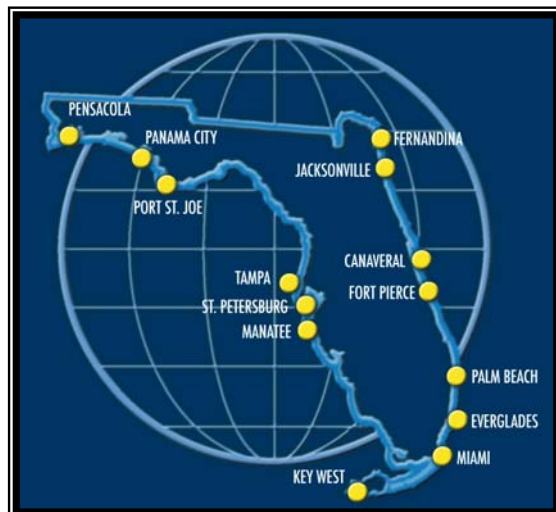


Crafting and Achieving a Vision of Success:
**A Message from the Chairmen of the Florida Seaport Transportation and
 Economic Development Council, the Florida Ports Financing Commission, and
 the Florida Ports Council**

In the collegial and cooperative spirit that has marked our efforts since the Florida Seaport Transportation and Economic Development Council (FSTED) Council was first created in 1990, Florida's fourteen public deepwater seaports spent the summer of 2006 crafting a vision of success for 2016. Together with our tenants and other maritime industry stakeholders as well as public agency representatives, we assessed the opportunities and challenges facing us in the coming decade. In so doing, we reaffirmed the value of our collective trade and cruise operations to our respective regions and the state and underscored the keys to achieving our vision of success.

This collaborative visioning process culminated in a statewide summit and Maritime Leadership Conference attended by elected officials from around the state, business leaders from the cargo and cruise sectors, and other industry stakeholders, all of whom supported this initiative.



The 2016 Vision of Success

The 2016 vision of success that emerged from the visioning process builds on five key premises that are critical to our statewide seaport system's sustaining its competitive edge in the global marketplace. By 2016:

- *Public and private partnerships will have increased investments in seaport growth.*
- *New freight and passenger transportation corridors will have created seamless intermodal connectivity, improving landside and waterside access.*
- *Port capacity will have expanded to allow for new business opportunities.*
- *The values of and synergies among ports, communities and industries for economic development will have been recognized and supported.*
- *Regional and statewide cooperation will be enabling the optimization of port assets.*

Florida's Growth and the Seaports' Success Are Intertwined

Florida's seaports play a role in the daily lives of every resident in the state. Florida is the third fastest growing state in the U.S. and is expected to be the third largest by 2011. Every day, the state welcomes more than 1,000 new people to its communities.

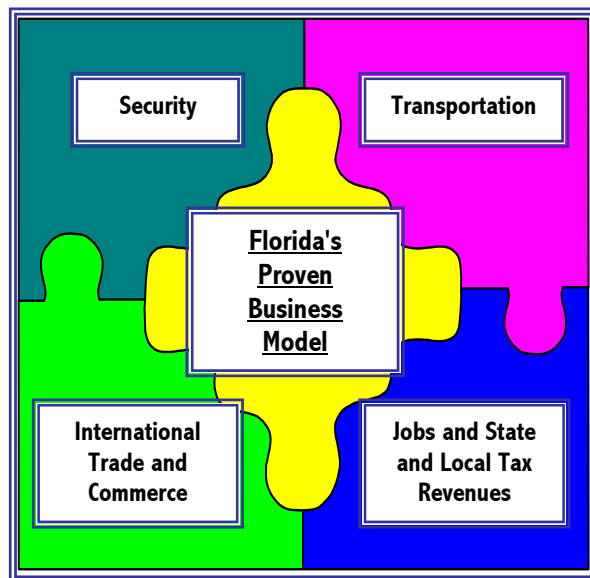
To serve the state's growing local economies, and the new local demand for goods and services that growth creates, our seaports must develop additional capacity. Florida's traditional international markets also are growing and new markets are opening, creating further capacity demands. Ever-changing technologies dictate longer and stronger berths, more powerful equipment, and new terminals as well as land for development.

Our Statewide Seaport System: Fourteen Ports, All Different, but All Economic Generators with a Common Public Purpose

Florida's fourteen seaports, arrayed along the state's multiple coasts, are quite diverse. This diversity includes size, governance, operational characteristics, types of cargo and cruise and other operations, domestic markets served, and geographic trading partners.

Within this diversity, we share strategic elements that frame our business models and drive our ability to succeed:

- *A common public purpose: service to local and regional communities with benefit to the state and the nation.*
- *Creation of well-paying jobs across all disciplines.*
- *Generation of substantial statewide economic benefits.*
- *The need to be efficient and cost-effective to compete in today's marketplace.*
- *The need for dollars to build competitive infrastructure.*
- *The need to be secure in the post-9/11 world.*
- *Public understanding as to what a port does and why it is a good thing for a community to have a port.*



The Challenges to Success

To achieve our 2016 vision of success, our seaports and their tenants and other partners must overcome a variety of challenges. The list is long, but echoes the themes that have driven seaport development and expansion for decades:

- *To be competitive in attracting new and existing markets and business opportunities.*
- *Providing facilities and services that address the needs of port users.*
- *Expanding the seaports' role as economic engines.*
- *Operating globally within a local governance structure.*
- *Creating efficient freight and passenger mobility and connectivity in transportation corridors.*
- *Maintaining and improving waterside navigation in a manner compatible with environmental stewardship.*
- *Developing adequate port/industrial land and facilities.*
- *Improving cargo and passenger capacity.*
- *Balancing the elements of a secure, sustainable and cost-effective logistics chain.*
- *Developing intermodal transportation partnerships to provide innovative market service strategies.*
- *Increasing public awareness and support for the maritime industry.*
- *Increasing regional cooperation.*
- *Funding, funding and more funding.*

Overcoming the Challenges

To overcome the above challenges and achieve the 2016 vision of success, the seaports collectively identified eight specific elements to be addressed in our respective planning and development initiatives:

Element 1: Strategic Port Planning – Locally, Regionally, and Statewide

Solid, forward-looking planning has been responsible for the seaports' successes to date and will continue to guide our future, providing a balance of environmental stewardship and economic benefits. State statute requires that each Florida seaport have an approved port master plan, incorporated into the comprehensive plan of its local government. The planning process provides an open public opportunity for the seaports and their partners to assess the goals, objectives, and policies needed to achieve the seaports' strategic regional market and community needs. The resulting plans guide the future of the seaports, locally, regionally, and statewide.

Element 2: Deepwater Access

Without adequate navigational access, seaports cannot meet expanding market and vessel requirements. Consequently, developing and maintaining adequate deepwater berths, navigation channels, and turning basins is essential to the seaports' competitive future and vision of success.

Element 3: Efficient Landside Access

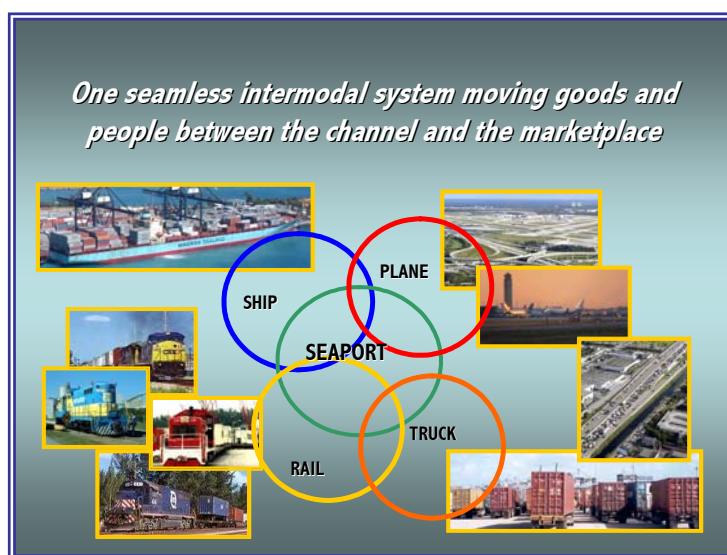
Just as adequate navigational access for vessels is essential to a seaport's growth, road and rail systems must be able to move cargo and passengers efficiently on and off the ports. Good market access through a seamless connection from the water, through the port, and onto the highway, air, and rail systems is a prerequisite for efficient and cost-effective services to global shippers and other maritime users. Through the funding provided under the state's Strategic Intermodal System (SIS) and SIS Growth Management programs, Florida's seaports have made significant headway in connecting their facilities to the major trade corridors that carry goods the length and breadth of Florida's peninsula. Funding has been programmed over the five-year period for designated seaport connectors and it is hoped that the state will be able not only to fund additional road and rail links, but also to accelerate construction. To make an even greater difference in today's competitive environment, however, Florida needs to promote its strategic statewide significant trade corridors for both federal and state funding.

Element 4: Capacity for Port Growth – Locally and Regionally

Limited land for capacity expansion constrains growth at many of our seaports. Through more efficient and effective use of the limited land we do have, the seaports hope to overcome this constraint. Among the tools at our disposal are implementation of appropriate new development and redevelopment strategies and the use of new technologies to be more productive in stacking full containers and storing empty ones, for example, or in receiving bulk cargoes.

Element 5: Balance between User Needs and the Cost of Maritime Operations

It is no secret that the events of 9/11 imposed a costly burden on the seaports, as we strove to achieve mandated security goals. Having deferred vital capital projects to pay for our security infrastructure, we have continued to



realign our budgets to address the recurring operational costs of maintaining the required level of alert. Seaports must be efficient, cost-effective, and secure to be competitive. At the same time, the industry requires that seaports remain flexible and offer services and facilities to their users at a cost that is sensitive to market demand. Achieving the balance between commerce and security has created enormous financial and operational challenges at all of the seaports.

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Element 6: Ability to Build and Sustain Key Partnerships

Since the creation of the FSTED program in 1990, Florida's transportation system providers and users have been partners in creating efficient statewide transportation services. Today the need for efficient services is greater than ever and our seaports, with their local, state, federal, and private sector partners, require infrastructure funding strategies that effectively meet the market demands of our capital improvement programs. Continued local, state, and federal government support is critical to the on-going success of our seaports and Florida's economy.

Element 7: Value of Investing in Florida Seaports and Serving Florida's Population

Florida seaports and users provide critical services to the state's population in terms of accessing global freight and cruise markets. Most of the consumer goods serving our growing population and the construction materials building the state's infrastructure flow through Florida's seaports. Florida residents thus accrue daily benefits from their proximity to one or more of our state's seaports as consumers purchase the goods transported across seaport docks, entrepreneurs sustain diversified businesses serving the maritime industry, and employees enjoy the well-paying jobs the seaports create. The following statistics demonstrate that Florida's seaports are truly economic engines that provide hundreds of thousands of good jobs and generate billions of dollars of economic impact to their local, regional, and statewide economies:

- *The business of ports is to move people and goods. In FY 05/06, Florida seaports moved 129 million total tons of cargo, edged toward 3 million TEUs (20-foot equivalent container units), and carried 14.2 million cruise passengers, of which 11.2 million sailed on multi-day cruises.*
- *The value of Florida's total international trade exceeded forecasts in 2006, reaching \$109.7 billion.*
- *The value of Florida's waterborne cargo grew by a record 16.8 percent in 2006, reaching \$73.5 billion.*
- *Fifty-six percent of all U.S. cruise passengers boarded their cruises from one of Florida's cruise ports. Florida's businesses received 34 percent of the direct expenditures (\$5.5 billion) the cruise industry generated in the U.S., 39 percent of jobs (128,042), and 35 percent of wages (\$4.8 billion). All the top cruise lines are located in Florida; as a result, 50 percent of cruise line direct employment occurs in this state (15,000) jobs.¹*
- *By 2008, the annual economic impact of Florida's seaports is forecasted to include 348,290 jobs, \$43 billion in gross economic output, and \$1.3 billion in annual state and local tax revenues. As Florida's international trade is exceeding the economic forecast, this impact has already been surpassed.²*
- *In Florida, the average annual wage for individuals employed in transportation and material-moving occupations in 2006 is \$44,760 – double the average pay for all other non-advance degree occupations (\$23,254) and \$10,000 more than the average annual wage for all occupations (\$34,420).³*

¹ Business Research and Economic Advisors, August 2006.

² Washington Economics Group, 2004.

- *State-level seaport investments are estimated to yield \$6.90 worth of economic and transportation benefits to Florida for every \$1.00 in expenditures, resulting in a net present value of \$3.6 billion.⁴*
- *State-level seaport investments over the next five years are estimated to generate an additional \$1.6 billion in business output, 15,650 permanent jobs in the Florida economy, and \$491 million in personal income for Florida residents by 2020.⁵*

Element 8: Enhanced Public Understanding and Support for Florida's Seaports

Despite the economic benefits our seaports bring to their respective communities and the state, these benefits are not generally understood by the public at large. Consequently, at the visioning summit, the seaports determined that we should individually and collectively promote public understanding of our value and importance to Florida's economic vitality and prosperity.

These elements provide the framework for achieving our 2016 vision of success. To continue the work of the visioning summit, however, our seaports, users, and partners must continue engaging in a collaborative planning process to build consensus on the shared vision of success and on the needs, policies, and strategies to implement that vision.

Funding the Vision

Building an interconnected transportation system to compete in global markets is essential to Florida's continued economic development.

Florida's seaports, like others on the East and Gulf Coasts, are seeing a diversion of trade from congested West Coast ports. For example, in 2005, China became the Port of Miami's top trading partner, with almost \$1 billion in goods, and the Port of Jacksonville signed an agreement with Mitsui O.S.K. Lines to initiate liner service from the Far East. Port Everglades and the Port of Tampa are also seeing increased Far East trade. Nevertheless, all-water service from the Far East at competing ports such as the Port of New York/New Jersey, the Port of Virginia, the Port of Charleston, and the Port of Savannah is growing even faster.

The pace of global change means that our seaports must build critical infrastructure and provide efficient and cost-effective services or Florida will lose its competitive edge on the critical trade lanes of commerce. Facing increased competition from domestic and foreign ports, we must target capital investments to expand capacity, efficiency, and connectivity so that we can continue creating well-paying jobs and generating other economic benefits for our local communities, the state, and the nation. If we are to accommodate the new opportunities ahead of us, we must expand the mutuality of our endeavors with our partners.

Our seaports' collective five-year capital needs plan through FY 10/11 totals an estimated \$2.2 billion in vital on-port and off-port improvements to channels, wharves, terminals, container yards, other transfer facilities, and intermodal access. The most strategic of these projects, resulting from our seaports' prioritization process, total \$1.4 billion. The Florida Ports Financing Commission is tasked with finding the means to fund these prioritized projects, which are consistent with our vision of success. Among the means being considered are public-private partnerships, creative financing, and additional state funding.

³ U.S. Bureau of Labor Statistics.

⁴ Cambridge Systematics study for FDOT, "Evaluate Florida's 14 Deepwater Seaports' Economic Development and Return on Investment, 2006.

⁵ Cambridge Systematics study for FDOT, "Evaluate Florida's 14 Deepwater Seaports' Economic Development and Return on Investment, 2006.

Where will Florida be in 2016? Every indicator points towards continued international and domestic trade expansion to serve both our state's growing population and our national and international markets. Our seaports' strategic objective now is to sustain the forecasted growth on Florida's trade lanes –the traditional routes between the state and our neighbors to the south as well as the growing direct routes between the state and the Far East -- by amassing the capital required to build critical capacity-enhancing infrastructure and intermodal connectivity.

Building on our past successes and working with our public and private sector partners, we must take these positive steps towards achieving our 2016 vision of success.

“Global trade is being driven by a combination of political, economic, technological, and environmental trends and forces, and Florida must choose how to respond.”

*Global Trade Trends: Challenges and Opportunities for Florida's Ports,
(FDOT/Cambridge Systematics Inc., July 2006)*

*Phil Allen, Chairman
FSTED Council*

*Ron Baker, Chairman,
Florida Ports Financing
Commission*

*Wayne Stubbs, Chairman
Florida Ports Council*