

# State of the Port

## 2017



**SOUTH  
CAROLINA  
PORTS**



**Keeping freight moving<sup>SM</sup>**



# **Thank You to our Board of Directors**

**Pamela Lackey, Chair**

**David Posek, Vice Chairman**

**Willie Jeffries, Secretary**

**Kurt Grindstaff, Treasurer**

**Bill Stern, Chairman Emeritus**

**Whit Smith**

**Rick Stanley**

**Kenny Jackson**

**Wes Jones**

**Bobby Hitt, Ex Officio**

**Christy Hall, Ex Officio**



# 2017 Heart Walk *Maritime Initiative*

## 2016 Highlights and This Year:

- Last year, the maritime community **raised over \$110,000** for the Lowcountry American Heart Association – many of us honoring the late Carl Ford and his family.  
*2017 MTCI Fundraising Currently: \$23,000*
- This incredible achievement attributed to 31,000 local residents being trained in CPR and **helped fund \$4.5 million** in heart & stroke research at MUSC last year alone.
  - Consider joining us at the **Riverfront Park this Saturday** for the Heart Walk.
- There will again be a specific tent designated for the maritime community to gather and celebrate our impact.
- You can certainly support this year's maritime initiative even if you cannot attend by donating at **[www.lowcountryheartwalk.org/MTCI](http://www.lowcountryheartwalk.org/MTCI)**



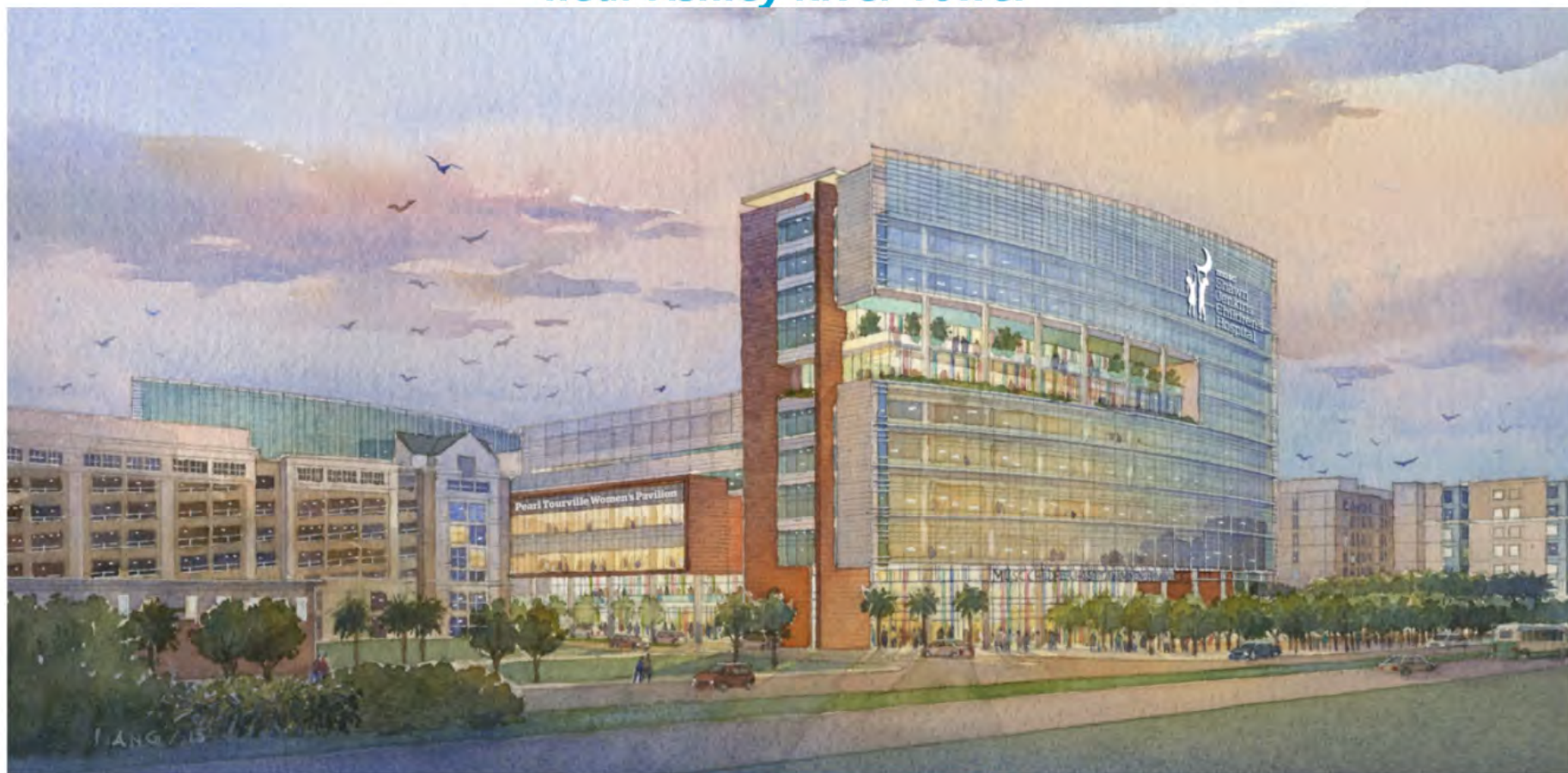
Healthy For Good™  
Heart Walk®



*Maritime Transportation Community Initiative*

# The MUSC Shawn Jenkins Children's Hospital

*Opens in 2019 at Calhoun Street and Courtenay Drive,  
near Ashley River Tower*





# The Importance of Ports

## Keeping Freight Moving

- ➔ A Global Supply Chain Enabler
- ➔ A Strategic Asset
- ➔ A Job Creator (Direct and Indirect)
- ➔ Ideally "Out of Sight, Out of Mind"
- ➔ Infrastructure Intensive
- ➔ Global Businesses Locate Near Global Ports



# FY 2017 Was a Great Year for SC Ports

- **Record Container Volume**

More than 1.2 Million  
Pier Containers

2.1 Million TEUs

- **10.1% Growth**

- **More than 120,000  
Rail Lifts at Greer**



- **More than 250,000  
Set-Up Vehicles Exported**

- **Intermodal Container  
Rail Moves (23%)**

- **More than 224,000  
Cruise Passengers on 100  
Cruise Ships**

- **Approaching \$80  
Million**

In Operating Cash Flow

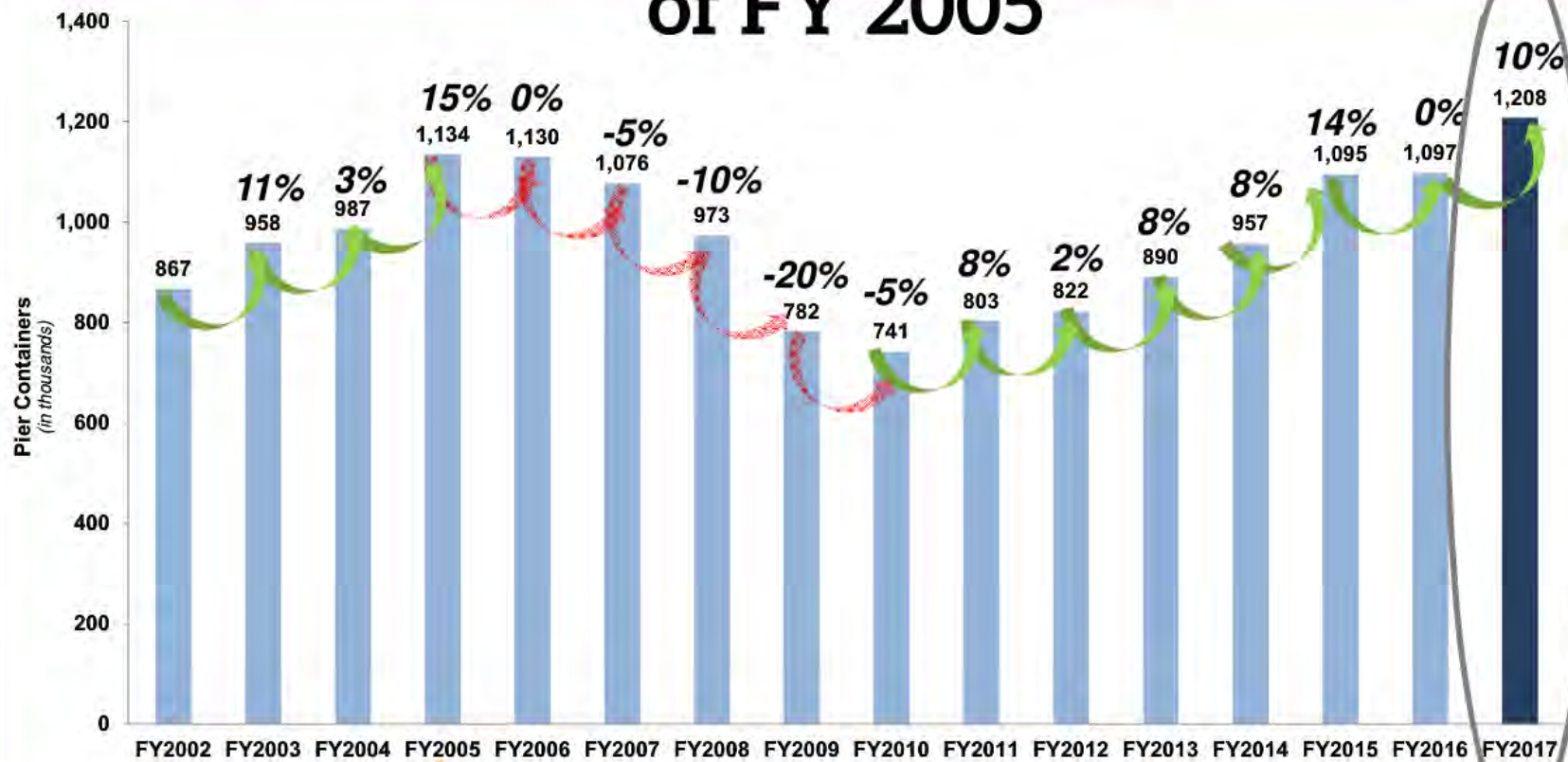
- **\$180 Million  
in Capital Expenditures**

- **Significant Progress  
In Our Culture Change  
Initiative**





# Charleston Surpassed Record Volume of FY 2005



# High Growth in Both Percentage and Absolute Terms

Top 10 U.S. Container Ports Ranked  
by Percent TEU Growth  
2011-2016

	<u>Percent Growth</u> <u>2011-2016</u>	<u>Total TEU Growth</u> <u>2011-2016</u>
Charleston	45%	615,000
Norfolk	38%	738,000
Savannah	24%	700,000
Port Everglades	18%	156,200
Houston	17%	316,300
New York	14%	748,600
Long Beach	12%	714,200
Los Angeles	12%	916,300
Sea/Tac Alliance	3%	97,000
Oakland	1%	27,000

Source: AAPA Data



# Top 10 U.S. Container Ports

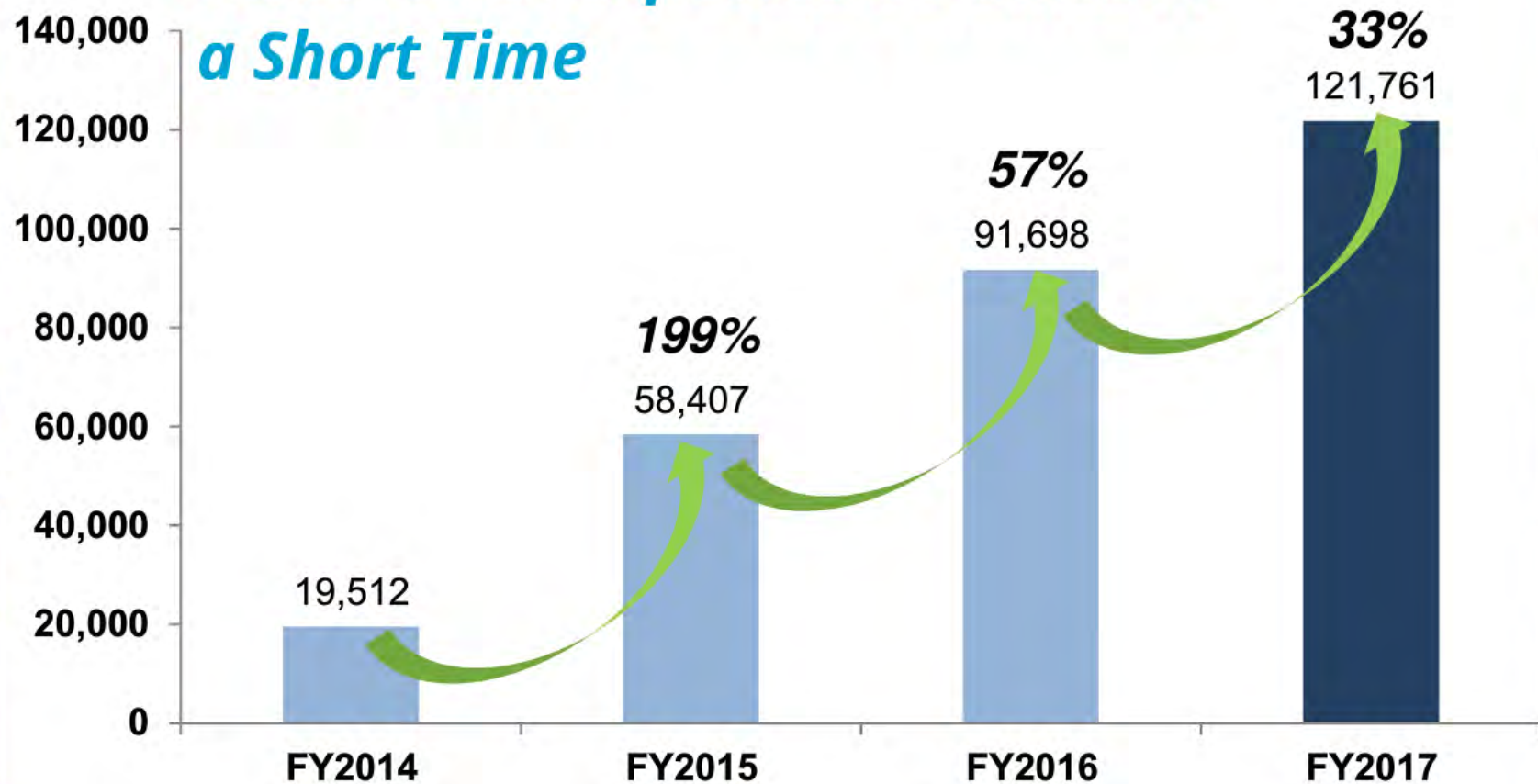
## FY 2017 (July 2016 - June 2017)

Ranking	U.S. Port	TEUs
1	Los Angeles	9,205,753
2	Long Beach	6,941,381
3	New York/New Jersey	6,440,341
4	Savannah	3,851,750
5	Seattle-Tacoma	3,724,413
6	Norfolk	2,762,410
7	Oakland	2,399,785
8	Houston	2,332,803
<b>9</b>	<b>Charleston</b>	<b>2,137,709</b>
10	Port Everglades	1,080,077

Source: AAPA

# ***SC Inland Port Greer***

***Achieved Unexpected Volumes in  
a Short Time***





# Other Major FY 2017 Accomplishments

- Harbor Deepening Authorized and New Start Achieved
- Wando Wharf Refurbishment 70% Completed
- New Container Cranes Deployed



- Advanced Gate System Working As Planned
- Decision to Purchase New TOS



- Refrigerated Cargo Service Area
- Growth in Plastics Trans Loading Capability
- Verified Gross Mass (VGM) Successfully Managed



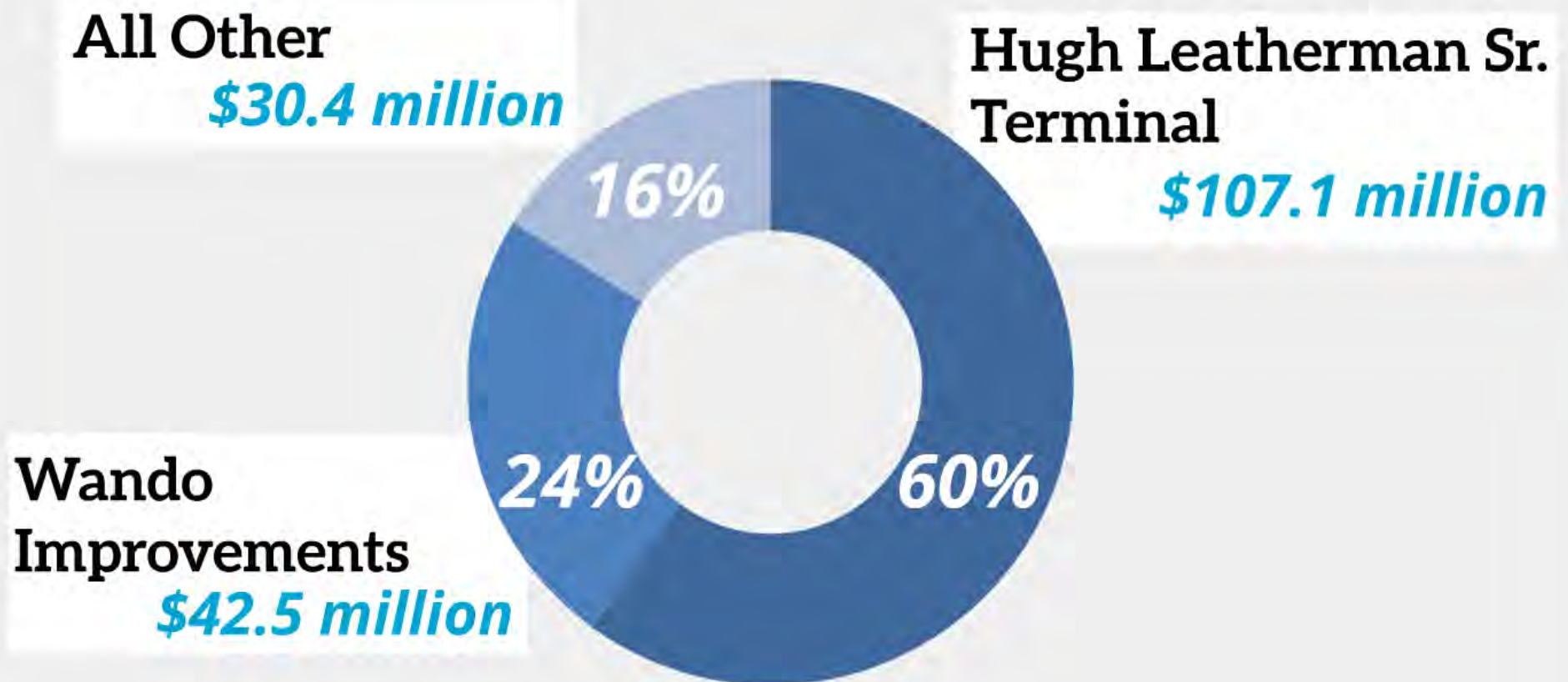
# ***First 13,000 TEU Ship Capably Handled***





# Record Capital Expenditures in FY 2017

● \$180 Million ●



# Economic and Industry Fundamentals are Encouraging

- U.S. Consumer Appears Strong
- Emerging Market Economies Are Recovering
- Foreign Direct Manufacturing Investment Continues
- Overseas Demand for U.S. Manufactured Autos and Plastics Appears Good
- A Rapidly Consolidating Container Ship Industry Holds Promise for Stability
- Big Ships Are Coming to a Port Near You, But Maximum Size is Being Reached
- Container Industry Consolidation Will Drive Supplier Consolidation and Cooperation

*In short, volume growth of 5% for FY 2018 seems possible.*







**Ensure that  
our Port  
Works Well**



**Invest  
Heavily in  
Infrastructure**  
-Existing and New-



**Continued  
Growth  
of Cargo Base**



**Drive  
Intermodal  
Efficiency**



**Enhance the  
Effectiveness  
of Our  
Workforce**

**SC Ports**  
**Strategic Plan**  
For the Next Five Years

# Deliver Reliably on Important Performance Metrics

Total Gate Turn Times  
*Within One Hour*

Crane Productivity  
*Above 35 Moves Per Hour*

Berth Productivity  
*of 150 Moves Per Hour*

Ready Chassis  
*Without Need for Roadability*

Just in Sequence Support  
*of Major Manufacturing Operations*

High Performing  
*Rail Drayage Program*

*A Reliable and  
Invisible Supply  
Chain Partner.*





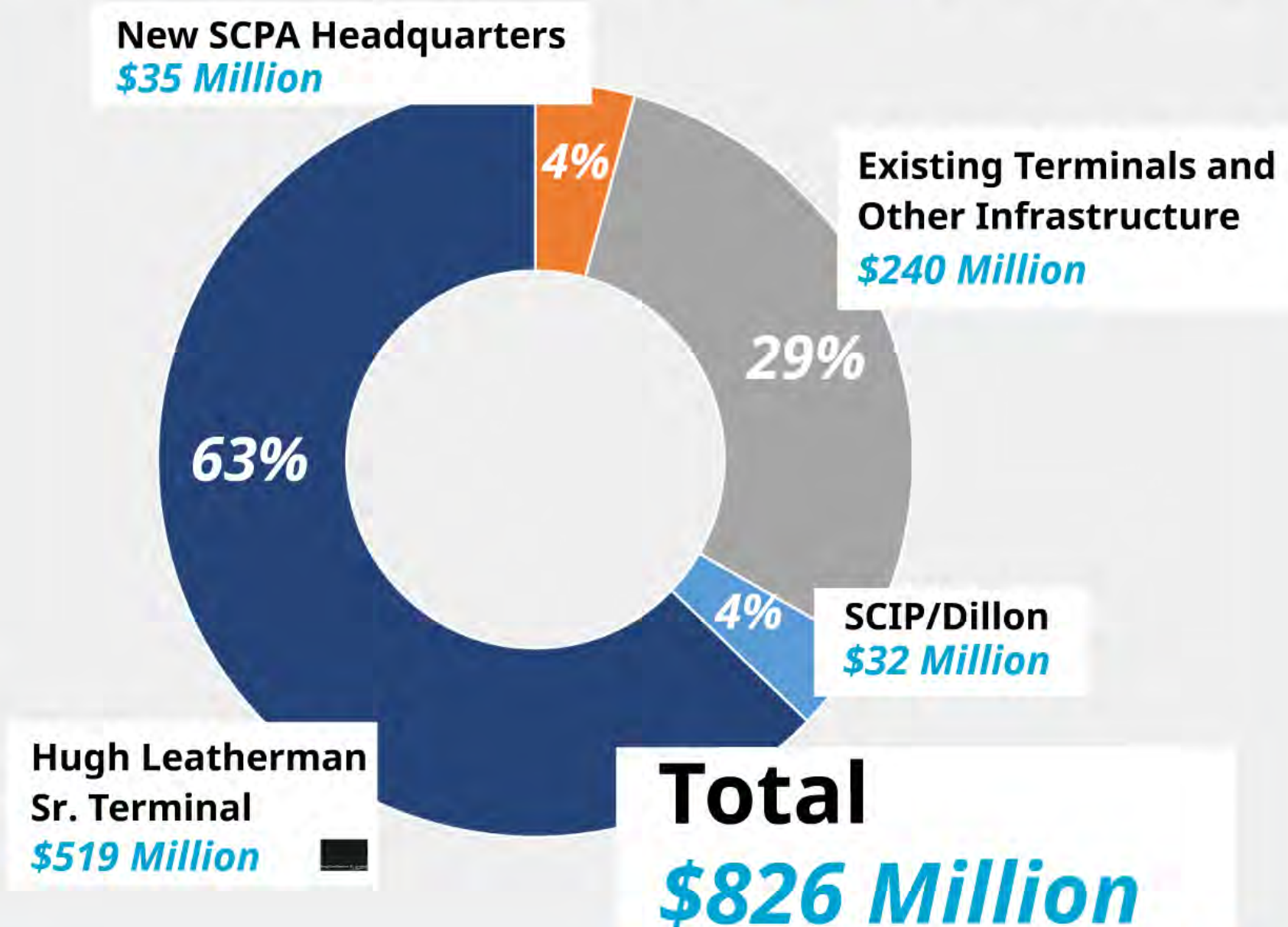
# Heavy Investments Are Required *to Remain a Top 10 Container Port*

<i><b>FY 2018 Approved Capital Investment</b></i>	<b>FY2018</b>
Wando Welch	86.3
Hugh K. Leatherman	54.0
Dillon Inland Port	32.2
Harbor Deepening Shortfall (FY2018 Portion)	25.0
Corporate Office	23.3
Tideworks (On-Premise Option)	12.8
North Charleston	5.3
Greer Inland Port	5.3
Columbus Street	4.5
Dike Upgrades & Capital Repairs	4.0
All Other	9.7
<b>Total</b>	<b>262.3</b>

*\*in millions*



# CAPEX FY 2018 → FY 2021





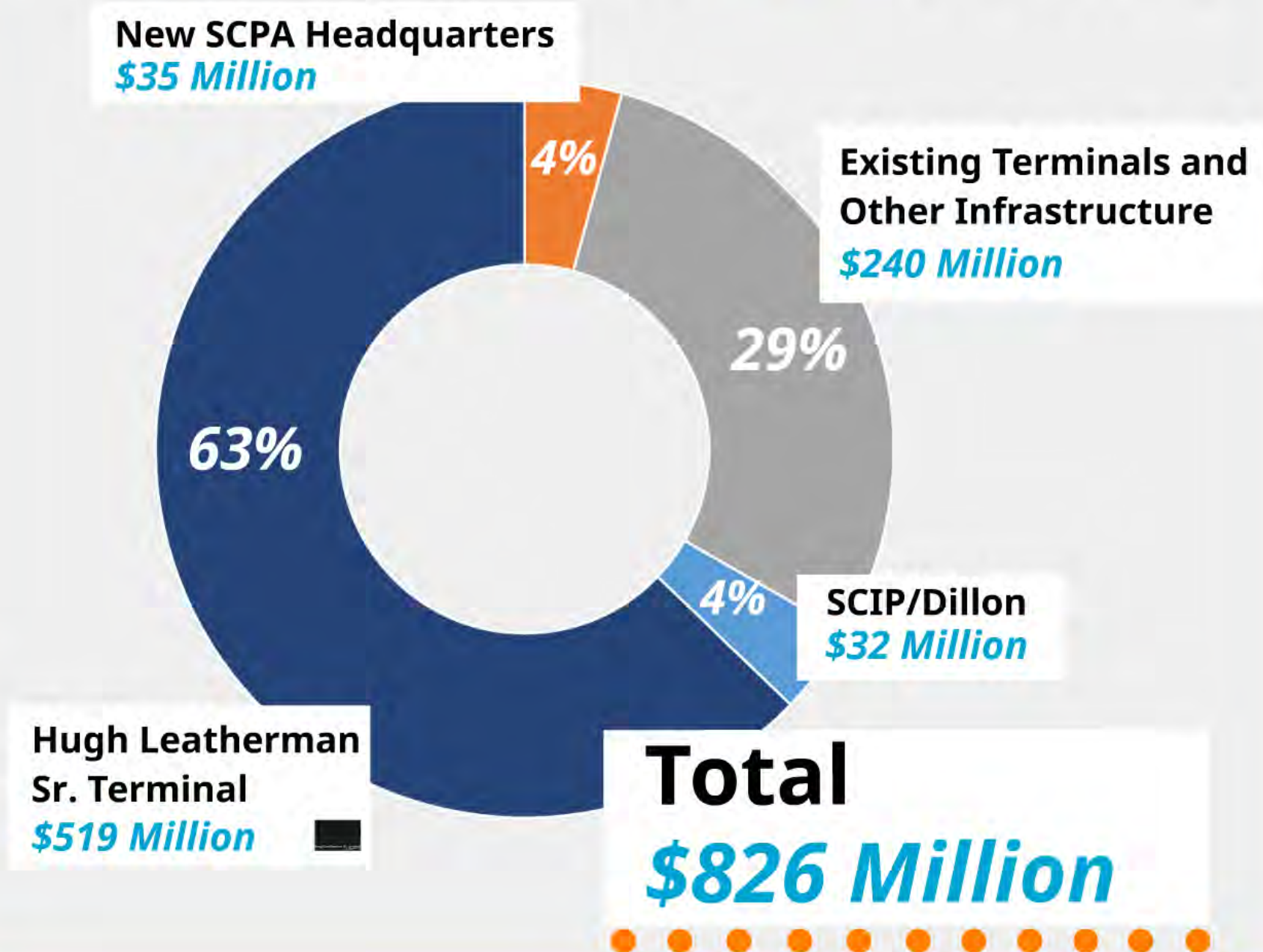


# Hugh Leatherman, Sr. Terminal

Image by Holy City Helicopters  
July 27, 2017



# CAPEX FY 2018 → FY 2021





# **State of South Carolina**



**is a Significant  
Financial Partner**

**State of South Carolina**



**is a Significant  
Financial Partner**

**Access Road to the  
Leatherman Terminal**

***\$170 Million***

**Harbor Deepening**

***\$300 Million***

**New ICTF  
(Palmetto Railways)**

***\$250 Million***



# Harbor Deepening is a Signature Accomplishment



US Army Corps  
of Engineers

SMART Planning Works - A Deep Draft  
Navigation Project in < 10 Years



A Great Example of Teamwork and  
Determination



An Improved Cost Share in WRDA 2016

*Federal Share = \$287 Million*

*State Share = \$271 Million*



State Appropriation of \$300 Million



→ Federal Share - \$267 Million → State Share - \$271 Million



State Appropriation of \$300 Million  
Decisive in Realizing This Project



Need \$90 Million Per Year for Federal  
FY 2018/2019/2020



At Stake: Achieving the Deepest Harbor on  
US East Coast When It Really Matters



First Dredge in the Harbor Next Month



# Cutter Head Dredge "Texas"



Source:  
[www.bayengineeringinc.com](http://www.bayengineeringinc.com)



# Port Growth

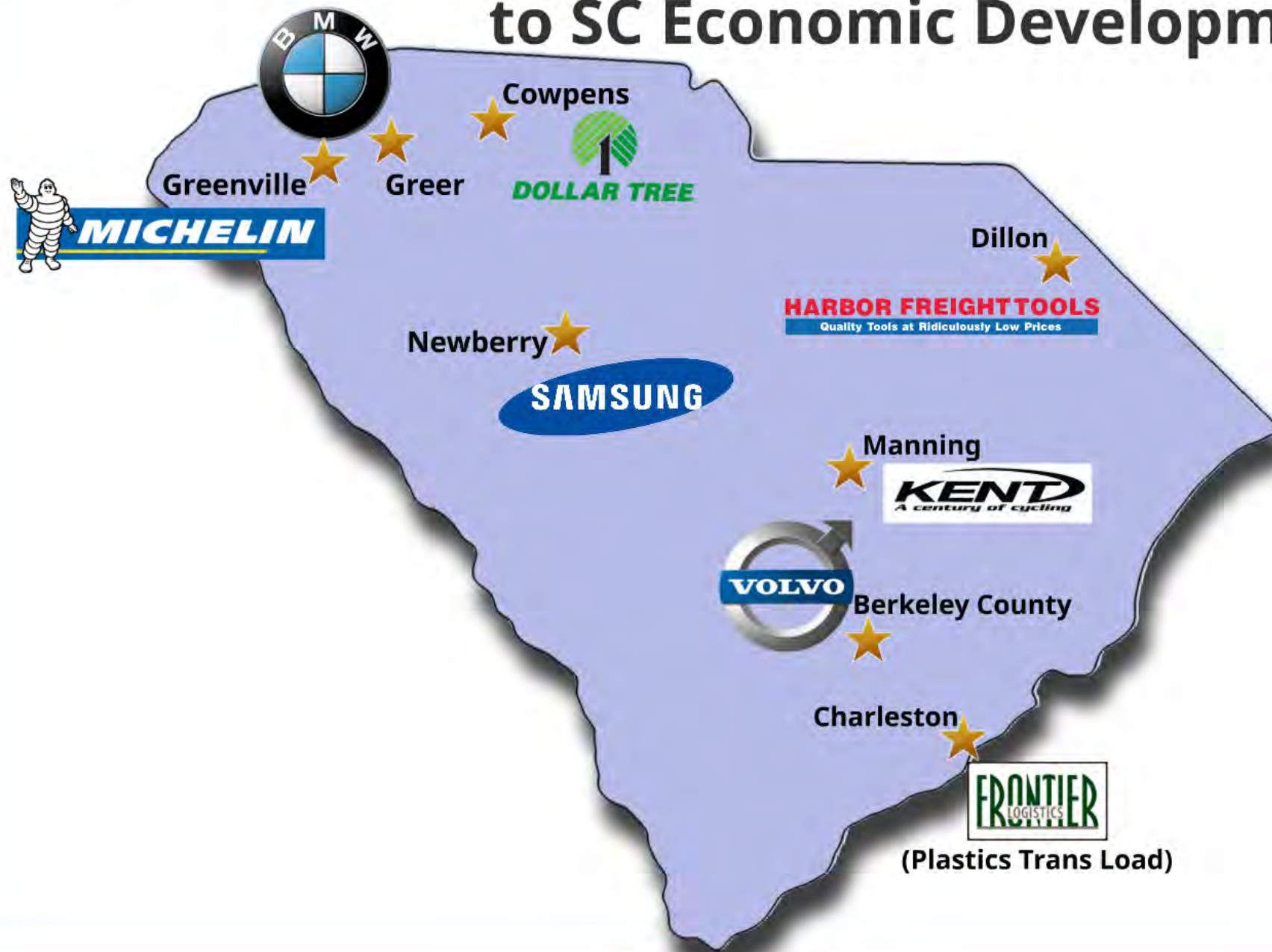
*Requires a **Growing** Cargo Base*

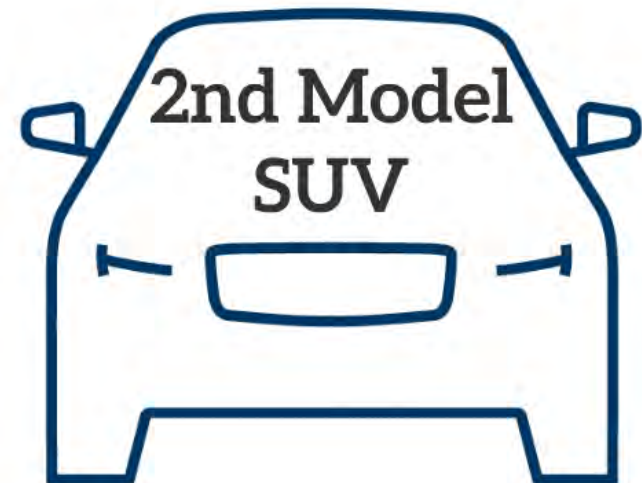


- Southeast Ports Have Great Fundamentals  
*Population and Manufacturing Growth*
- Freight Moves Principally On Lowest Inland Costs
- The Carolinas Together Have the 6<sup>th</sup> Largest GDP in the U.S.
- Competitive Rail Allows Expansion of Cargo Generating Area
- Global Businesses Locate Near World Class Ports



# The Port is Integral to SC Economic Development







Enhanced Intermodal Efficiency is Code for  
*Increased Containerized Rail*

SC Inland Port  
**Greer**



SC Inland Port  
**Dillon**



# Many Possibilities Exist to *Grow Containerized Rail*

- Improved Infrastructure on Existing Rail Lines
- New Rail Concepts
  - CCX Connector
  - Precision Railroading
  - Overheight Corridor
- New Dual-Served ICTF by Palmetto Railways
- Inner Harbor Barge to Move Rail Containers To/From Wando Terminal





# Chassis *As A Utility*

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**Chassis Pooling is Far Away  
From Its Intended Destination**



**Needed:**

**An Upgraded Chassis Pool with Radial Tires and LED Lights**

**Truckers and BCOs Have Gotten in the Chassis Business Out of Necessity**

**Objective:**

**A Well-Working Chassis Pool for the South Atlantic**

**SACP 2.0**



# Nothing Happens in Any Business Without *Great People*

Talent Attraction is  
the Biggest Issue  
Facing the Shipping  
and Port Industry

Port Has About 100  
People Who Can  
Retire in the Next  
Five Years

Most Jobs Do Not  
Requires a 4 Year  
College Degree

Port and  
Transportation Jobs  
Pay Relatively Well

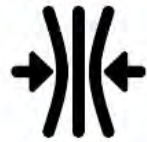


Both Attitude and  
Aptitude Required!

# Culture and Values Are Important

## Adaptability

*Ability to Change, Flexibility,  
Open-mindedness*



## Business Minded

*Efficiency, Maximizing Resources,  
"Owners Mentality"*



## Customer Focused

*All Stakeholders - inside  
and outside*



## Decisiveness

*Cross Functional Collaboration,  
Determination*



## Enthusiasm

*"Can get it done" Spirit,  
Energy, Passion, Pride*



## Faith in Each Other

*Belief, Confidence, Teamwork,  
Trust*





# Needed: *A Commitment to Improved Talent Management*

**Starting Point is Committed and Progressive Leadership**



**Using Sophisticated Tools to Predict Successful Employment**

**Partnership with Trident Technical College,  
Along With Other Technical Colleges**

**Innovative Training  
Techniques  
(Simulators, etc.)**

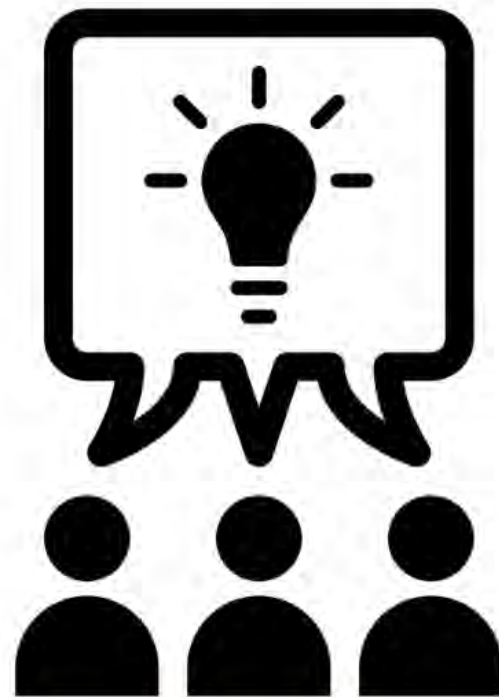




**Emphasis on Work Force  
Well-Being and Health**

**An Office Campus  
Environment Promoting  
Teamwork**

**Identifying the Next  
Generation of Leaders**









# Imagine What the Future Holds

## *75 Years of SC Ports*



Highest Volumes  
In Our History  
Gives a Good  
Starting Point  
For the Future

Southeast is the  
Best Place to be  
in the Port  
Business

Pulling Off  
Infrastructure  
Initiatives Both  
in Terms of Time  
and Quality is  
Key



**Must Grow Well  
Above U.S. Port  
Market and Earn  
More for Our  
Services**



**No Surprises in  
the World  
Economy**

**Address Issues of  
Strategic Import  
Such as Chassis  
and Cargo  
Visibility**



**Focus on  
Developing and  
Nurturing the  
Most Talented  
Workforce  
Possible**



# Thank you.



**SOUTH  
CAROLINA  
PORTS**



# Keeping freight moving<sup>SM</sup>