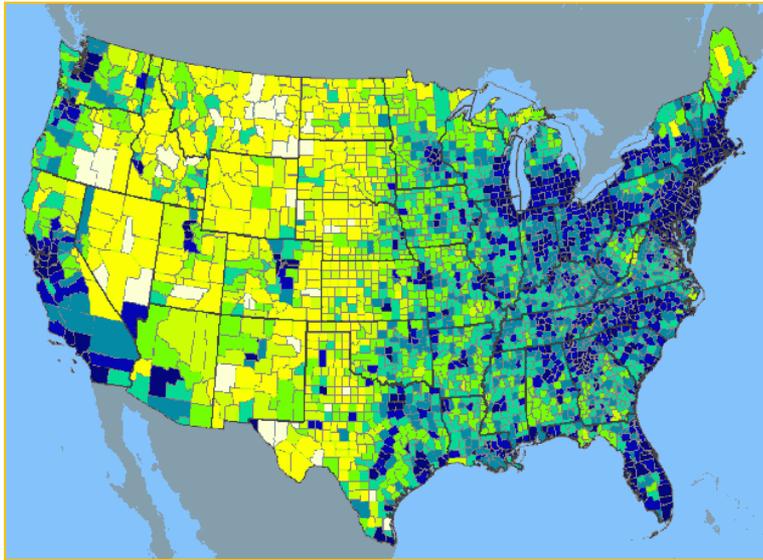
- Historically Euro-centric
- Increasing trade with Asia

Our Trading Partners



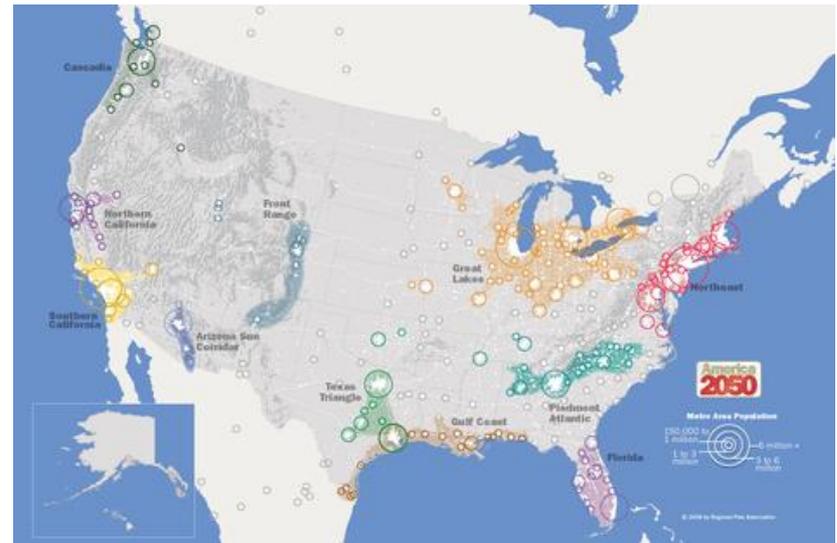
Market Context and Competitive Environment

- Immediate vicinity to the most densely populated region



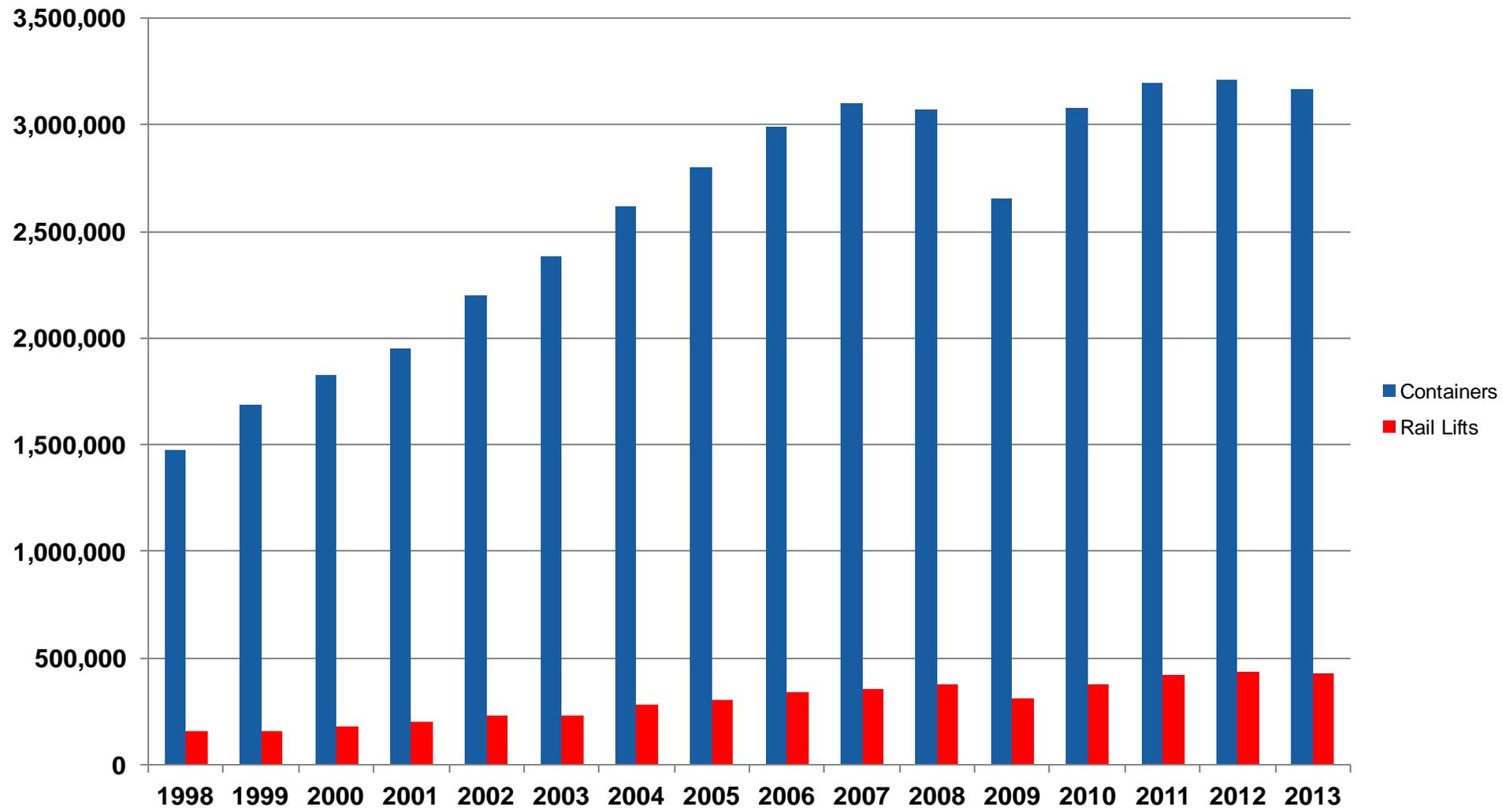
- 21% of retail sales in the Northeast; 18% in the Midwest
- 58% of Canadian retail sales in Ontario and Quebec

- Quick access to other major population centers and regions with projected growth



- Access to 20% of the US population in under 8 hours; more than 30% in under 48 hours
- Projections are for continued growth and stability of populations in key areas

Historical Container Volumes

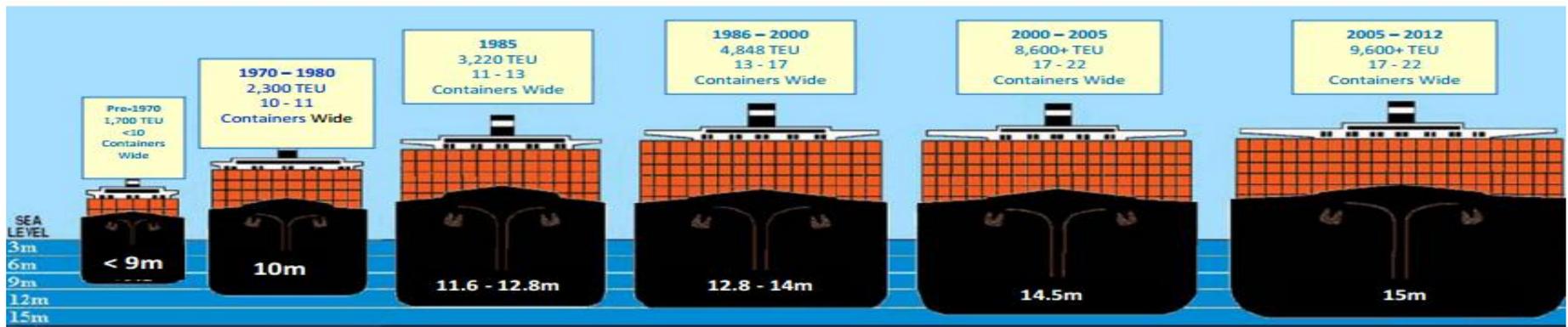


Other Businesses



The Evolving Shipping Industry

- Larger ships
- Very competitive industry
- Growth of cargo is moderating



Challenges

- Competition
- Controlling costs
- Infrastructure improvements
- Environmental
- Port productivity
- Supply chain fragmented and fragile – everything has to work together

Port Commerce Mission and Vision Statements

Mission: To develop and manage competitive port infrastructure and services by providing leadership to expedite movement of cargo in a secure, environmentally and financially sound manner. Our approach will be transparent and inclusive



Vision: To be the preferred North American gateway for the movement of cargo in a sustainable manner and that meets the needs of the region

2015 Business Plan Strategic Goals

- Improve Infrastructure
- Increase Productivity
- Growth through Sustainability
- Financial Success

Port Infrastructure Investments



\$1.3 billion
Bayonne Bridge – Raise the Roadway to 215 foot air-draft by Summer 2016



\$1.1 billion
Finish deepening the entire harbor to 50 feet in the Summer of 2015



\$1.5 billion
Goethals Bridge replacement and Staten Island E-ZPass toll reimbursements



\$350 million
Finish widening, realigning and updating the port roadway network in 2019



\$800 million
Complete construction of ExpressRail on-dock rail facilities

Port Performance

- In late 2013, the Port Authority formed the Port Performance Task Force (PPTF) comprised of industry executives to:
 - Provide a framework for constituents in the Port of NY and NJ to discuss areas of common interest
 - Identify challenges to port efficiency and service reliability
 - Recommend potential solutions and Key Performance Indicators in order to maintain the Port's position as a preeminent port of the United States
- 23 recommendations to improve performance in the Port
- Council on Port Performance supported by four Implementation Teams established to execute the recommendations



Sustainability

- Environmental
- Port Security
- Resiliency

Environmental Initiatives

Clean Air Strategy:

- Clean Vessel Incentive Program
- Truck Replacement Program
- Truck Phase Out Plan
- Locomotive Gen Set Retrofit
- Cargo Handling Equipment Fleet Modifications
- Harbor Craft Repower



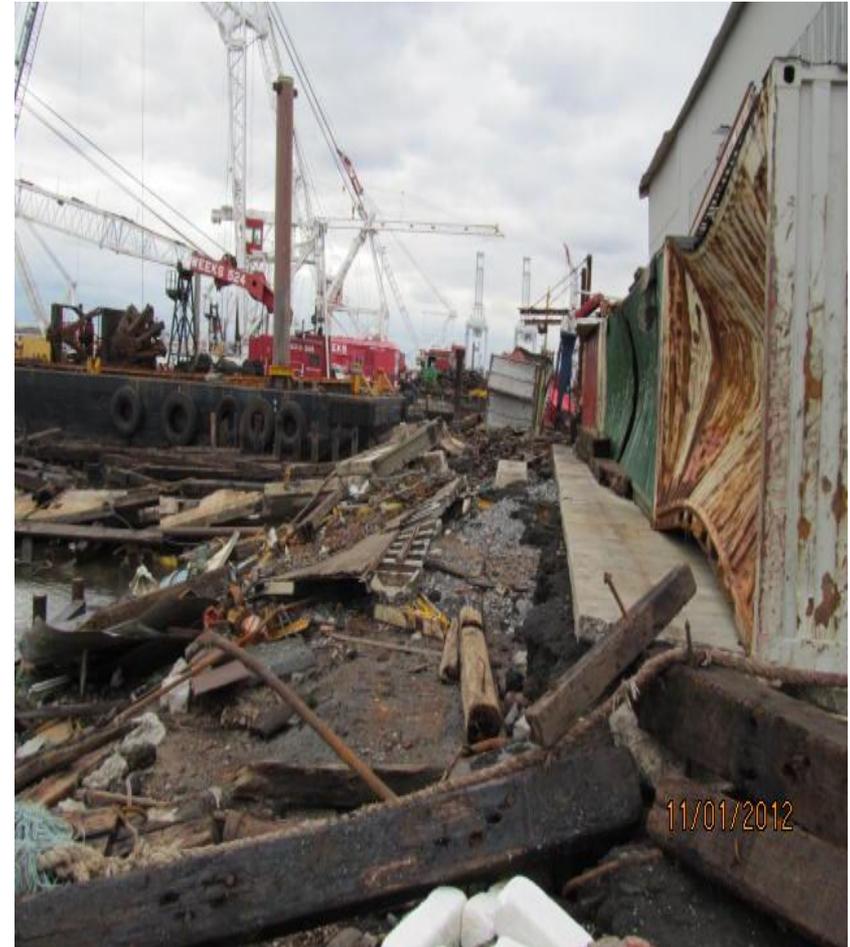
Port Security

- Regulatory compliance
- Legislative and regulatory developments (i.e., access control, 100% scanning, funding, etc.)
- Readiness (plans, training, drills, exercises)
- Infrastructure (fencing, gates, lighting, etc.)



Resiliency

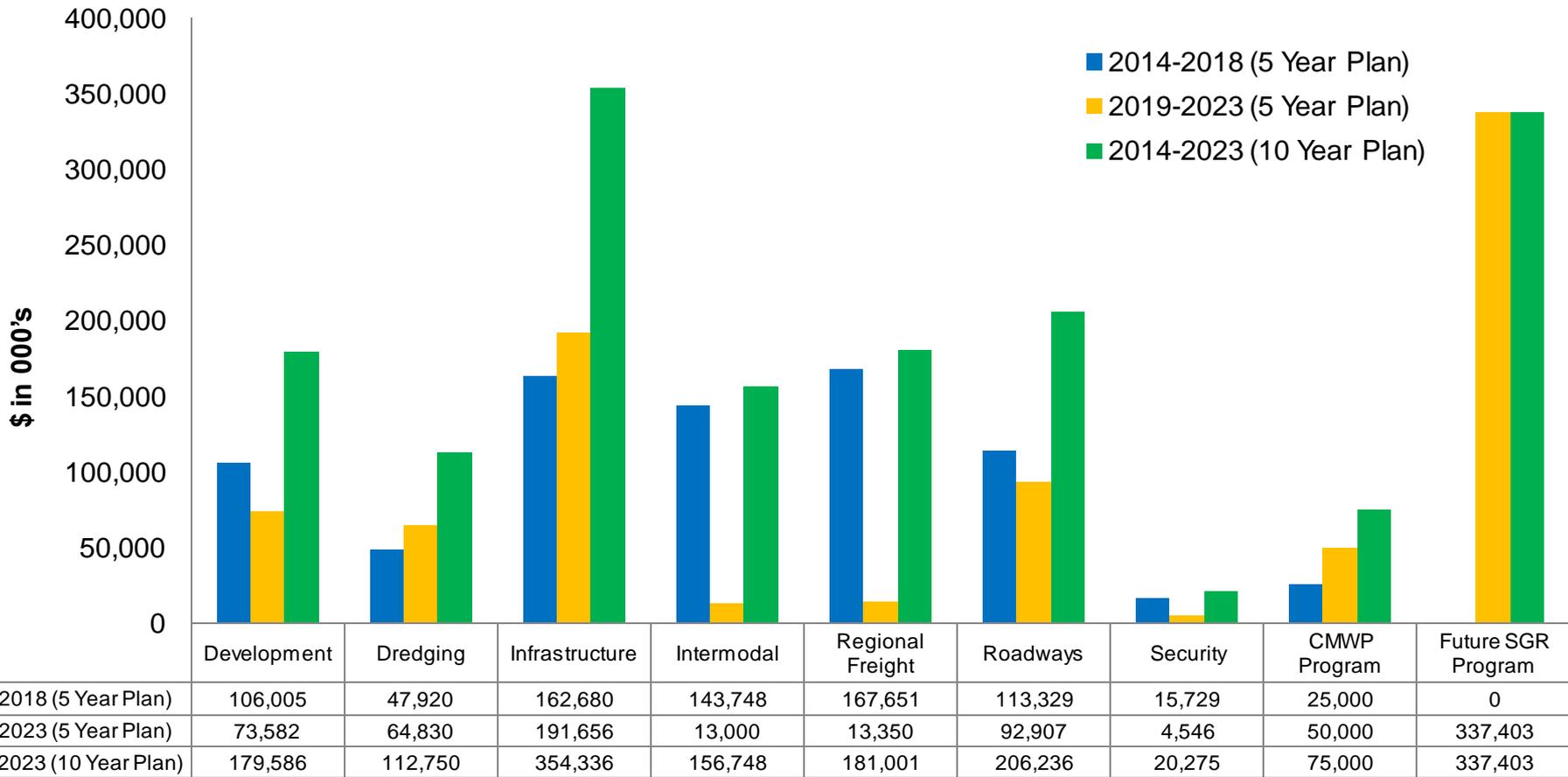
- Superstorm Sandy
- Continue undertaking mitigation measures
- Work with regional, state and federal agencies
- Utilize outside resources
- Establish Agency Steering Committee
- Prioritize projects and integrate resiliency into future operating and capital budgets



Financial Objectives Moving Forward

- Become financially self-sufficient
- Increase revenues and number of revenue sources
- Port Authority management of indirect costs and allocated expenses

Port Commerce 5/10 Year Capital Plan



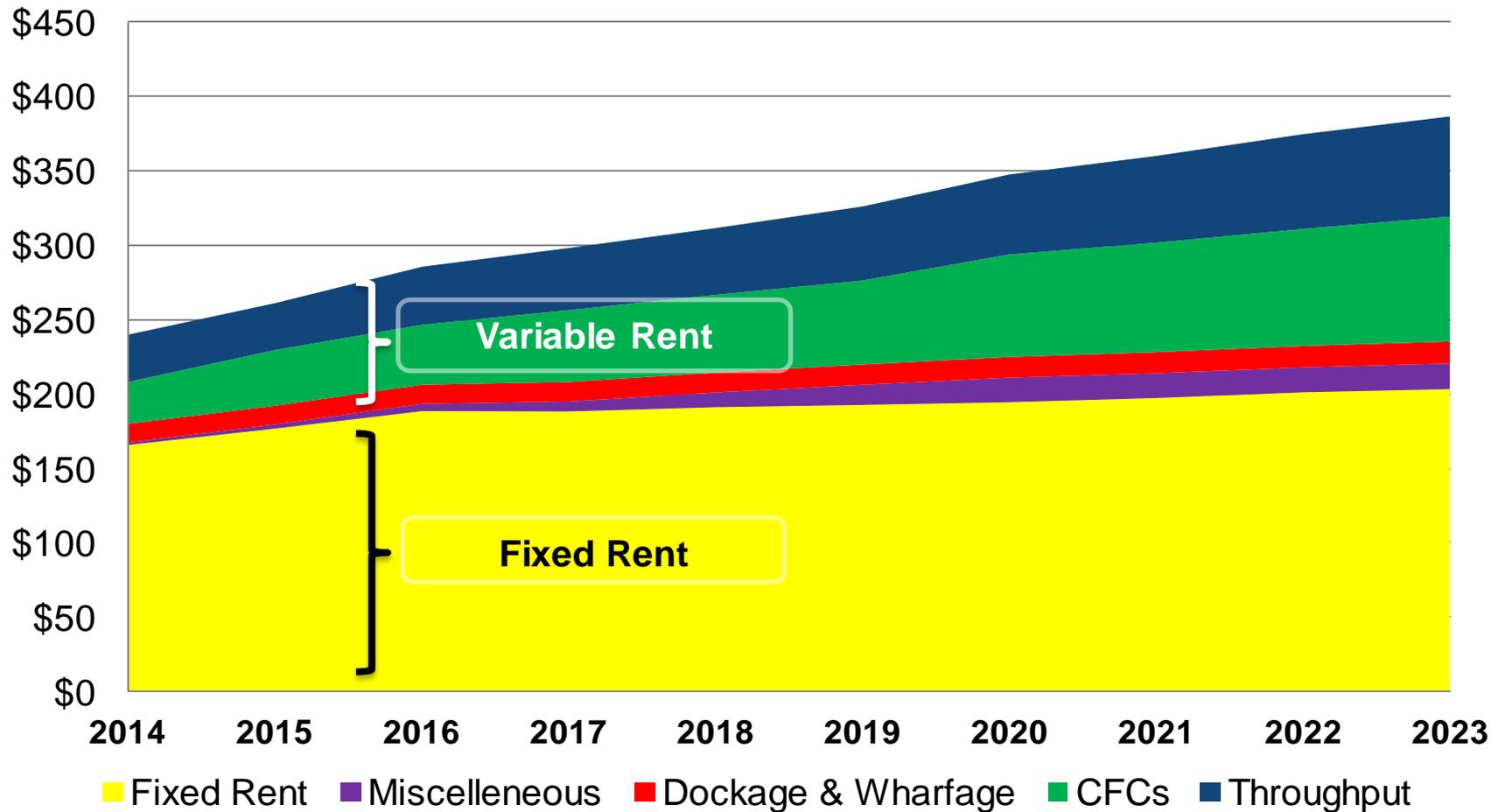
Total 10-Year Capital Plan: \$1.6 billion

Net Income Breakdown FY2013

Items	Amount (Millions of Dollars)
Revenues	\$262.5
Operating Expenses	\$(168.3)
Allocated Expenses	\$(8.1)
Net Operating Revenue	\$86.1
Depreciation	\$(86.8)
Net Interest Expense	\$(80.7)
Grants and Contributions	\$2.2
Net Income (Loss)	\$(79.3)

Port Commerce Revenue by Type: 2014-2023

(\$ in millions)



Net Income

10-year Historical
(2004 – 2013)

10-Year Forecast
(2014 – 2023)

