



**JACKSONVILLE
TRADE AND TRANSPORTATION**

JACKSONVILLE INVESTING FOR NEXT CARGO SURGE

By John Powers

Aiming high, and overachieving, has been the guiding approach for Jacksonville, Florida, logistics growth in the 21st century. "For the last 15 years we've experienced year-over-year growth. Our strategy is to set our budgets aggressively, and we have consistently exceeded them. For example, in 2016 we aimed for overall growth of 5 percent, and our final results came in at more than 6 percent," said Roy Schleicher, Jacksonville Port Authority's executive vice president and chief commercial officer.

Since 2010, containers and cars have been the port's growth engines. Containers accounted for 45 percent of total port volumes. For the fiscal year ending last September, Jaxport handled a record 968,000 TEUs, eclipsing the previous standard of 937,000. Factoring in containers moving through private terminals, total containers handled through Jacksonville exceeded 1.2 million TEUs.

Leading the surge in container traffic

is Jacksonville's burgeoning Asian business. Volume in this trade lane grew 19 percent in fiscal 2016 to more than 336,000 containers, accounting for fully 35 percent of the port's total container traffic. This growth is particularly impressive considering the port was only marginally involved in the Asian trades prior to 2009, when TraPac opened its Jaxport terminal. Since that time, double-digit growth has occurred each year.

Private and public stakeholders understand that this growth has a price, President and CEO of the Florida Ports Council Doug Wheeler explained. "Certainly, a highlight of Jacksonville's recent successes has been a substantial increase in Asian trade. One of the drivers for this success has been the investments they are making, specifically their new intermodal container transfer facility and ongoing dredging initiative," he said.

The Asian activity has provided Jacksonville-based Portus Stevedoring with

a slight uptick in volumes, though not at the double-digit level, Director of Customer Service and Business Development John Mullins noted. This was driven by out-of-gauge import and export machinery and heavy industrial equipment moving by container ocean carriers.

With the addition of the 2M Alliance — Maersk Line and Mediterranean Shipping Co.— Jaxport now boasts service from the three major carrier consortia, which includes the THE Alliance and the Ocean Alliance. "We're hopeful that the larger vessels in their fleets will result in more allotments for our port. Potentially, double vessel size will equate to twice as many slots for our customers. We are receiving only positive signals from all three alliances, and each has experienced good growth," Schleicher said.

At the nation's second-busiest autoport, automobiles and other rolling stock accounted for nearly 35 percent of total port traffic, with nearly 700,000 units

SOUTHEAST'S PREMIER HEAVY-LIFT STEVEDORE

Portus is the premier out-of-gauge heavy lift and project cargo stevedore in the southeastern United States. Portus will accept any and all challenges to seek out transportation solutions that meet and exceed customer needs. The recently renovated berth in Jacksonville is equipped to handle cargoes up to 1,800 pounds per square foot. Portus is home to the Southeast's highest on-dock rail capacity of 78 kips (78,000 pounds) per axle. Combine this with direct dockside Class I rail service through CSX, and Portus can move your cargo from rail to ship in one motion. Pound for pound, Portus is the Atlantic Seaboards' leading heavy lift and project logistics berth and terminal.

Portus' corporate office is in Jacksonville, Florida, with operations at Florida's Blount Island Jacksonville Terminal. Portus also has locations in Florida's Port Everglades and Cape Canaveral, and Sunny Point, North Carolina.

The company mission is to deliver port, terminal, cargo-handling and warehouse solutions that are driven by collaboration, innovation, and creativity to meet customer expectations and create superior solutions.

Portus core competencies involve providing access to the following markets:

- Heavy-lift, breakbulk, bulk, project, and roll-on, roll-off stevedoring.
- Container stevedoring with automation solutions.
- Terminals-yard management and marine gate services with automation solutions.
- Container freight station and cross-dock services with automation solutions.

As a service provider, Portus' employees are at the core of everything the company does. Portus is proud to have invested time, money, and resources in its people. The company not only educates its staff in standard maritime industry practices, but also customizes training based upon

specialized cargo handling needs.

Key differentiators that distinguish Portus from other waterfront operations are:

- Employees dedicated solely to Portus.
- Safety and Health Achievement Recognition Program (SHARP) certified.
- Certified Master Riggers.
- On-dock management.
- Skilled, professionally qualified, and most importantly, flexible labor.
- Extensive handling equipment and lifting gear.
- On-site steel fabrication shop.
- An award-winning state-of-the-art, internet-based terminal operating system.

Contact Portus today to learn more about how they can solve your cargo handling needs. ■

www.portus-us.com • info@portus-us.com
904-757-1170



crossing Jacksonville terminals last year. The balance of port activity landed in the conventional and bulk cargo categories.

Notwithstanding growth in the Jacksonville-Asia lane, Puerto Rico remains the port's No. 1 market. A key factor in this corridor is the versatility of the vessels plying the trade. "TOTE Maritime Puerto Rico operates the world's first liquefied natural gas powered container ships, the most environmentally friendly container ships in the world. The Marlin-class lift-on, lift-off vessels are the most versatile in the Puerto Rico trade, supported by a seamless network of port facilities, support systems, and inland transportation resources. With a fixed, twice-weekly sailing schedule between Jacksonville and San Juan, TOTE Maritime Puerto Rico provides flexible and efficient transportation solutions for all cargo moving to Puerto Rico and the Virgin Islands," President Tim Nolan said.

Custom-built for the Puerto Rico trade, Nolan explained, the new Marlin-class vessels can accommodate various sizes and

types of containers, including more than 300 53-foot containers per vessel, making this the only trade globally that has such equipment. The ships handle oversize cargo and heavy lifts, as well as cars and vehicles in specially designed car carriers. With the additional ability to pump on and off bulk liquids and transport dry and refrigerated cargo in a variety of configurations, these ships can meet the ever-changing needs of Puerto Rico, he said.

Crowley Maritime is also planning an entrance to the LNG arena with the launch of its new Commitment-class ship El Coquí, one of the world's first combination container/roll-on, roll-off ships powered by liquefied natural gas. Use of LNG as the primary fuel will reduce carbon dioxide emissions by 35 percent per container as compared to existing fossil fuels, the company reported.

This is the first in a series of milestones expected to be achieved as part of Crowley's \$550 million project to expand and modernize the company's

shipping and logistics services between Jacksonville and San Juan. The investment encompasses construction of two new, LNG-powered combination container/roll-on, roll-off ships, new terminal facilities and gantry cranes in San Juan, and terminal improvements in Jacksonville, including LNG bunkering infrastructure.

Jaxport is equally invested in minimizing its carbon footprint. "We'll soon be taking delivery of our first two LNG-holding tanks. It's safe to say the LNG revolution is starting here in Jacksonville," Schleicher said. A further example of the port's greening initiatives is its three, newly operational container cranes. Each employs regenerative power, consuming power during the lifting of containers and creating and storing energy as they lower, simultaneously reducing overall energy demand and emissions.

In last year's Jacksonville special, we reported on the port community's concerted efforts to position it as a viable and desirable alternative for both shippers

FLORIDA PORTS HELP BUSINESSES THRIVE

Florida is home to 15 seaports that deliver seamless and efficient movement for a broad assortment of freight, as well as passengers. They serve a diverse consumer market within the state (and across the country) and are champions of both international trade and domestic cargo movement. Florida is also the closest connection between Latin America and Caribbean trade partners and the US Midwest and Northeast, offering access to the Gulf of Mexico and Atlantic Ocean. Each year, Florida increases its connections to Asian and European trade lanes.

Together, there is no business or cargo Florida ports can't handle. Its ports system is well-equipped with the infrastructure, waterway access, and stable workforce to help businesses succeed. They plan to be the seaports of choice for every business in Florida, and for more and more shippers in the United States and around the world.

Florida seaports have state leadership to thank for an extraordinary level of financial, and other, support. The focus on the role of its seaports in capturing international trade and improving freight mobility is due to recognition of their



critical position in the supply chain by Florida Governor Rick Scott, the Florida Legislature and the Florida Department of Transportation. Cooperation at the state level has become a reliable reality, and its ports are also working with federal leaders in this important effort.

Florida seaports reap vast economic rewards for the state that continues to grow. Cargo and cruise activity currently support nearly 700,000 jobs in Florida. Ports contribute \$96.6 billion of output to the state's economy, equivalent to about 13 percent of Florida's gross domestic product.

Florida's seaports are creating momentum around economic vitality. They are achieving it by improving global competitiveness and increasing mobility for people and freight. They have enhanced the diversity and flexibility of their assets, and are creatively optimizing how those assets are used. Florida ports are prioritizing capital investments and maximizing the use of scarce resources.

Florida's seaports are proud to connect local businesses to international markets and global businesses to nearly 20 million residents and 100 million visitors a year. Florida is where your ship (and business success) comes in. ■

and carriers. The numbers suggest these efforts have been successful. What draws have proven most attractive?

Nolan's thoughts on that question were: "Customers have built their supply chains around the port of Jacksonville. The trucking and rail access here make the port of Jacksonville a leading gateway to San Juan."

At Portus Stevedoring, the feeling is that growth wouldn't be possible without the recent Jaxport investments. "The Jacksonville Port Authority has upgraded its docks and piers to the highest capacities in the region. This opens the door for opportunities in the heavy-lift and project logistics sector, which is one of our core competencies," Mullins said. To the list of Jacksonville's operational advantages, he added "labor diversity and expertise, Class I rail direct to vessels' berth and the heaviest dock capacity on the Eastern Seaboard."

As the third-largest state in terms of population, Florida continues to grow, Schleicher pointed out. "In addition, tourism and cruise activity in the state generate a huge additional consumer demand. This drives the need for

proximate distribution centers, and we see major growth in their numbers. Furthermore, we're not limited to serving distribution centers in Florida and South Georgia. Our expanding intermodal reach makes us cost- and transit-competitive to markets throughout the Southeast and US heartland," he said.

The carriers serving Puerto Rico out of Jacksonville continually need to reposition boxes throughout the Southeast and Midwest. As a result, the port is able to help negotiate excellent backhaul rates for freight moving to those destinations.

From a surface transportation point of view, Jacksonville affords excellent highway access via Interstate 95 north-south and along Interstate 10 to the west. "Our city also enjoys a six-lane configuration for I-95, as opposed to the four-lane variety, which contributes to the congestion issues that plague many other East Coast ports," Schleicher said.

No discussion of Jacksonville's strategic advantages would be complete without detailing its comprehensive rail connectivity. The port's three Class I carriers — Norfolk Southern, CSX, and the Florida East Coast Railway — operate an average of 36 trains daily, including seven to nine each day to Miami-Fort Lauderdale alone. "Our extensive rail capability means we have less congestion, making it easier to get in and out of our port at a better cost. CSX and Norfolk Southern provide us with excellent connections to places like Atlanta, Memphis, Chicago, and Detroit. We are the last US port outbound on several of our major services, and this maximizes the time available for Detroit-Chicago exporters to get cargo down to us," Schleicher said.

Rail capability is a vital asset for any port interested in the heavy-lift and project trades. "Jacksonville has direct Class I rail shipside, which offers superior cargo velocity for heavy-lift project cargoes and the skilled labor to handle these commodities. With CSX operating full time on a weekly basis, this

minimizes any possibilities for shortages and impediments to getting project and heavy-lift cargoes through the port and the specialty vessels that handle them back to sea where they belong," Mullins said.

Rail connections are fundamental to TOTE's operations model, and it takes full advantage of the port's network. "CSX provides excellent service from the US Midwest and Northeast to Jacksonville, as well the FEC Railway to and from South Florida. Both respective organizations provide excellent service for TOTE Maritime Puerto Rico," Nolan said.

In 2016, Jacksonville upped its rail horsepower with the opening of a new intermodal container transfer facility that is expected to increase freight velocities and economies, Mullins said. Adjacent to Dames Point Terminal, and just 3 miles from its Blount Island facility, the ICTF obviates the cross-town drays previously required to transfer containers to existing rail yards, and slashes an average 30 minutes from each delivery. Business is "... robust and growing at the ICTF, as Jacksonville shippers are embracing the associated cost- and transit-time benefits," Schleicher reported.

Jacksonville cannot sustain its impressive record of year-over-year growth without aggressive funding from the port authority, state, and federal governments and private interests. For its part, Jaxport has drawn a clearly defined investment roadmap with a total price tag exceeding \$600 million. The project agenda comprises:

- Federal channel harbor deepening to 47 feet to position Jaxport as the first US East Coast port of call for fully loaded Panamax-class vessels. The US Army Corps of Engineers completed a comprehensive economic, engineering, and environmental study and issued its Chief's Report in April 2014. In June 2014, the project received congressional authorization in the Water Resources Reform and Development Act. Engineering and design work is complete, and the project is entering the construction phase.
- New on-dock rail facility.

PROUD TO SERVE PUERTO RICO

TOTE Maritime Puerto Rico, headquartered in Jacksonville, Florida, offers integrated transportation services to and from the United States, Puerto Rico and the US Virgin Islands. With the world's first liquefied natural gas powered container-ship and state-of-the-art lift-on, lift-off capabilities, TOTE Maritime Puerto Rico vessels are the most advanced in the trade. Company operations are certified to ISO 9001, ISO 14001, ISO 28000 and Green Office standards. ■

For more information, visit www.totemaritime.com.



TOTE
Maritime

- Three newly operational, 100-gauge container cranes at Blount Island.
- Vehicle-processing expansion.
- On the heels of the Berth 35 upgrade, continued build-out at Blount Island, including additional cranes, expanded container yards, and upgrading of all berths to accommodate 100-gauge cranes and megaship operations.

Though successful, TOTE Maritime has not been resting on its laurels in Jacksonville. In 2016, its Puerto Rico service was enhanced with the purchase of a second LNG-powered, Marlin-class vessel. Currently, the company is planning 2017-2018 upgrades for gate systems and terminal design to improve traffic flows, trucker turn times, and cargo availability, Nolan said. He noted that this will also be supported by continued improvements to terminal handling equipment.

On the carrier front, further news is the

arrival of Hamburg Sud's new Asia-North America East Coast rotation. Blount Island is the last stop outbound for the new service, offered through the 2M Alliance, and connecting to China at Busan, Qingdao, Xingang, Shanghai, and Ningbo.

Wheeler detailed an investment strategy for the long run. "You have to continue to make sure your port has the amenities and capacity to cost- and time-efficiently get freight on and off vessels and into and out of the port. For Jacksonville, this just means more of the same — timely and strategic investment."

There are concerns in some quarters that in the rush to accommodate megaships and capture a larger portion of the trade, ports may be building excess capacity. So, with the halcyon days of double-digit trade growth behind us, the question looms: Can North American ports realistically expect to fill all their new

terminals and recoup their infrastructure investments? Schleicher made Jacksonville's case for a resounding "yes."

"For a time, we had gotten accustomed to growth in the 10 to 12 percent range. These days, we are seeing more like 5 to 6 percent. However, if you just compound those numbers out for a few years, it's evident that there's going to be a huge need for additional facilities." He continued, "You can't just dump all that future freight into a couple of ports. It's not just an issue of terminal capacity, but also surface transportation infrastructure. As distribution centers proliferate to provide access to population centers, they can't take everything to several hubs. The distribution center operators know they need to spread their supply chains to avoid congestion issues. Frankly, if there were only two or three ports on the East Coast handling the future container load,

HERE

FOR THE ENVIRONMENT

PROUD TO SERVE PUERTO RICO

We understand shipping goes beyond reliable deliveries. It's also about being environmentally responsible, which is why we were the first to invest in LNG Powered Container Vessels. Make a green choice for your business by contacting TOTE Maritime today.

 **TOTE Maritime**

1.877.775.7447 | totemaritime.com





I wouldn't want to live in those areas. The road and rail congestion would be insurmountable."

In recent years, Jacksonville's surging volumes on the Asian trade lane have been fueled, to some extent, by West Coast port diversions. Schleicher believes that this phenomenon may have largely run its course, and that future growth will emanate from other sources. "Those diversions have slowed down a lot. The distribution center operators who pulled some freight out of the West Coast and opened on this side of the country are still comfortable going to both. Certainly, there are transit and cost advantages for either option, and there will be plenty of freight to go around," he said.

There is no reason to expect that 2017 will not be another banner year for Jacksonville. Container volumes across Jaxport terminals are expected to exceed 1 million TEUs this year. With the impending relocation of Crowley's operations, that number will rise above the 1.3 million-TEU level. When ongoing negotiations come to fruition, automobile-handling capacity will jump with the addition of 100-150 acres of marshaling yards and expanded processing facilities.

Jacksonville may also have access to some low-hanging fruit in its quest for increased traffic. "We're in a unique position in that we've identified 3 million to 3.5 million TEUs that are coming into Florida through non-Florida ports. This

provides us the opportunity to increase our volumes not merely from expanding trade, but by capturing some of this freight already coming in. Our ability to pursue this cargo is a huge advantage to us," Wheeler explained.

For Portus, one priority is that, in addition to spurring container and roll-on, roll-off volumes, the port must continue to maintain its focus on the steamship operators who haul traditional freight. "Jacksonville needs to fill the niches for the small-to-medium carriers with specialty services and work with the neo-bulk clients that often move to and from the breakbulk carriers," Mullins said.

The ongoing challenge for Jacksonville remains visibility. "We've come a long way with infrastructure development in Jacksonville. As new assets are put in place, we need to make sure that business decision-makers know about these capabilities," Wheeler said. ■

Contact John Powers at John@bottline.com.

JAXPORT. IT'S JUST SMART BUSINESS.

Located in Northeast Florida, in the heart of the South Atlantic, Jaxport is a full-service, international trade seaport situated at the crossroads of the nation's rail and highway network.

The port owns, maintains and markets three cargo terminals, a rail terminal and one passenger cruise terminal along the St. Johns River: Blount Island Marine Terminal, Dames Point Marine Terminal, Talleyrand Marine Terminal, the Jaxport Intermodal Container Transfer Facility and the Jaxport Cruise Terminal.

Jaxport offers worldwide cargo service from dozens of ocean carriers to more than 100 ports in 72 countries. Global connections include direct service with Asia, Europe, Africa, the Middle East, South America, the Caribbean, and other key markets.

Jaxport and its maritime partners handle containerized cargo; automobiles; high and heavy; roll-on, roll-off; dry and liquid bulks;

breakbulk; forest products; reefer; heavy-lift; as well as oversized, military, and specialty cargoes.

The port is served by three major interstates (I-10, I-95 and I-75), and offers 36 daily train departures via three railroads: CSX, Norfolk Southern and Florida East Coast Railway. Jaxport offers fast reach to the U.S. Southeast consumer market with more than 60 million consumers within a one-day truck drive.

The Jaxport ICTF at Dames Point, operated by Ceres Rail Services, serves Jaxport's Northside terminals: The TraPac Container Terminal at Dames Point and the Blount Island Marine Terminal. Rail that connects to CSX's main line allows for two unit trains each day carrying up to 200 containers each. The ICTF allows for the direct transfer of containers between vessels and trains, speeding up the shipment process.

Jaxport's Foreign Trade Zone No. 64,

which spans more than 5,000 square miles across eight counties in Northeast Florida, helps shippers save time and money by streamlining customs clearance. There are more than 120 million square feet of distribution center and warehousing space within close proximity to the port.

In 2016, Jaxport completed several significant infrastructure projects, all designed to allow its customers to capitalize on the opportunities ahead. Jaxport was also recently recognized with industry awards for both outstanding customer service and commitment to auto excellence. ■

Connect with Jaxport's global cargo experts at JAXPORT.com/cargo.

