Florida's Strategic Seaport Investment Framework

presented to

FSTED Council

presented by

Florida Department of Transportation

May 30, 2007

Why Develop a Strategic Seaport Investment Framework?

- **Overhaul of Florida's transportation program has created new opportunities for seaports**
  - State continues to increase level of investments in the seaport infrastructure
- **FDOT has completed significant research to support ongoing investments in Florida's seaport system**
  - Global Trade Trends: Challenges and Opportunities for Florida's Ports
  - Evaluate Florida's 14 Deepwater Seaports' Economic Performance and the Return on Investment of State Funds
  - Florida's Seaports: Conditions, Competitiveness, and Statewide Policies
- **Seaport investments have positive ROI in aggregate but there is no tool available to determine the benefit of state investments at the project level**

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Why Develop a Strategic Seaport Investment Framework?

- **FDOT must make the best possible use of state funding for Florida's seaports to ensure the greatest statewide benefits for each dollar invested**

- **FDOT needs a consistent, equitable, and strategic approach to:**
  - Make required findings of project consistency
  - Program seaport investments to maximize public benefits

- **FDOT is developing the *Strategic Seaport Investment Framework* to help build a more consistent, transparent and data-driven seaport investment program**
  - Providing guidelines and tools to enhance the project identification and evaluation processes, focusing on public benefits

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Strategic Seaport Investment Framework
Overview

- **Framework will provide set of analytical tools to support investment decisions**
  - Port-supplied data will guide the FDOT analysis done for all state-funded seaport projects
  - The analysis performed will include consideration of economic and transportation benefits and costs, as well as special circumstances and the stated priorities of the seaports
- **Four main components**
  - Vision, goals, and statewide ports plan
  - Project data and analysis tools
  - Structured FDOT evaluation process
  - Outreach and coordination

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Strategic Seaport Investment Framework

Vision, Goals, and Statewide Ports Plan

- **Start with FDOT Mission**
  - *The mission of Florida's Department of Transportation is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities. To further these goals, the Department establishes specific goals for, and makes substantial investments in, all modes of transportation affecting Florida residents, businesses, and visitors*

- **Factor in adopted seaport policy language in Florida Transportation Plan and SIS, and the shared goals of Florida's Ports (from Seaport Mission Plan)**

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Strategic Seaport Investment Framework

Vision, Goals, and Statewide Ports Plan

- **Draft State Seaport Vision**
  - *"As a system, Florida's seaports will serve the waterborne mobility needs of Florida's freight shippers and receivers, residents, and tourists, by providing capacity, operational sustainability, safety, and security across the entire transportation system, sufficient to meet current and anticipated future needs and demands. The Department will continue to actively support Florida's ports by investing to preserve and increase the demonstrable public benefits that ports provide, including both transportation and economic benefits, in a manner that is sensitive to the quality of Florida's environment and communities.*

- **Goals**
  - System-wide goals addressing shared challenges
  - Regional goals recognizing regional differences and unique attributes of ports and regions

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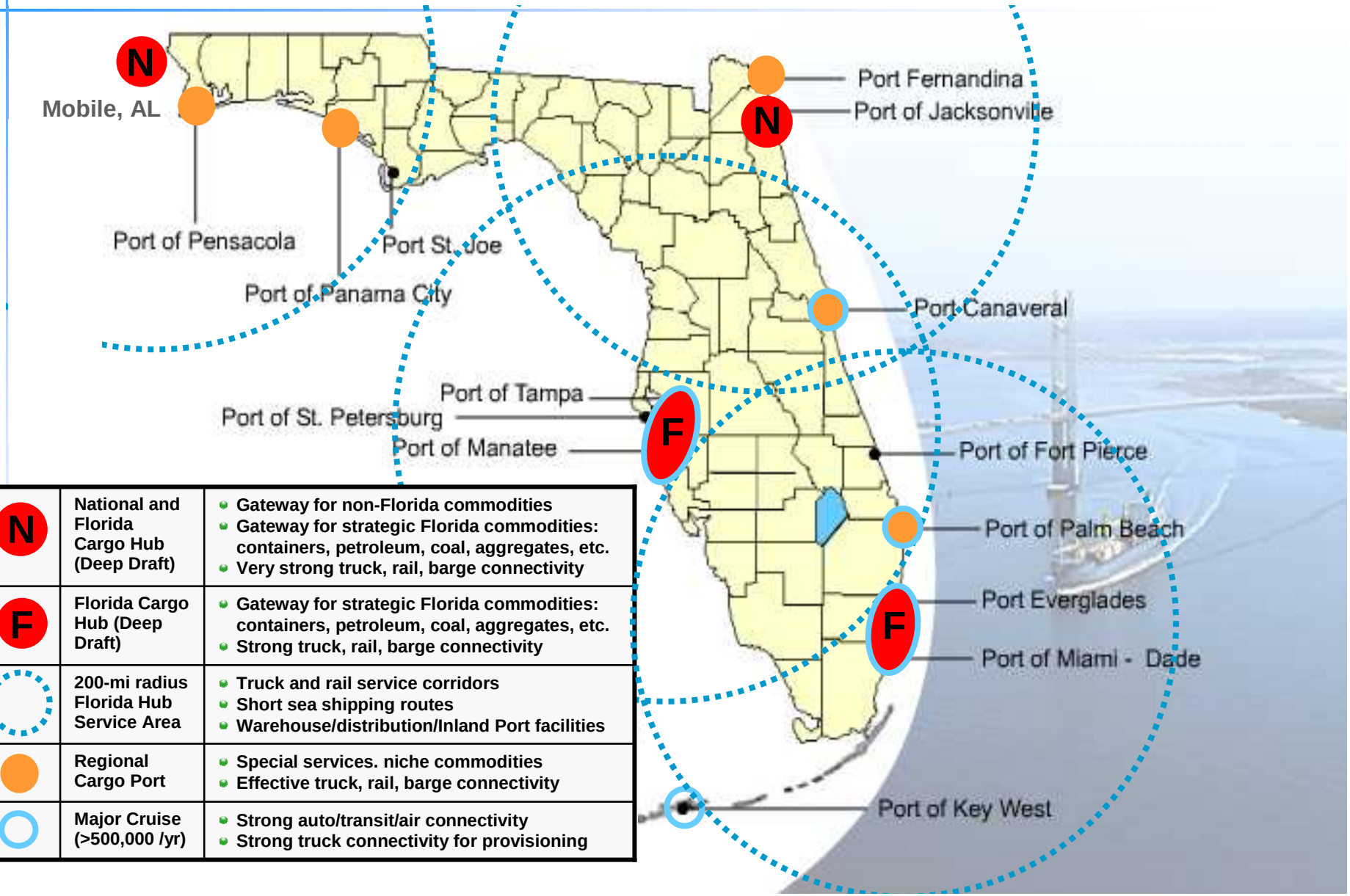
Seaport Strategic Investment Framework

Vision, Goals, and Statewide Ports Plan

- **Need to plan for capacity, diversity, redundancy**
  - **<u>Capacity</u> to meet Florida's growth needs**
    - All strategic cargo types
  - **<u>Diversity</u> to meet needs from multiple locations**
    - Capacity should not be concentrated in one port or region
  - **<u>Redundancy</u> to ensure uninterrupted service**
    - If a port loses capacity for a given period of time, Florida's needs will have to be met from other ports
- **Need to recognize different functions of Florida's ports**
  - **National cargo hubs, Florida cargo hubs, regional cargo ports, other ports**
    - Each has specific needs for waterside, terminal, access, and market related improvements

Seaport Strategic Investment Framework

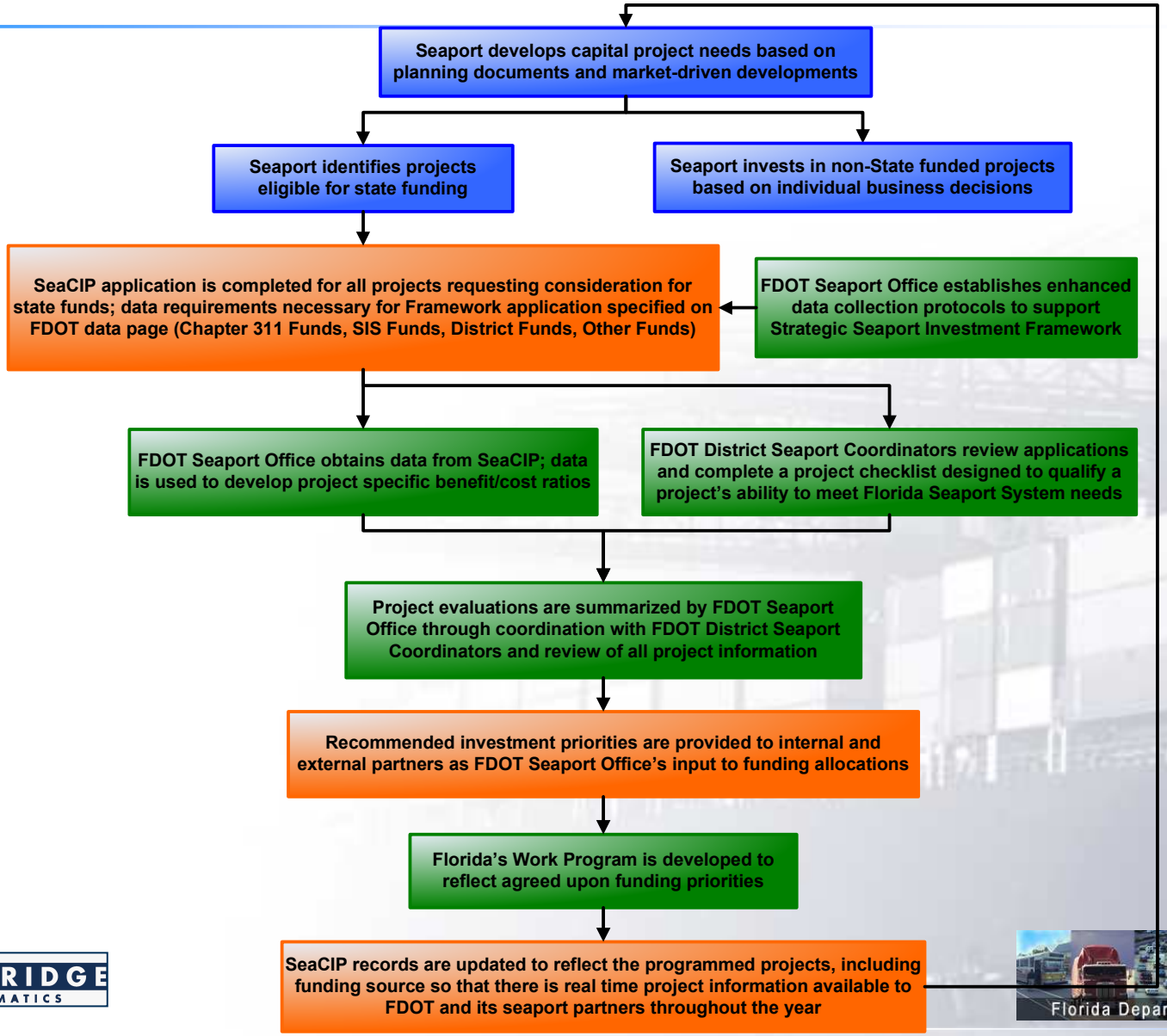
Vision, Goals, and Statewide Ports Plan



N	National and Florida Cargo Hub (Deep Draft)	• Gateway for non-Florida commodities • Gateway for strategic Florida commodities: containers, petroleum, coal, aggregates, etc. • Very strong truck, rail, barge connectivity
F	Florida Cargo Hub (Deep Draft)	• Gateway for strategic Florida commodities: containers, petroleum, coal, aggregates, etc. • Strong truck, rail, barge connectivity
	200-mi radius Florida Hub Service Area	• Truck and rail service corridors • Short sea shipping routes • Warehouse/distribution/Inland Port facilities
	Regional Cargo Port	• Special services. niche commodities • Effective truck, rail, barge connectivity
	Major Cruise (>500,000 /yr)	• Strong auto/transit/air connectivity • Strong truck connectivity for provisioning

Seaport Strategic Investment Framework

Framework Architecture



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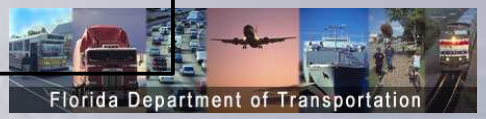
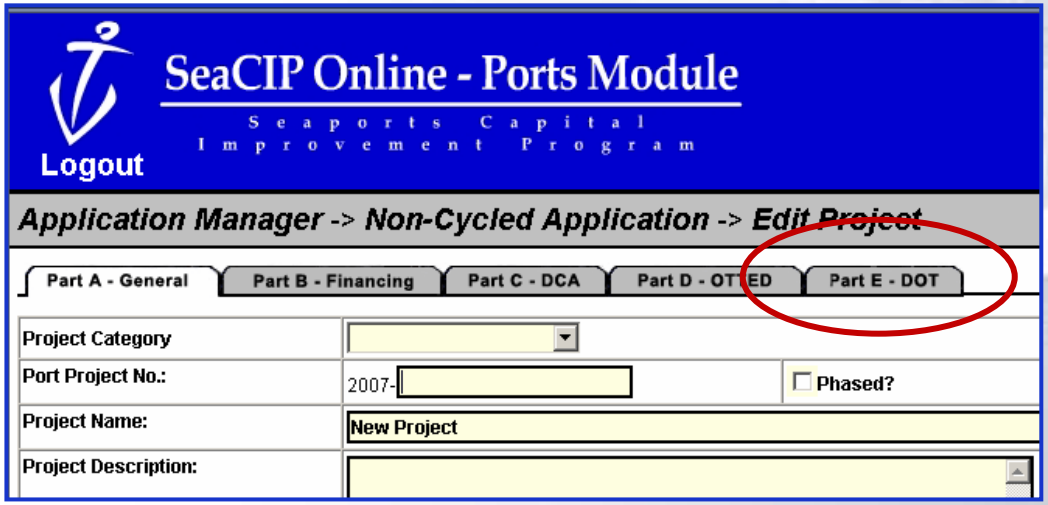
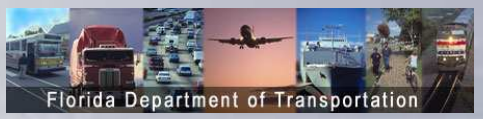


Seaport Strategic Investment Framework

Structured FDOT Evaluation and Prioritization

- **All port improvement projects are entered into SeaCIP**
- **FDOT performs evaluation and prioritization analyses**
  - *Informs FDOT consistency review of Chapter 311 projects, programming of all seaport projects, supports district allocations, and feeds work program development*





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Seaport Strategic Investment Framework

Project Data and Analysis Tools

- **Project data and analysis focuses on:**
  - **Consistency with system-wide and regional goals (qualitative factors)**
  - **Economic and transportation benefit/ cost (quantified measures)**
  - **Special considerations (qualitative factors)**
  - **Summary evaluation/recommendations (integration of qualitative and quantitative measures)**

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Seaport Strategic Investment Framework

District Project Review Check List

- **Enhanced project application review by District Seaport Coordinators**
- **Review will integrate qualitative and quantitative data**
- **Review will support all state funded projects**

Florida Strategic Seaport Framework – District Project Review Check List

Port: _____ **Project Name:** _____ **Project Number:** _____

1. Is the project reflected in local planning documents?

- Local Government Comprehensive Plans ☐
- MPO and/or Regional Transportation Plans ☐
- Port Master Plan ☐

2. Is the project consistent with Department and Seaport goals?

- Florida's Transportation Plan (see attached goals) ☐
- Strategic Intermodal System (see attached goals) ☐
- FDOT Seaport Planning Framework (see attached goals) ☐
- Florida's Seaports Mission Plan (see attached vision elements) ☐

3. Will the project result in any of the following:?

- Improve or maintain waterside access? ☐
- Increase seaport terminal capacity and/or efficiency? ☐
- Improve or maintain landside access/connectivity? ☐
- Improve or maintain cargo or cruise market competitiveness ☐
- Achieve strategic policy objectives: enhance safety and security, reduce or minimize truck impacts, ensure capacity for strategic Florida commodities, provide capacity for mega-ship vessels ☐
- Avoid negative consequences with respect to waterside access, terminal activity, landside access, or market competitiveness ☐

4. Is the project supported?

- By local and regional governments? ☐
- By the community? ☐

5. Is there adequate funding for all phases of the project?

- Will multiple years of funding be required? ☐
- Are matching funds for all years identified? ☐

6. Is there an expected positive return on investment?

- What were the results of the benefit/cost calculation? ☐

7. Are there other factors that make this project a priority?

- Please describe.

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Seaport Strategic Investment Framework

Investment Tool

- **Data Needs**
- **Benefits Methodology**
- **Negative Impacts Methodology**
- **Results**

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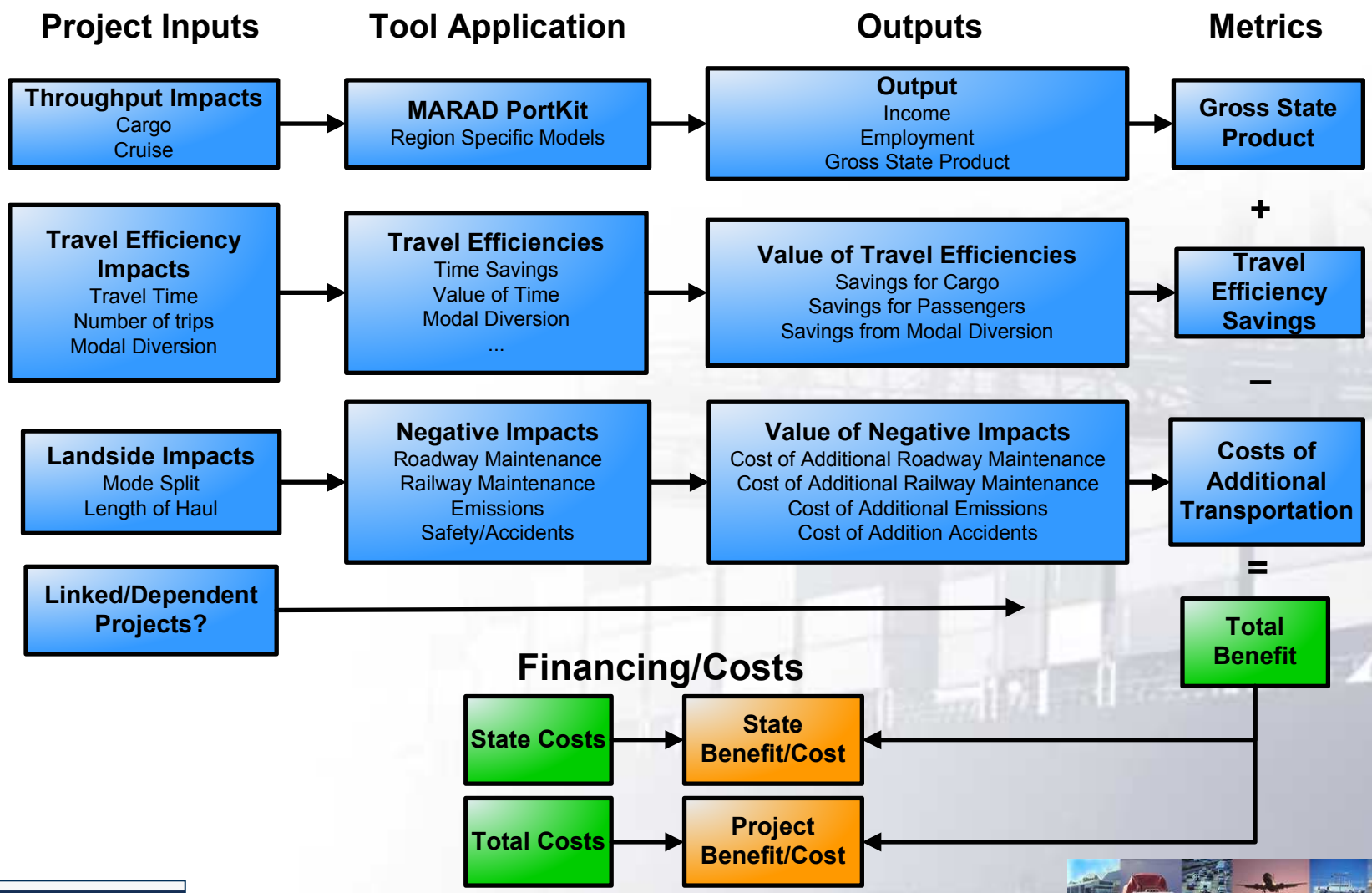
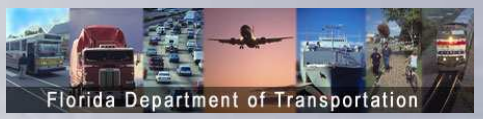
Seaport Strategic Investment Framework

Investment Tool Components





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Application of Investment Tool

- Waterside Improvements
- Terminal Improvements
- Landside Access Improvements
- Market Competitiveness Improvements
- Other Improvements

Application to Port Expansion Project

Jacksonville Talleyrand Terminal – Toyota Berth

- **Description**
  - Renovate/replace existing berth for import of Toyotas to retain existing 250k vehicles/year; traffic also expected to growth at 2 percent per year
- **Calculation**
  - 250k vehicles at 2 percent per year growth was entered into MARAD PortKit
  - PortKit estimated over $61M in benefits from port business, employment, and contribution to GSP
  - Negative impacts, based on landside transportation activity will be nearly $10M
  - Total project cost will be $12M; Project B/C ratio will be 4.3
  - State match of $3.4M yields State B/C of 15.4

Application to Landside Improvement Project

Everglades Midport Roadway Expansion

- **Description**
  - On-port roadway improvement impacting internal cruise ship related passenger and truck trips; estimated to reduce travel time by 25 percent for impacted terminals

- **Calculation**
  - Travel time for passengers moving from home/hotel/airport to the port was estimated to decrease from 30 to 22.5 minutes
  - Time savings was applied to 25 percent of the 2.2 million passengers handled in FY 2004; 68,750 hours in savings
  - Value of time ($10.83 per hour (2005$)) multiplied by hours saved amounted to $745 thousand or $4.3M over life of project
  - Total project cost of $1 million produces a Project B/C ratio of 4.5
  - State match of $500k yields a State B/C of 9.0

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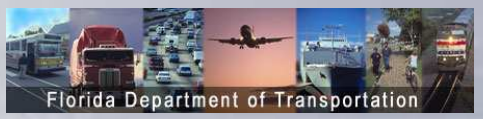
(note: analysis did not consider incremental impact to throughput capacity or competitiveness)



What Does This Mean for Florida's Seaports?

- **Data**
  - Existing data collection efforts will be refined
  - Modest amount of new data will be required
  - Impact will be minimized through training and support
- **Eligibility**
  - Project eligibility will be unchanged within established programs
  - Improved data management will improve tracking of needs across funding sources

What Does This Mean for Florida's Seaports?

- **Process**
  - Improved functionality within SeaCIP will facilitate data collection and provide enhanced data management capabilities
  - Project funding allocation processes will be preserved
  - Additional data provided by the Framework will guide state funding decisions
- **Promotion**
  - Consistent, transparent, data-driven process will facilitate seaport and FDOT efforts to justify ongoing and expanded investments in seaports

What's Next

- Present recommendations to Executive Board on June 20, 2007
- Finalize Framework by June 30, 2007
- Distribute data requests to seaports for project applications through modified SeaCIP
- Provide training and support as necessary to assist with application preparation

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