

# [JAXPORT] [MAGAZINE]

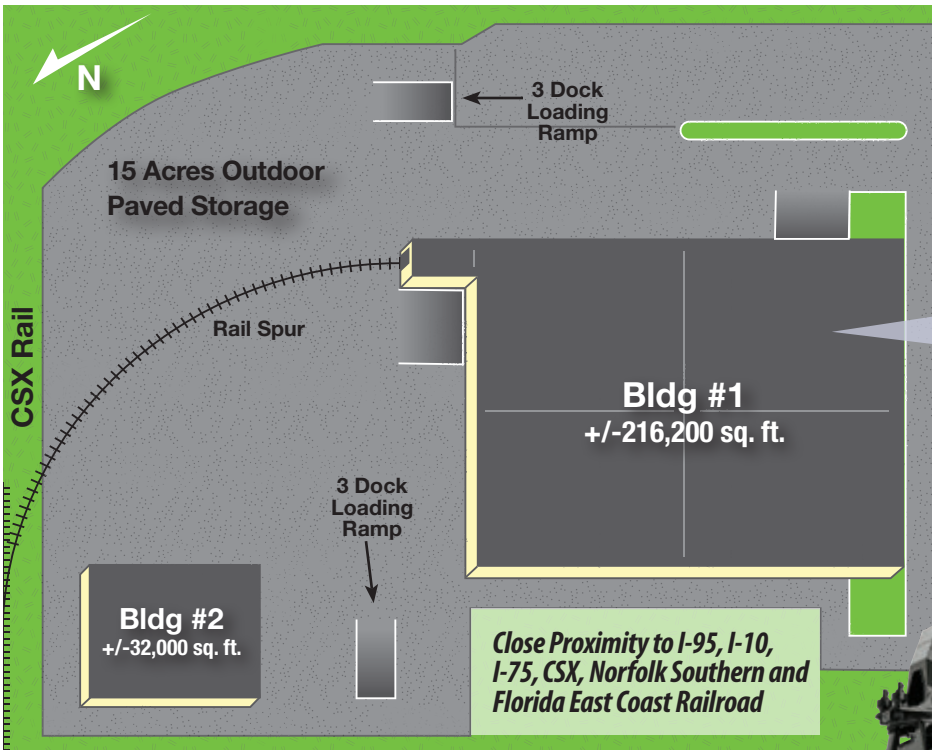


Global manufacturers find opportunities and efficiencies in Jacksonville

WINTER 2019

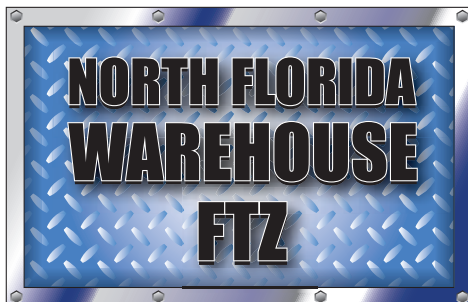
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# TRENDING @JAXPORT

## JAXPORT's FTZ No. 64 a Winner



Recognitions:

- Consistency through Change
- Education
- Infrastructure

Read more about FTZ No. 64 on page 23.

## Top Posts



Welcome ZIM Integrated Shipping Services to JAXPORT!

ZIM's container vessel Tianjin recently made its first visit to our Blount Island terminal as part of the company's agreement with the 2M alliance.



JAXPORT CEO Eric Green (R) congratulates @CrowleyMaritime Chairman & CEO Tom Crowley as the company christens its new cleaner, greener #LNG-powered vessel, homeported at our Talleyrand terminal.

## Fiscal Year 2018 At-A-Glance

CONTAINERS\*

23%

INCREASE

NEARLY  
1.3 MILLION  
CONTAINERS MOVED

ASIAN TRADE  
UP 12%

PUERTO RICAN  
TRADE  
UP 37%



665K  
AUTOS



Read more about our record year on page 7.

\*JAXPORT record

ON THE  
RISE

Industrial space in Northeast Florida is on the rise - up 4.5 percent since 2009.

Read more on page 18.

## Heard Around the Port

*"JAXPORT has the infrastructure and flexibility to move cargo efficiently and safely."*

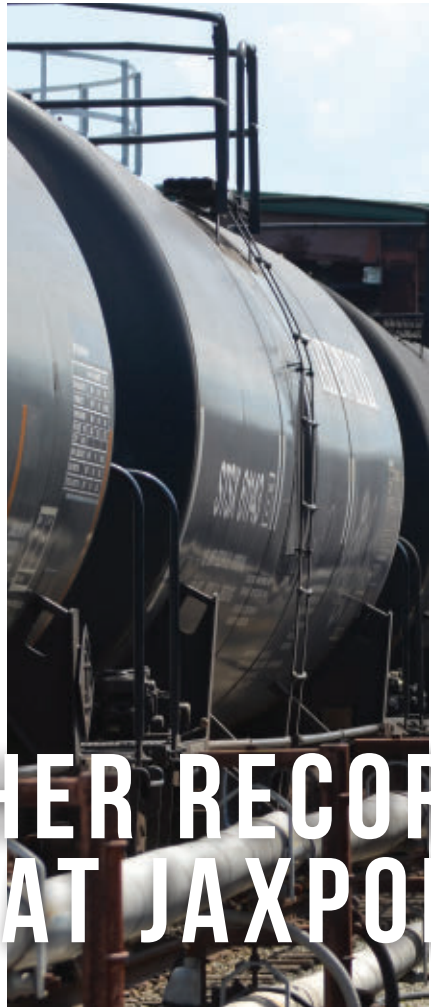
— JOHN FELITTO  
PRESIDENT, WALLENIUS WILHELMSSEN SOLUTIONS,  
VEHICLE SERVICES AMERICAS

*"The increase in service capacity through JAXPORT has helped us more quickly and efficiently make a broader and targeted assortment of products available for delivery to our customers."*

— ABIR THAKURTA  
VICE PRESIDENT OF SUPPLY CHAIN, HAVERTYS FURNITURE COMPANIES

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# ANOTHER RECORD-SETTING YEAR AT JAXPORT

JAXPORT's public seaport terminals achieved record growth in container volumes, recording double-digit growth during the fiscal year ending Sept. 30, 2018. JAXPORT moved nearly 1.3 million containers in FY18, a 23 percent increase over 2017.

When combined with the containers handled through private terminals,

the Port of Jacksonville is Florida's largest container port complex.

The Asian container trade continues to show significant growth, achieving 12 percent growth in the past year, with nearly 429,000 Asian containers moved. JAXPORT's Asian trade has grown an average of 14 percent annually over the past five years. The

port continues to add new service and capacity and the federal project to deepen the Jacksonville shipping channel to 47 feet to accommodate even more cargo aboard the largest ships is now well underway.

The growth in general cargo volumes fueled another record for the port: nearly 10.5 million tons of cargo moved through JAXPORT last year, up 12 percent over 2017, which was also a record year for cargo tonnage.

## RECORD NUMBER OF PASSENGERS #CHOOSEFUN THROUGH JACKSONVILLE

JAXPORT served a record number of cruise passengers during the past year, with 199,899 passengers setting sail from Jacksonville. More than 2.4 million passengers have sailed from Jacksonville

during 15 years of cruise service at JAXPORT.

Read more about a one-of-a-kind art installation at JAXPORT's Cruise Terminal on page 29. □

Other 2018 highlights include:

- Liquid bulk cargoes (which include cooking oil and corn syrup) increased 19 percent over 2017, with more than 365,000 tons shipped.
- JAXPORT's Puerto Rican container business grew 37 percent in FY2018. □

Amazon operates three locations in Northeast Florida including a 885,000-square-foot fulfillment center near JAXPORT's North Jacksonville terminals.



# KEYS TO LANDING DISTRIBUTION CENTERS

## ARCHITECT OF AMAZON'S ORIGINAL GLOBAL REAL ESTATE STRATEGY WEIGHS IN

By *Sandy Smith*

There is an old adage about the importance of location when it comes to real estate and it should come as no surprise that the same applies to distribution site selection.

But scratch a little further and other criteria emerge, according



to Julie Benezet, former Director of Global Real Estate for Amazon, now author and management consultant. Benezet developed Amazon's first global real estate organization and

prior to that served as the Port of Seattle's attorney.

"Land and buildings are the first things a company will look at," Benezet said. "But the quality and quantity of the workforce is important. These DCs are not run by robots, but by people."



Not just any body—or building—will do. The workforce has to be comfortable using technology in today's highly advanced distribution centers. The buildings have to be tall enough to accommodate shelving and have wider aisles for larger material handling equipment, she said.

Proximity to customers is also important, especially for companies focusing on same-day delivery—which means just about every business these days. “We're getting very spoiled and impatient about receiving packages, so you are seeing more companies look for those locations that are closer in, or allow trucks to get onto a highway fast.”

## JAXPORT, YOUR GATEWAY TO THE SOUTHEAST OFFERING:

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- Outstanding Intermodal Connections
- An Award-Winning FTZ

Ports can play a valuable role in helping to land distribution centers, Benezet believes. But it may require a shift in perspective. “Ports have to let companies know that they're open to what they're trying to achieve versus what the port can provide.”

For a rapidly expanding company like Amazon—in its infancy when Benezet developed its real estate

model—roadblocks are a big turnoff. The company motto at the time was “Get Big. Fast.”

“Speed was important, and a long review process was debilitating,” she said. That did not mean a lack of attention to detail, Benezet added, but “it just had to be done at a quick pace. When we would start to hear about ‘this committee’ or ‘that committee,’ it was a deterrent.”

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Infrastructure is important, too. When she worked with Amazon, the need for specialty fiber optic cable was hard to come by; now, it is much more common. These days, the hurdle may be space for increased trailer parking to allow “more throughput at a faster turnaround. The physical plant has to be oriented to speed.”

“Real estate is all about dreams,” Benezet said. “It is about the idea that you’re trying to put in place, whether you’re trying to increase a company’s size, focus on where to grow, or products and markets to pursue. That translates back to building parameters. To be successful in real estate, you have to spend a

lot of time thinking about the dream being activated.”

Whether its landowners, development agencies or port partners, this expert believes those who can dream a little with their customers—or simply help move dreams forward—are more likely to land the big deal. □

## JACKSONVILLE: A HOT SPOT FOR DISTRIBUTION CENTERS

It may seem that each week brings a new headline about a distribution center landing in Jacksonville. There certainly have been major successes, particularly since Amazon announced plans for a second distribution center in the city last year.

Online home furnishing retailer Wayfair is the latest big name slated to move to the area, opening a million-square-foot distribution center.

The cascading effect is real, says Aaron Bowman, Jacksonville City Council President and Senior Vice

President of Business Development for JAXUSA Partnership, the economic development arm of JAX Chamber. “When Amazon makes the decision to invest in a community, the whole industry watches. They try to analyze why Amazon is going there – and whether they should be there, too. Increasingly, the answer has been yes.”

Bowman says the affirmative responses come for a variety of

reasons. Florida is growing, with 1,000 people per day heading for sunshine.

JAXPORT’s harbor deepening project is well underway and already attracting more ocean carriers bringing new options and increased capacity to the port. A capable and high-quality workforce is another bonus.



*“JAXPORT’s investments in its own growth have contributed to the economic development outreach for the city.”*  
– Aaron Bowman

JAXUSA has made all of those selling points part of its pitch when courting companies. “That’s the message we carry: ‘Here’s everything we have to offer.’ And it’s paying off,” Bowman said.

Beyond that message, however, the strong ties between the chamber and JAXPORT help, Bowman said. The success of one leads to increased success for the other and JAXPORT’s significant investments in its own growth help move the

region’s economic development outreach efforts forward.

“Here’s what companies want to know: ‘How quickly can you get product off the ship and to the market?’ We can typically do that better than our competitors because we have the capacity to make it happen.”

Florida’s strong import market means that trucks do not drop a load at the port and return empty. “Trucking companies are able to fill their trucks to distribute product coming into JAXPORT and that helps keep shipping costs down. That’s not something that gets a lot of attention, but in the industry, it’s a big deal.”

As distribution business grows in Jacksonville, it is building a stronger economy for the region, Bowman said.

Bowman added, “Once you have a strong logistics network built for a company, the business is likely to stay put and keep investing in that area. These are jobs that don’t move often, which is great news for our local economy.” □

# CONNECTABILITY THAT YOU CONTROL



JACKSONVILLE



PUERTO RICO

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# TRAILER BRIDGE:

## BUILDING A CULTURE OF CUSTOMER SERVICE

By *Laura Jane Pittman*



Mitch Luciano, CEO/President, Trailer Bridge

The Trailer Bridge of today is leaps and bounds ahead of the Trailer Bridge of five years ago thanks to a three-part training program the 28-year-old Jacksonville-based shipping and logistics company instituted in 2015. The successful transformation formed the basis of a case study by Extreme Leadership Institute founder Steve Farber who detailed how the company's CEO and President Mitch Luciano used principles from Farber's leadership development program.

When Luciano joined Trailer Bridge in 2012, he inherited a company that was struggling, internally and externally. Employees did not interact well and the company had just emerged from bankruptcy, averaging about a one percent yearly return.

Determined to foster positive change and inspired by Farber's leadership books, Luciano and his new Director of Human Resources and Corporate Development Indie Bollman created an environmental philosophy for Trailer Bridge based on four principles: Love, Energy, Audacity and Proof or L.E.A.P.

"We all have companies that we enjoy calling on, with people who you can tell are smiling on the phone

– and we set out to be one of those companies,” said Luciano. “Among the basics of our philosophy are respect each other, don’t let the team down and foster open communication.”

Using such techniques as anonymous feedback for company leaders, team mentorships and trust building, Luciano and Bollman trained employees to care for each other and work together. Just as important, employees were taught to learn to care for the company and what it brings to customers.

“Every interaction is an opportunity to make a difference, whether that is with an internal co-worker or with a customer moving freight,” said Bollman.

## Trailer Bridge offers multiple weekly sailings from Jacksonville to Puerto Rico, Dominican Republic and the Virgin Islands.

Several years into the transformation, the business has reaped benefits – growing just over 60 percent over the past four years. Luciano points to such changes as “always sail” regardless of how full a barge is. Ironically, while Trailer Bridge used to have a policy to postpone sending a barge if it was under 70 percent capacity, they now operate 100 percent full or more, since clients can trust the schedule.

“The changes we have made have definitely been beneficial for the

customer,” said Luciano. The positive culture is attracting new partnerships. For example, two years ago Trailer Bridge signed a five-year marketing agreement with motor carrier J.B. Hunt. The company also continues to expand its business opening offices in Atlanta, GA; Cincinnati, OH; Chicago, IL; Harrisburg, PA; and Houston, TX and expanding its service offerings from JAXPORT to the Caribbean. □

*Read the full case study about Trailer Bridge’s transformation at [TrailerBridge.com/News](http://TrailerBridge.com/News).*

## QUICK TURNAROUND TIMES SUPPORT INCREASED VOLUMES FOR AA METALS

About five years ago, aluminum and stainless distributor AA Metals began routing a number of their imports through JAXPORT. That turned out to be an excellent company decision, according to the company’s International Logistics and Trade Manager Kit Tam.

Orlando-based AA Metals has more than 350 customers throughout the U.S., Canada and Mexico. The company has increased the number of containers moving through JAXPORT – recording a 25 percent increase in 2017, with the growth on track to continue in 2018. The company says the success is thanks in part to JAXPORT’s quick turnaround times, compared to

other ports where AA Metals has a presence.

“We are always careful to mitigate every aspect of cost for our customers, and the service and assistance that we get from JAXPORT is very favorable for our supply chain,” said Tam.

“Also, as an importer, we don’t always know all the contacts and steps along the way in the process. Lisa Diaz in the FTZ and logistics department has helped us tremendously with issues such as customs compliance and trade reform. We always feel confident that we are not alone, with JAXPORT accessible for anything we need.”

AA Metals most recently worked with Diaz to discuss how JAXPORT’s Foreign Trade Zone (FTZ) No. 64 could enhance business. Tam says the company is considering use of the FTZ in the future.

“We will continue to use JAXPORT as much as possible. They do a great job of moving things along quickly for us, and the customs team always goes the extra mile,” said Tam. □

*For a personalized look at how your company can benefit from shipping through Jacksonville, connect with our cargo experts at [JAXPORT.com/Cargo](http://JAXPORT.com/Cargo).*



# MANUFACTURING TH IN NORTHEAST FLOR

*By Lori Musser*

Some 1,500 manufacturing companies can't be wrong. Those with solid business models are thriving across Northeast Florida in a wide variety of industries, planted in a region with exceptional transportation and logistics, served by a deep, energetic workforce.

Manufacturers provide 93 percent of Florida's exports, according to the First Coast Manufacturing Association (FCMA). That level of activity puts JAXPORT to work. Exports provide

an excellent counter-balance to the port's heavy Asian imports, and the manufacturing operations themselves require materials that can move through the port.

JAXPORT's Chief Commercial Officer Kristen DeMarco said, "We collaborate to produce an environment that creates opportunities for manufacturers, painting an end-to-end supply chain picture, working with tenants, carriers and others, sharing

information and advocating for opportunities."

From introducing a manufacturer to a new service provider, to looking for commonalities that can lead to savings, to pushing to remove logistical bottlenecks, JAXPORT helps connect the dots to deliver efficiencies, DeMarco said.

As the third most populous state, Florida attracts manufacturers that fill the state's consumption needs.



# RIVING IDA

Jacksonville's location as a northern gateway to Florida is icing on the cake - from a footprint in the Northeast, manufacturers can efficiently move goods to and from markets across the country.

"Proximity is key. We have the international airport, interstates and three major railroads. But what pulls that all together is our location. The fact that our region provides all these resources in a condensed area means cost savings," said DeMarco.

## **NEWCOMERS TO THE JACKSONVILLE REGION**

A number of companies are initiating or expanding manufacturing in Northeast Florida. For example, it's reported that San Francisco-based Bonelli Enterprises is planning a 72,102-square-foot, 135-job factory at Jacksonville's Westside Industrial Park for manufacturing windows.

New Jersey-based LaRose Industries, LLC, or Cra-Z-Art, which manufactures and distributes toy and stationery products, has chosen to locate in Jacksonville as well. In October, Tampa Bay Business Journal quoted LaRose Industries' Chief Operating Officer Randy Tarino: "Jacksonville was eventually selected due to JAXPORT's superior advantage, as it regards the frequency of container ships from China and due to the availability of a building suitable to the needs of LaRose Industries within the required time frame."

Newcomers as well as those who have been in the marketplace for some time stand to benefit from JAXPORT's steady and growing place in the Asian trade lane. The port has recorded an average of 14 percent annual growth in this trade lane over the past five years, a number that will continue to grow with the harbor deepening project well underway.

"The harbor deepening is the single most important thing we can do for manufacturers," said DeMarco. "Transportation is costly. Efficient transportation is critical. A deeper channel will bring larger ships with greater economies of scale and more capacity. That will help minimize

transportation costs - a real benefit for manufacturers," she added.

## **MAINSTAY MANUFACTURERS IN NORTHEAST FLORIDA**

### **Hans-Mill**

Leading kitchenware and houseware manufacturer Hans-Mill Corp. opened its U.S. plant in 2017. Wolfgang Schau, Managing Director, said the company searched for two years for just the right location.

The site selected was influenced by transportation infrastructure (including proximity to a global seaport), the city's and region's approach to business and incentives, a large and affordable pool of labor, and suitable industrial and residential real estate - for operations and for employee lifestyle.

"Transportation infrastructure is very important. We receive much of our raw materials through JAXPORT. We need a good airport, and good connections with rail and interstate access to transport across the country," said Schau.

"We had to place our operation so that we could recruit the right people. As our needs change and we need more highly skilled labor for injection molding, we are finding those skills here too," Schau said, adding, "I pay much less for the line worker here than in Los Angeles or New Jersey. In the big-box mover market where the margins are extremely slim, we have to watch every penny. We are competing with China."

Through selected automation, Hans-Mill is producing products in

Jacksonville at almost the same price as China.

Next up, Hans-Mill plans to bring its headquarters to Jacksonville. It has already expanded from a nearly 140,000-square-foot high-tech manufacturing facility, adding a 96,000-square-foot leased distribution center. In time, Hans-Mill would like to replace the leased facility with a building in the 150,000-square-foot range.

“Having the distribution center here will give customers like the big box stores more flexibility to purchase locally, helping with timing and reaction to markets,” Schau said.

#### JinkoSolar

Jeff Juger is Director of Business Development for JinkoSolar (U.S.) Inc., the world’s largest solar module manufacturer. A truly global company, JinkoSolar has a full-service team in San Francisco and manufacturing in Jacksonville and Penang, Malaysia, serving the U.S. market.

Juger said, “The Jacksonville facility will produce our newest and most powerful Eagle G2 modules featuring high-efficiency Diamond

cells. The plant will have 400 megawatts of annual capacity and will be producing modules before the end of 2018.”

The company chose to locate in Northeast Florida because, “Jacksonville has a favorable tax climate and an excellent transportation infrastructure, including access to a deep-water port. With lots of incoming material and finished products going out to all regions of the U.S., the transportation and logistics is essential to JinkoSolar’s operation. In addition, we benefit from a large pool of skilled labor from area universities and a major population of military veterans,” said Juger.

The company looks forward to JAXPORT’s harbor deepening. “With a large volume of production, increased access to Asia will be extremely beneficial,” Juger said. He also expects the port to play an important role in helping JinkoSolar make the best use of Foreign Trade Zone No. 64 in the coming years.

#### Vac-Con

Vac-Con is a home-grown trailer-mounted truck and vacuum truck success story based in Green

Cove Springs, Florida. After 32 years, it can attest to regional advantages for manufacturers.

Vac-Con is an original equipment manufacturer with an important export arm. Access to an international port has been crucial to its success. “As a worldwide distributor, JAXPORT is the preferred port for Vac-Con orders that must be shipped overseas,” said Vice President of Operations Blake Brown. He added, “The port is a vital asset. Having the port in our backyard allows us the opportunity to better manage our logistics cost for overseas orders.”

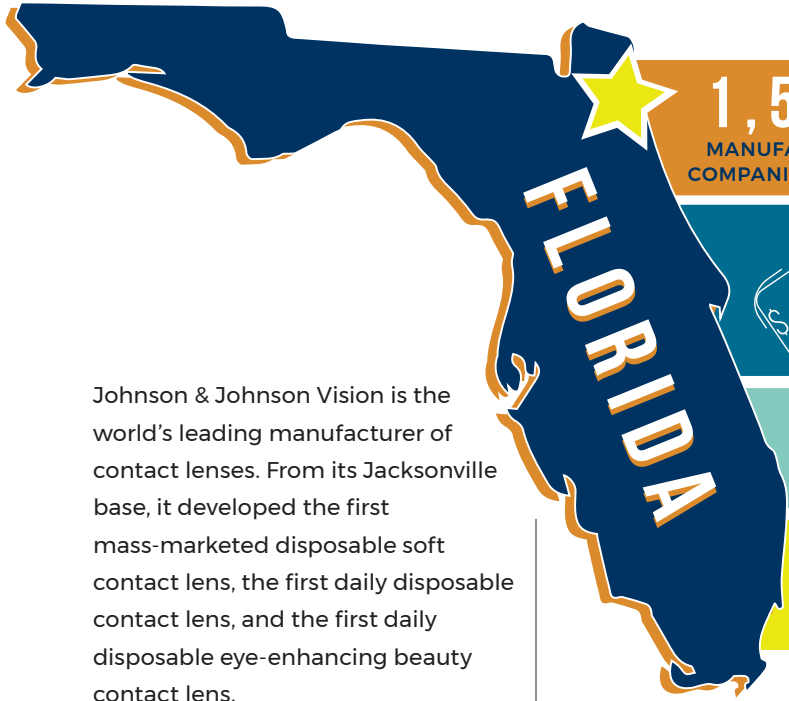
The company is moving forward with a \$12-million facility expansion and a \$4-million office and paint facility, setting it up for continued growth. “We have rooted Vac-Con in the foundation of Northeast Florida for years to come,” said Executive Vice President Todd Masley.

#### Johnson & Johnson Vision Care

Johnson & Johnson Vision Care is a regional pride and joy. It was founded in Jacksonville, and the city continues to serve as a headquarters. As the city has grown, so has the vision care company.







**1,500+** → **30K+** → **15%**  
 MANUFACTURING COMPANIES IN NE FL      JOBS      TOTAL GROSS REGIONAL PRODUCT

**\$51,075**  
 AVERAGE WAGE FOR A MANUFACTURING JOB IN FLORIDA

FLORIDA RANKS AMONG THE  
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 FOR HIGH TECH EMPLOYMENT

**93%** MANUFACTURING'S SHARE OF FLORIDA'S EXPORTS

SOURCE: FIRST COAST MANUFACTURING ASSOCIATION

Johnson & Johnson Vision is the world's leading manufacturer of contact lenses. From its Jacksonville base, it developed the first mass-marketed disposable soft contact lens, the first daily disposable contact lens, and the first daily disposable eye-enhancing beauty contact lens.

The company's contacts are manufactured – untouched by human hands – inside a controlled environment, using a highly skilled workforce readily sourced in the region.

Excellent distribution and transportation options are important.

Johnson & Johnson Vision – along with other Johnson & Johnson companies – ships and receives goods through JAXPORT.

As new routes and international service coverage options expand at the port, companies like Johnson & Johnson gain traction for ongoing growth and development.

**WANTED: MANUFACTURING**

Where manufacturers exist, jobs and services flock. Together, a business-friendly attitude, excellent real estate options, exceptional labor, and unparalleled transportation and logistics connectivity will continue to attract more manufacturing and help established facilities thrive in Northeast Florida. □

**FTZs – A MANUFACTURER'S BEST FRIEND**

Foreign Trade Zone No. 64 means opportunity. JAXPORT FTZ expert Lisa Diaz said, "If manufacturers are using imported materials in their production, it would be advantageous to seek a site within the FTZ jurisdiction."

FTZ cost savings can come from duty reductions (also known as inverted tariff or tariff shift). "In the FTZ, a manufacturer may be able to alter the duty rate on imported production materials. In some unique cases these rates can even be zeroed out," said Diaz.

High-volume importers in the FTZ can also save a great deal on the U.S. Customs & Border Protection (CBP) Merchandise Processing Fee (MPF), through a provision allowing consolidated weekly submissions and deferred payment of the MPF until goods leave the zone.

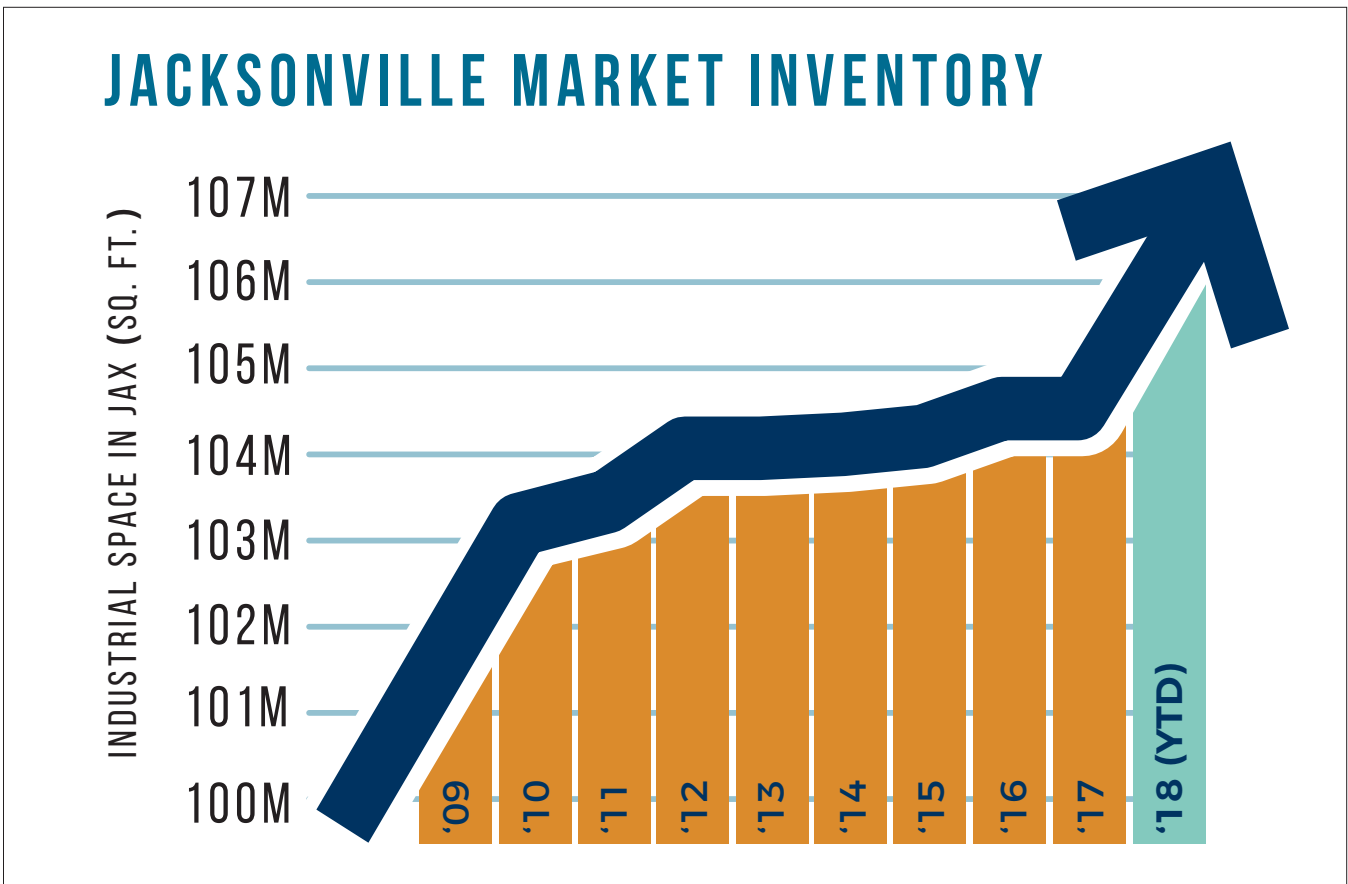
Another advantage is direct delivery port to zone. "With CBP approval, the FTZ customer may file their inbound shipments electronically in advance, allowing their truck driver to pick up the shipment at the port and go directly to the zone,"

said Diaz. The truck driver does not require CBP clearance at the port before exiting. "In a just-in-time environment, this becomes a very attractive benefit, especially late in the afternoon, on a Friday, or before a holiday. This quicker turn time can make the difference in getting the product to the plant on time," said Diaz.

*Learn more about additional savings found in an FTZ on page 23.* □

# NORTHEAST FLORIDA ENJOYING INDUSTRIAL SPACE WINDFALL

By Lori Musser



New industrial space is popping up all over Northeast Florida, with more than 3 million square feet of new space coming over the next year in Duval, St. Johns and Clay counties.

“It is warehousing, distribution, manufacturing and office space,” said Tyler Newman, Director

of Industrial Real Estate with commercial real estate company Cushman & Wakefield. “These buildings are in the planning or construction phase and within a year will be leased or occupied.”

The Northeast Florida market is booming. Newman said, “This is the best I’ve ever seen it.”

There are more than 106 million square feet of existing industrial space in the Northeast Florida market today. That number is up 4.5 percent since 2009.

“The new capacity is being built across several industrial areas – most on the west or north side of Jacksonville. The buildings have

minimum ceiling heights of 28 feet, lots of parking, large truck courts, and all the things a new warehousing, distribution or manufacturing operation could need,” said Newman. “Many are suitable for smaller e-commerce operations, manufacturing, regional distribution, or last-mile delivery companies.”

Newman shared third quarter 2018 Average Asking Rents for key Florida cities, which showed that Jacksonville’s average, across all industrial property types was \$5.21, Miami’s was \$7.55, Orlando’s was \$6.88 and Tampa’s was \$6.24.

“Lease rates for industrial space vary, depending on size and many

## IN THE NEWS

Here is a look at recent Northeast Florida industrial development announcements:

- Potential 1.5-million-square-foot distribution center at Cecil Commerce Center
- A 478,000-square-foot speculative building at Imeson International Industrial Park
- Upsizing of a 140,833-square-foot building already underway at Imeson International Industrial Park to 323,743 square feet
- A sale of 157 acres at Imeson International Industrial Park Inc. for development of up to 3-million square feet of space, starting soon with a 500,000-square-foot spec building. □

other factors,” said Newman. While lease rates are important, location may be more so. “Industry is more worried about transportation costs than lease rates, because transportation costs are a greater percentage of their cost of doing business.”

The Jacksonville market is very well served by excellent road, rail and ocean connections that help keep transportation costs down, attracting big name distributors to the area. Fortunately, the new industrial space inventory will support ongoing regional growth and expansion. □

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# JAXUSA CEO ON MOMENTUM, MARKETING, MANUFACTURING AND MORE

By *Lori Musser*



Aundra Wallace

Aundra Wallace is now at the helm of JAXUSA Partnership focusing on the economic and business development of Northeast Florida. As CEO, his vision comes with a fresh perspective, but one that is grounded in rich experience in the development of real estate, communities and economies in Florida, North Carolina and Michigan. JAXPORT Magazine recently sat down with Wallace – who has a reputation for closing deals – to get his insights on the region’s growing reputation and future business opportunities.

## ON ATTRACTING NEW BUSINESS TO NORTHEAST FLORIDA...

We have a strong, talented team in place and great working relationships with our partners in local and state government, as well as independent authorities like JAXPORT. We have seen tremendous success in recent years – last year we added more than 5,000 jobs and attracted more than \$633 million in capital investment.

To keep the momentum going, we must continue to tell our story. Companies can thrive here in Jacksonville – we have a highly skilled workforce, outstanding quality of life and competitive business environment.

## ON THE ROLE OF TRADE AND TRANSPORTATION...

Our transportation and logistics system, including JAXPORT, is one of our biggest assets as we look to grow jobs in the Jacksonville region. We are the western-most port on the eastern seaboard with access to two major interstates and a robust rail system. We are strategically located to be a major player in this space: companies can reach more than 70 million consumers in an eight-hour drive.

We won major projects this year – a California-based window manufacturer creating 135 jobs and a Chinese solar panel company starting with 200 jobs – that would not have chosen Jacksonville without JAXPORT. Those are just two examples.

## ON WHAT MAKES JACKSONVILLE MARKETABLE...

Just look around. It’s an incredible place to live and a great place to do business. Companies are starting to realize their employees want to live

here – it is affordable and people enjoy the lifestyle.

*Time Magazine* named us the No. 2 Up and Coming City and *Inc. Magazine* named Jacksonville one of its “Surge Cities.” We are becoming the place to be.

## ON POTENTIAL FOR A DIVERSE ECONOMY AND CLUSTERS LIKE LNG...

We will continue to focus on transportation and logistics; advanced manufacturing; financial services and health care.

LNG (Liquefied Natural Gas) is a perfect example of our region being intentional about creating a strength and executing. We are at the

“Our transportation and logistics system, including JAXPORT, is one of our biggest assets as we look to grow jobs in the Jacksonville region.”

forefront of LNG as a marine and rail fuel, and have seen millions of dollars in public and private investment. Ports from across the globe have traveled to Jacksonville to study LNG storage and bunkering.

We have the opportunity for similar success as a Smart Region, emerging as a place where innovators can come to test their latest products and ideas.

## ON WHAT THE FUTURE HOLDS FOR THE REGION...

Keep an eye on Northeast Florida. We have big things ahead. □



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# HIDDEN SAVINGS OPPORTUNITY: THE MERCHANDISE PROCESSING FEE

By Lori Musser

Valuable savings opportunities await importers using a Foreign Trade Zone such as JAXPORT's FTZ No. 64.

Consolidating multiple containers into one weekly outbound bill of lading through an FTZ allows importers to potentially reduce Merchandise Processing Fee (MPF) charges – the administrative fee U.S. Customs & Border Protection (CBP) charges on imports. Outside of an FTZ, this fee is due immediately upon the imported cargo arriving at the U.S. port of entry, airport or seaport.

The MPF is an ad valorem fee, assessed at 0.3464 percent of the commercial value for inbound foreign cargo. "It is a cost of doing business," said Lisa Diaz, JAXPORT FTZ expert. "It simply pays U.S. Customs for processing the merchandise."

The maximum MPF is \$497.99 per entry. There is no maximum number of entries, so a high-volume importer that is not using an FTZ can end up paying up to \$497.99 multiple times per week. Using an FTZ allows the importer to combine multiple outbound shipments into one single entry – that means the company only has to pay one fee, one time, for each outbound shipping week. This benefit not only delays the payment of the MPF fee, it also provides a significant cost savings to the company.

## MULTIPLE BENEFITS

Diaz said FTZ No. 64 provides duty deferrals/exemptions/reductions and streamlined logistics, among other benefits.

In addition, there are three primary MPF savings opportunities available to importers switching to an FTZ:

If a retailer shipped out



They would spend



Resulting in



**Pay Later:** Because an FTZ is not in U.S. Customs territory, if a company imports through an FTZ, the MPF only applies when the merchandise leaves the FTZ.

**Pay Less Often:** No entry fee is paid on imports into the FTZ. Payment of the MPF is delayed until the retailer moves the cargo out, and then it is charged weekly – that is, for a consecutive seven-day period (instead of one entry filed for each shipment). That means the maximum fee is \$497.99 per week.

**Less Manpower:** There is a reduction in human resource time spent submitting the MPF. Fewer entry filings can also lower brokerage fees.

## MPF SAVINGS IN ACTION

Rhonda Overton-Reilly is with Mazda North America Operations (MNAO). She said that, even with consolidating bills of lading by vessel, being an FTZ conveys important savings. The MPF savings allows the company to save approximately \$100,000 annually. □

## TAKE AWAYS FOR IMPORTERS <<<

1. A reduction in your MPF payments and processing time is possible.
2. The cash flow savings are immediate, beginning in week one.
3. The MPF payment can be kept below \$25,895.48 annually for any importer.
4. Annual MPF savings can exceed \$233,000 for an importer with as few as ten moderately-valued shipments per week.
5. The weekly MPF is particularly attractive for high-volume shippers, but is also helpful for high-value shippers because the fee is based on the total estimated value of the cargo, so their cargo will "max out" quickly.

# THE FUTURE IS NOW: AN UPDATE ON JAXPORT'S INFRASTRUCTURE INVESTMENTS

By Sandy Smith

Since the release of JAXPORT's latest Strategic Master Plan in 2014, the port has focused on building for the future. As JAXPORT's Chief Operating Officer Fred Wong points out, with many of the plans outlined now well underway, the future is now.

## HARBOR DEEPENING

The project to deepen the Jacksonville shipping channel from 40 to 47 feet began construction in early 2018. "We're becoming a major player in the Asian trade lane and this project will further enhance our service options," Wong said.

Contract A to deepen the first three miles of the St. Johns River is in progress. The U.S. Army Corps of Engineers recently awarded the contract for the project's second phase. Contract B will deepen five additional miles with construction set to begin within the next few months.

The project is already attracting new capacity and options to the port. ZIM Integrated Shipping Services, Ltd. (ZIM), one of the world's largest container shipping lines, recently added Jacksonville to its Asia to North America offerings.

## BERTH ENHANCEMENTS

The deepening project also requires rehabilitation of berths to support the larger ships calling JAXPORT. An additional 1,280 linear feet of berth rehab is underway at the Blount Island Marine Terminal. When complete, approximately 2,600 linear feet of deep-water berth space with 100-gauge crane service will be available, Wong said.

## CRUISE ENHANCEMENTS

With a long-term contract with Carnival Cruise Line in place, JAXPORT is in the midst of making \$1.7 million in renovations to the JAXPORT Cruise Terminal. Enhancements include a new parking area with easier access to the terminal, an overhead boarding ramp allowing guests to board the ship at the Promenade level and a wall-sized mural/mosaic combination to greet passengers. "We've also expanded and







**JAXPORT's Intermodal Container Transfer Facility speeds up the transfer of containers from vessel to train.**

remodeled our VIP Lounge to make it more spacious and welcoming," said Wong.

The improvements will be in place by early spring. The port is set to welcome the recently renovated 2,056-passenger Carnival Ecstasy, which will assume Carnival Elation's

popular year-round four- and five-day cruise program beginning May 2019.

**INTERMODAL MEETING TARGETS**

In its second year of operation, the new Intermodal Container Transfer Facility at Dames Point is meeting its targets, Wong said. "The first year, we hit 18,500 lifts," he said. "We're

anticipating those numbers will continue to grow."

Once complete, the projects further enhance the port's economic competitiveness across its diverse lines of business. "Having a diverse book of business is key to a successful port, in addition to deep water." □



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# HAGER CONSTRUCTION: SURVIVES, THEN THRIVES

By *Laura Jane Pittman*

Hager Construction Company recently completed its first Small and Emerging Business (SEB) project with JAXPORT – a roofing contract for AMPORTS terminal administration building at the port’s Blount Island Marine Terminal. This initial port partnership exceeded expectations and received a glowing report from port engineers. It also marks an amazing turnaround for the 20-year-old firm, which suffered major bumps during the recession a decade ago.

Like many in the construction business, Hager Construction was hit hard when the economy took its downturn. At one point employing 20, the company let everyone go except for two employees. Revenue dropped dramatically. Business as they had known it came to a halt.

Survival, however, was the only option for company President John W. Hager. He stepped up to the plate,

re-evaluated the company’s business plan and began to restructure, said Vice President Stephanie Ayers.

“The first thing we did was create a new plan that was focused on federal work and increased management efforts such as proposal writing and searching out contracts,” said Ayers. “We also obtained HUB (Historically Underutilized Business) status. So when the economy started to come back, we were ready.”

Hager Construction prioritized customer service, which included making sure it eliminated waste from jobs, managed response times and included preventative steps and training. One of the keys is Hager’s presence on job sites.

“John is the superintendent for our work, and his involvement in the field sets us apart from other companies,” said Ayers. “He is present at the many client and employee meetings which helps keep our schedule intact and costs down, and clients know they can trust him to manage more complex projects. That reliability is essential to having successful working partnerships.”

Hager Construction is now back up to 30 employees, and overall revenue for 2018 is set to exceed \$3.5 million. The company also has positive relationships with the City of Jacksonville and the facilities management of Florida Department of Transportation.

“We have been pleased working with JAXPORT’s Small and Emerging Business program and are grateful the AMPORTS project went well, with minimal disturbances to the occupants of the building during construction,” said Ayers. “We plan to continue cultivating our relationship with JAXPORT.” □



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# CONNECTING SMALL BUSINESSES WITH OPPORTUNITIES

By Donna Williams, Executive Director, Office of Supplier Diversity



People buy from those they know. For a small business, that adage could be key to a potential revenue stream.

Florida's Office of Supplier Diversity (OSD), housed within the Department of Management Services, works to increase awareness about government contract opportunities within the small business community. Through education and outreach, we empower small business owners to connect with government buyers and the business opportunities they offer.

In government, the work that we do, the things that we buy, and who we buy from is public information. You can view what specific goods

and services state agencies have purchased, and you can get details on winning bids. However, that information is just one piece of the puzzle. How a small business leverages that information is critical to success in the public sector.

Think about how you purchase day-to-day items, or which restaurants or retail establishments (whether online or brick-and-mortar) you frequent. What keeps you coming back? Is it the customer service, the quality, the price, or a combination of all?

In state government, we consider all of these, with getting the best value for taxpayer dollars being foremost. In some instances, we can work directly with vendors we have worked with in the past – because of quality, price, or level of service. In competitive opportunities, we openly provide a way for any business to participate through an invitation to negotiate (ITN), request for proposal (RFP), or invitation to bid (ITB) with requirements and timeframes specifically outlined.

So how can a small business learn about these opportunities? OSD can be one of many resources. Several times a year, we provide ways for small businesses to meet directly with government buyers through a networking event called the Supplier Diversity Exchange. This unique opportunity is regionally-focused and brings in state, federal, and local

(city and county) government buyers. The Exchange provides workshops on topics such as financing, business development, and tips for doing business with government. In addition to these networking opportunities, we offer an online directory of woman-, veteran-, and minority-owned businesses certified by our office for both public and private users. We also target our communications to our certified businesses who have identified their businesses with specific commodity codes.

A key factor in selling to the government is understanding what types of goods and services we buy, and the secret is no secret at all. You can use the Florida Accountability Contract Tracking System, also known as FACTS, to see what state agencies have purchased previously, and for how much, to position your business for success when pursuing state government work.

Circling back to the adage of people buy from who they know, remember to establish working relationships and schedule appointments with government buyers, but be prepared to bring the best pitch to the table. While a contract may not happen right away, you can start planting the seeds for success right now. □

*To learn more about the resources available through OSD, visit us online at [www.dms.myflorida.com/OSD](http://www.dms.myflorida.com/OSD).*

# GLOBAL SHIPPING LINE BEGINS SERVICE TO JACKSONVILLE WITH MAIDEN CALL



**JAXPORT Chief Commercial Officer Kristen DeMarco with Tianjin Captain Sorin Becheru (center) and SSA Cooper's Vice President Florida Operations Frank McBride.**

The shipping line now offers direct service from Jacksonville to Kingston, Jamaica; Xingang, Qingdao, Shanghai and Ningbo in China; and Busan, South Korea.

“Ocean carriers are not waiting for the deepening project to be complete, they are investing in Jacksonville now and Northeast Florida’s economy will benefit,” said JAXPORT’s Chief Commercial Officer Kristen DeMarco. □

JAXPORT recently welcomed the ZIM Integrated Shipping Services Ltd. (ZIM) 10,070-TEU (container) Tianjin vessel on its maiden call to the port’s Blount Island Marine Terminal. JAXPORT offers worldwide cargo

service from more than 40 ocean carriers and with the addition of ZIM, one of the world’s largest container shipping lines, ten of the world’s top 11 global carriers now offer service through the port.

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# JAXPORT PLAYS ROLE IN MISSION TO PRESERVE OCEAN ECOSYSTEMS

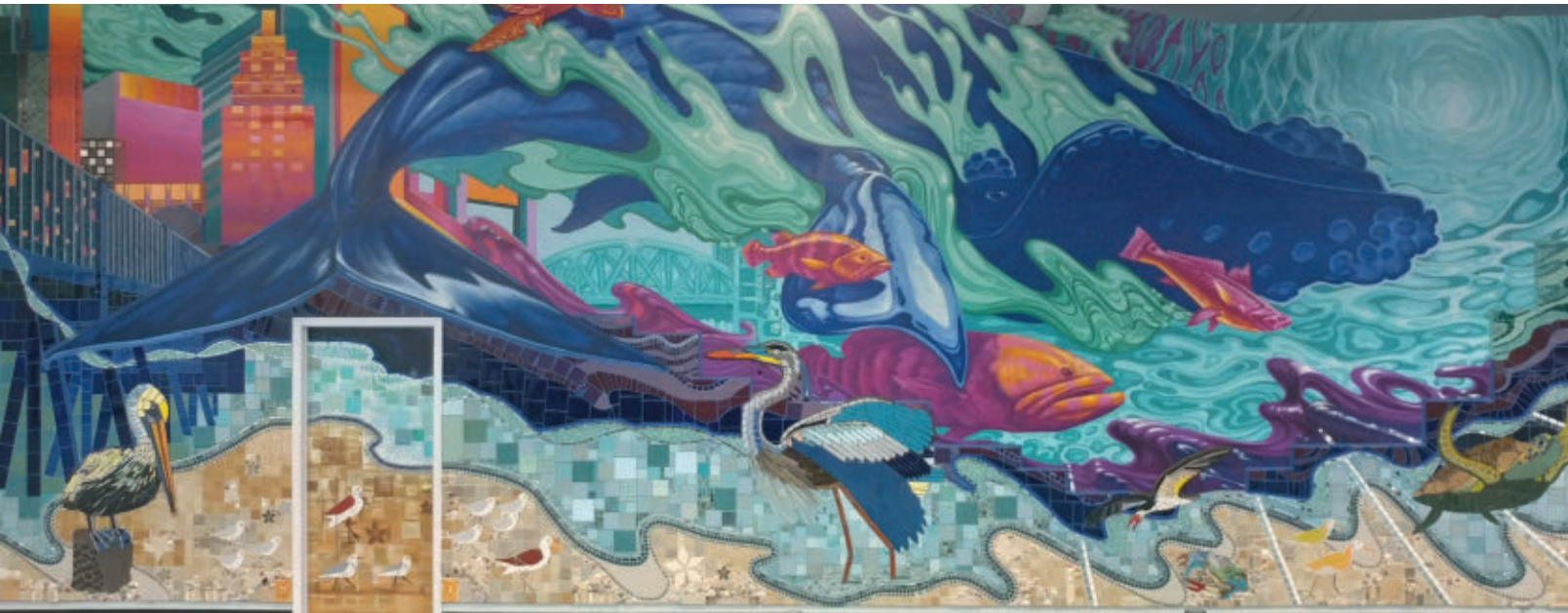
**Scientists launch equipment to track conditions on the ocean floor during an expedition from JAXPORT.**



JAXPORT served as home base for researchers from the ocean exploration group DEEP SEARCH (Deep Sea Exploration to Advance Research on Coral/Canyon/Cold seep Habitats). The scientists departed from and returned to Jacksonville through JAXPORT’s Talleyrand Marine Terminal.

Researchers spent a week at sea studying underwater ecosystems from the Florida/Georgia border to North Carolina aboard the TDI-Brooks International, Inc. research vessel Brooks McCall. The information gathered will be used to help protect underwater ecosystems. □

*Learn more about the expedition at [JAXPORT.com/Newsroom](http://JAXPORT.com/Newsroom).*



## ONE-OF-A-KIND ART INSTALLATION AT JAXPORT CRUISE TERMINAL

Jacksonville artists Shaun Thurston and husband-and-wife team Kate and Kenny Rouh recently produced their first-ever mixed media collaboration, a wall-sized 37-foot-by-18-foot paint and mosaic piece highlighting Jacksonville's downtown skyline, area waterways and beloved wildlife at JAXPORT's Cruise Terminal. The installation is part of the port's overall cruise terminal upgrade project that will enhance the passenger experience.

"These talented local artists are helping us modernize the look and feel of the JAXPORT Cruise Terminal in a way that will allow our visitors to get a taste of what our region is about: energy, vision and natural beauty," said JAXPORT CEO Eric Green. "We are pleased to have the creative community and the community at-large share in the success of our cruise business, now and into the future."

The terminal enhancements are underway thanks to the recent historic long-term agreement between JAXPORT and Carnival Cruise Line to extend cruise service from Jacksonville through at least 2021 and potentially through 2027.

Other enhancements to the terminal include a new parking area with

easier access to the terminal, an upgraded VIP Lounge and an improved boarding platform that allows passengers to enter the ship on the Promenade level. □

*For more information on cruising from Jacksonville, visit [www.JAXPORT.com/Cruise](http://www.JAXPORT.com/Cruise).*



# LIFE-SAVING CANCER TREATMENT EQUIPMENT MOVES THROUGH JAXPORT

Highly trained stevedores moved state-of-the-art cancer treatment equipment worth \$25 million through JAXPORT's Talleyrand Marine Terminal.

The proton therapy equipment, which was unloaded in three pieces, was delivered to the University of Florida Health Proton Therapy Institute in Jacksonville where it will be used to provide an advanced form of radiation treatment.

The shipment, with a combined weight of nearly 200 tons, arrived at JAXPORT aboard the Spliethoff general cargo vessel Snoekgracht from the Port of Antwerp, Belgium. Freight forwarder ABL DISSACO oversaw the



move as skilled master riggers with stevedoring company Patriot Ports transferred the cargo from the ship to specialty multi-axle trailers.

The use of Talleyrand's facilities provided skilled and experienced

labor along with efficient access to the equipment's ultimate destination in North Jacksonville. □

For more information about JAXPORT's heavy lift capabilities visit [JAXPORT.com/HeavyLift](http://JAXPORT.com/HeavyLift).

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# JAXPORT: DELIVERING OPPORTUNITY FOR THE COMMUNITY

## MEET A CRANE OPERATOR WHO HAS BEEN MOVING CARGO THROUGH JACKSONVILLE FOR 30 YEARS – AND COUNTING.



With the 8,700-TEU (container) CMA CGM Melisande towering behind him, port crane operator and Jacksonville native Lamar Avery describes his three decades on Jacksonville's docks as nothing short of a dream come true. "Over the years, I've seen JAXPORT really grow," he said during

a recent interview with the port's Marketing team. "It's incredible to be able to work ships this big—and bigger—right here in my hometown."

Avery, a member of International Longshoremen's Association (ILA) Local 1408, spends many of his workdays – and sometimes nights – 130 feet up in the air inside the cab of one of JAXPORT's 100-gauge container cranes. From his seat inside the crane's cab, he carefully uses a piece of equipment called a spreader to lift containers on and off the ships. "It's a thrill to be able to pick up 50,000 pounds with just one hand," he says.

Avery has been on the job he calls his passion for 30 years, and says it

has allowed him to provide a quality life for his family, including his two daughters. "I was on the docks before they were born – they are now 25 and 21. To be able to raise them and give them a great life with the help of JAXPORT and the ILA has been wonderful."

From the increasing size of the vessels calling JAXPORT to the new technology used to operate the container cranes—Lamar says the changes he has seen over the years are good for the port and the community – creating new, well-paying jobs for his colleagues and neighbors.

Avery expects port progress to continue now that the federal project to deepen the Jacksonville shipping channel to 47 feet is well underway. Once completed, the project will allow JAXPORT to accommodate the largest vessels calling the U.S. East Coast more fully loaded. "Harbor deepening is a fantastic opportunity for our port – we are becoming more competitive and I can't wait to see even bigger ships come through," said Lamar.

When asked where he will be in five years, Lamar said, "Hopefully, I'll be right here doing the same thing because I love everything about this job." □

See some behind-the-scenes photos of Lamar at work on JAXPORT's Flickr page at [Flickr.com/JAXPORT](https://www.flickr.com/photos/JAXPORT/).

### MEET JAXPORT'S CARGO EXPERTS AT UPCOMING INDUSTRY TRADE SHOWS

#### 2019 RILA Retail Supply Chain Conference

February 24-27  
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Booth No. 1203

#### 19th TPM Annual Conference

March 3-6  
Long Beach, California  
Join us for the JAXPORT Coffee Break on  
Monday, March 4.

#### PMA Fresh Connections Retail

April 10-11  
Philadelphia, Pennsylvania



# PUERTO RICO: ONE YEAR LATER

By *Laura Jane Pittman*



Reminders of the devastation that Hurricane Maria brought to Puerto Rico in the fall of 2017 are still evident all across the island. Many of the companies and organizations with a Puerto Rico presence who stepped up to the plate right after the storm are still assisting residents and communities more than a year later. While the island has a long way to go, one positive sign of progress is that efforts have transitioned from relief into various phases of recovery and rebuilding.

Today, many shipping containers arriving on the island are full of portable showers, laundry trailers and construction materials such as lumber, steel and roofing – and a surprising number of solar panels.

Special equipment hauler ATS International has been partnering with Puerto Rican carrier Trailer Bridge to enable expensive specialized freight and heavy equipment used for building to be moved cost effectively. In October, ATSI announced its 3,000th load to Puerto Rico since the storm, containing electric utility poles. According to Trailer Bridge President & CEO Mitch Luciano, between the two companies “there is literally nothing we can’t move.”

Aqua Gulf continues its coordination with JAXPORT to manage shipments to the island. The company’s Warehouse Manager Kenny Santos was named Propeller Club’s Maritime Person of the Year by the Jacksonville chapter and the Southeast region for his efforts coordinating and packaging donations in the months following Maria. Donations are continuing to come in, with a focus on rebuilding materials and supplies.

“We were contacted recently about transporting lumber to the island by the Puerto Rican Hispanic Chamber of Commerce Jacksonville and the Puerto Rico Physician Association of North Florida,” said Scott Fernandez, Aqua Gulf Vice President of Business Development. “We were able to move 16 containers, and all the trucking costs, packing materials and ocean charges were paid for by personal donations from area business leaders, coordinated by Haskell Company Chairman Steve Halverson.”

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The complex block features the TraPac logo at the top left, which consists of a stylized 'T' made of horizontal lines inside a circle. Below the logo is an aerial photograph of a busy port terminal with many shipping containers and a large ship docked. The text 'TraPac Jacksonville, LLC Stevedore / Terminal Operators' is overlaid on the bottom right of the photo. At the bottom of the block, there is a dark blue banner with the website 'www.trapac.com' and contact information: '9834 New Berlin Road Jacksonville, Florida 32226 (904) 696-4901'.

**Aqua Gulf continues to ship materials and supplies to the island from its North Jacksonville warehouse.**



## COMMUNITY



Both Tote Maritime Puerto Rico and Crowley Maritime have seen recent increases in shipping activity that correlate with the commodities needed in the market. Crowley has moved 13 percent more fully loaded containers than this same time last year, a sign that port conditions at San Juan are getting back to normal, said Vice President of Puerto Rico Services Jose "Pache" Ayala. In addition to building materials and equipment, Ayala has seen a continued demand

for regular inventory items, as residents stockpile supplies, food and water in case of a future storm.

The company also points to the role of LNG in recovery efforts, including the increased capacity and speed of its LNG-powered ship El Coquí, which has been in operation since the summer and was built specifically for Puerto Rico trade.

"JAXPORT and Jacksonville have played a huge role in the LNG field, and from a supply chain perspective, our region is one of the leaders in LNG production and its corollary uses, such as for refrigeration and microgrids," said Crowley Manager of Corporate Communications Dave DeCamp. "The future of power plants on the island revolves around LNG as a resilient power supply - wind does not knock out LNG."

Rebuilding needs and operations are predicted to continue for the indefinite future - at least through 2019, said Luciano. In addition to occasional power outages, current challenges include worries about appropriated funding being released and the daunting realities of rebuilding infrastructure.

"The island's current growth is heavily supported by U.S. Federal Recovery Funds and is heavily biased toward consumption," said Tyler Edgar, spokesperson for Tote. "A sustainable economic development model will ultimately be fundamental for sustainable economic growth."

Still, thanks to its many partners, and as the hopeful "se levanta" signs dotting the island express, a resilient Puerto Rico looks to be on its way up. □

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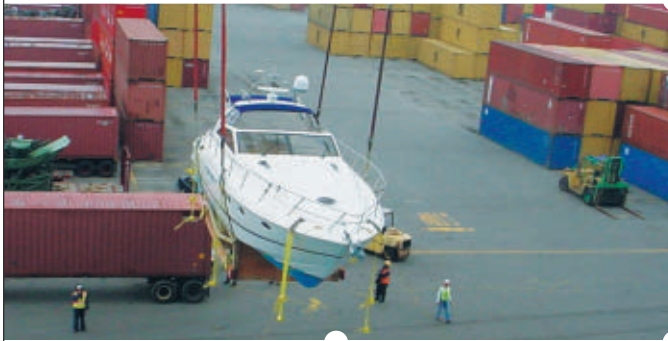
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