

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

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Meeting Date: August 19, 2008       Consent       Regular  
    Ordinance       Public Hearing

Department:      Administration  
Submitted By:     Economic Development  
Submitted For:    Economic Development

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**I.      EXECUTIVE BRIEF**

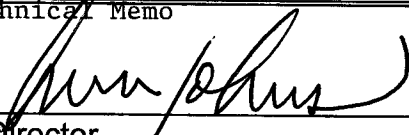
**Motion and Title:** Staff recommends motion to: Receive and File a Presentation by the Port of Palm Beach and the Florida Department of Transportation (FDOT) on the Inland Intermodal Logistic Facility (Inland Port).

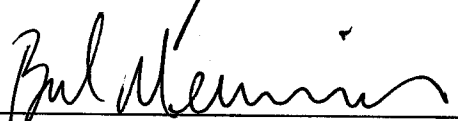
**Summary:** On March 13, 2007, the Board of County Commissioners approved the 21<sup>st</sup> Century: Palm Beach County Strategic Economic Plan. Action Item 1.02, under the Strategic Direction of Prosperity identified the desire to conduct an Inland Port Feasibility Study with the goal of completing this Study by February of 2007. The FDOT, Seaport Office, engaged the services of Cambridge Systematics to conduct a South Florida Inland Port Feasibility Study. That report was completed in June of 2007. In May of 2008, Cambridge Systematics and Martin Associates completed a Multi-Model Logistics Complex: Market & Economic Analysis on behalf of the FDOT. This presentation will focus on the findings of the May 2008 Study. Countywide (DW)

**Background and Justification:** On November 10-11, 2005, the Board of County Commissioners (BCC) convened the 21<sup>st</sup> Century: 2005 Palm Beach County Economic Summit. The purpose of the Summit was to update the 1994 Strategic Economic Plan to reflect 2005 growth and development conditions, and to formulate strategies to address changing economic conditions. During the visioning process at the 2005 Summit, business and community leaders raised awareness on the challenge of Palm Beach County's economic resiliency following a year of costly, unexpected climate changes and hurricanes. At the May 23, 2006 BCC Workshop, Commissioners approved the 21<sup>st</sup> Century: Palm Beach County Strategic Economic Plan mission statement, work plan, short term projects and kick-off projects. The Strategic Economic Plan was approved by the BCC on March 13, 2007 with 48 actions items.

**Attachments:**

1. June 2007 South Florida Inland Port Feasibility Study
  2. South Florida Inland Logistics Center – Preliminary Market Analysis  
Final Technical Memo – May 29, 2008
  3. South Florida Inland Logistics Center - Preliminary Impact Analysis  
Draft Technical Memo
- 

RECOMMENDED BY:       8-7-08  
   Director      Date

APPROVED BY:       8/13/08  
   Assistant County Administrator      Date

II. FISCAL IMPACT ANALYSIS

A. **Five Year Summary of Fiscal Impact:**

Fiscal Years	2008	2009	2010	2011	2012	2013
Capital Expenditures						
Operating Costs						
External Revenues						
Program Income (County)						
In-Kind Match (County)						
 Net Fiscal Impact						
 # Additional FTE Positions (Cumulative)	0					
 Is Item Included in Current Budget:	YES		NO			
 Budget Account No.:						
	Fund	Agency	Org	Object		
		Reporting Category				

B. **Recommended Sources of Funds / Summary of Fiscal Impact:**

III REVIEW COMMENTS

A. **OFMB Fiscal and/or Contract Administration Comments:**

*No fiscal impact*

*[Signature]* 8-11-08  
 OFMB  
*LIA 8/11/08*  
*ON 8/11/08*

*[Signature]* 8/11/08  
 Contract Administration  
*E. Jones 8/11/08*

B. **Legal Sufficiency:**

*[Signature]* 8/12/08  
 Assistant County Attorney

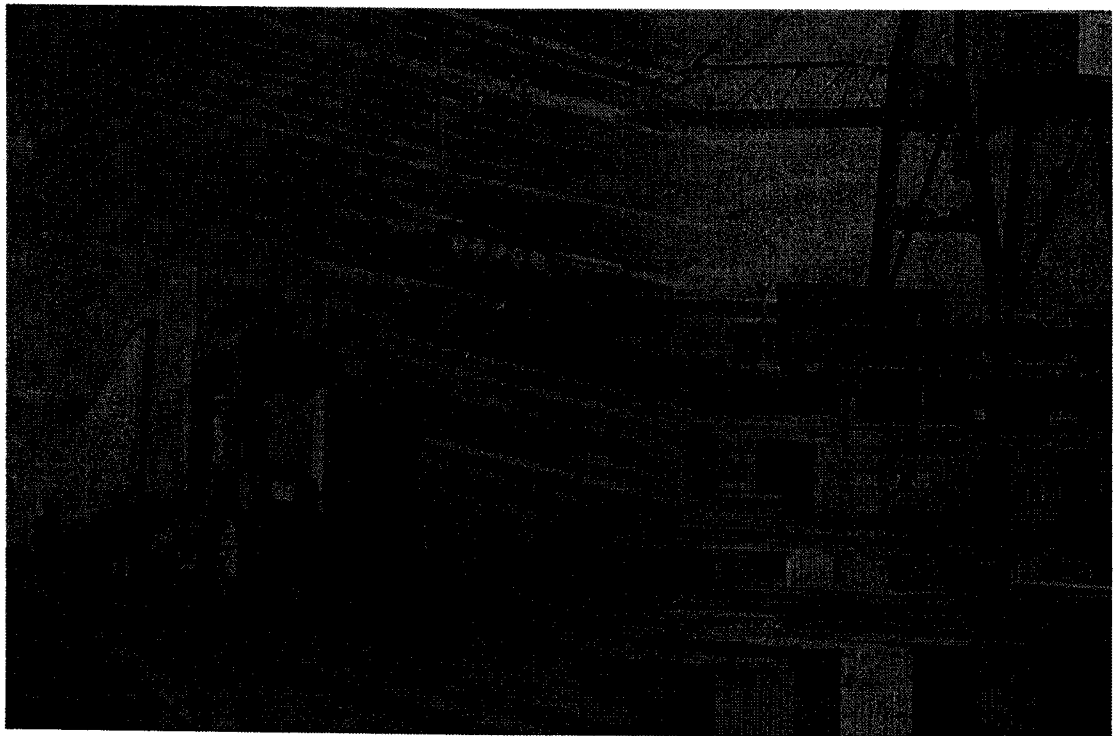
C. **Other Department Review:**

\_\_\_\_\_  
 Department Director

**This summary is not to be used as a basis for payment.**



# South Florida Intermodal Logistics Center



Preliminary Economic Impact Analysis \* Draft Technical Memo  
Preliminary Market Analysis \* Final Technical Memo  
South Florida Inland Port Feasibility Study \* Final Report  
Letters \* Port Everglades & Port of Miami



ATTACHMENT 1

## South Florida Inland Port Feasibility Study

# final report

*prepared for*

**Florida Department of Transportation, Seaport Office**

*prepared by*

**Cambridge Systematics, Inc.**

June 2007

[www.camsys.com](http://www.camsys.com)



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*final report*

# **South Florida Inland Port Feasibility Study**

*prepared for*

Florida Department of Transportation, Seaport Office

*prepared by*

Cambridge Systematics, Inc.  
110 East Broward Boulevard, Suite 1700  
Fort Lauderdale, Florida 33301

*June 2007*

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# Table of Contents

<b>1.0 Introduction.....</b>	<b>1-1</b>
1.1 Background .....	1-1
1.2 Study Purpose.....	1-2
1.3 Approach.....	1-3
1.4 Report Organization .....	1-3
<b>2.0 Freight Transportation System Hierarchy .....</b>	<b>2-1</b>
2.1 National Freight System .....	2-1
2.2 Florida Freight System .....	2-4
2.3 South Florida Freight System .....	2-13
<b>3.0 Overview of Inland Port Characteristics.....</b>	<b>3-1</b>
3.1 Types of Inland Port Facilities.....	3-2
3.2 Characteristics of Established Inland Ports .....	3-3
3.3 Funding Options for Inland Port Facilities.....	3-4
3.4 Case Studies .....	3-5
<b>4.0 Stakeholder Input.....</b>	<b>4-1</b>
4.1 Overview of Interview Process .....	4-1
4.2 Key Interview Findings.....	4-1
<b>5.0 Analysis of South Florida Opportunities .....</b>	<b>5-1</b>
5.1 Preliminary Market Assessment .....	5-2
5.2 Environmental Factors .....	5-5
5.3 Identification of Potential Sites.....	5-8
5.4 Impact on Existing Supply Chains .....	5-16
5.5 Transportation Connectivity .....	5-17
5.6 Potential Partnerships.....	5-18
5.7 Economic Development Opportunities .....	5-20
5.8 Potential Funding.....	5-22
5.9 Public Support .....	5-23
<b>6.0 Findings, Conclusions, and Recommendations .....</b>	<b>6-1</b>
6.1 Key Findings and Conclusions.....	6-1
6.2 Recommendations.....	6-5
<b>Appendices .....</b>	
Appendix A - Interview Material .....	A-1
Appendix B - Stakeholder Letters .....	B-1

## List of Tables

2.1	Growth in Freight Flows by Mode .....	2-5
2.2	Total Tonnage at Florida Airports .....	2-8
2.3	Projected Traffic Through Florida Ports .....	2-8
2.4	Logistics "Friendly" Ranking for Key Florida Cities .....	2-15
2.5	South Florida Seaport Locations .....	2-16

# List of Figures

2.1	U.S. Freight Trends by Mode .....	2-2
2.2	Forecasted Growth in U.S. International Container Trade .....	2-3
2.3	Forecasted Growth in U.S. International Waterborne Tonnage.....	2-4
2.4	Florida Freight Service Regions .....	2-6
2.5	Florida Seaport Tonnage (Import, Export, Domestic) .....	2-9
2.6	Florida Seaport TEUs.....	2-10
2.7	Major Distribution Hubs in South Florida .....	2-12
2.8	Current and Projected 2060 Developed Land.....	2-14
3.1	Aerial View of Virginia Inland Port .....	3-6
3.2	Layout View of Virginia Inland Port.....	3-7
3.3	Virginia Transportation Infrastructure .....	3-8
3.4	Aerial View of Alliance Texas Facilities.....	3-11
3.5	Alliance, TX and the BNSF Rail System.....	3-12
3.6	Alliance, TX Highway Connectivity .....	3-12
3.7	KC SmartPort Transportation Infrastructure.....	3-14
5.1	Identifying Inland Port Service Areas.....	5-4
5.2	Natural Areas in the Palm Beach County Area .....	5-6
5.3	South Florida Water Management District: Everglades Construction .....	5-7
5.4	Potential Inland Port Site Locations .....	5-8
5.5	Site Option #1: South Bay Area Adjacent to US 27 .....	5-9
5.6	Site Option #2: Pahokee Area Near Bryant Mill.....	5-11

## List of Figures (continued)

5.7	Site Option #3: Southwestern Martin County on SR 710 .....	5-12
5.8	Site Option #4: Pratt-Whitney Property on SR 710 .....	5-13
5.9	Site Option #5: Highlands County at Intersection of US 27/SR70 .....	5-15
5.10	Impact on Supply Chain: Port of Palm Beach Exports .....	5-17
5.11	Key Existing Transportation Corridors .....	5-18
5.12	Planned Annexation in the Tri-City Region.....	5-20

# 1.0 Introduction

The Port of Palm Beach, located in Riviera Beach, has taken a comprehensive look at its long term growth potential. Currently, it is a landlocked facility without adequate physical expansion opportunities. Terminal size constraints are impacting its ability to attract new business. In an attempt to address this situation, port staff developed a concept for an inland port facility in western Palm Beach County. This facility would serve the Port as a direct extension of its waterside terminal. It would require improved highway and rail connections. At the Port's request, the Florida Department of Transportation agreed to conduct a study to explore the feasibility of an inland port facility that would be located at a centralized location in South Florida, providing a hub of port-related operations and storage facilities, with truck and rail connections to the region's seaports, with truck access to regional markets.

## 1.1 Background

South Florida is facing recurring congestion, limited capacity expansion opportunities, and high levels of growth. Both Atlantic and Gulf Coast communities have experienced extensive development over the last decade, resulting in significant growth in congestion levels throughout the region. The Everglades creates a natural barrier between Florida's Atlantic and Gulf Coast communities which are connected by a limited number of transportation corridors. Transportation professionals have struggled to increase system capacity to match the growth in demand. From 2004 to 2005, vehicle-miles traveled (VMT) increased over 3.5 percent while lane miles increased by 1.5 percent.<sup>1</sup> Construction related activities, combined with a services dominated economy and a large consumer population has created a strong demand for additional transportation services. Future mobility, economic prosperity, and quality of life will be challenged without well thought out land use, development, and transportation investment decisions. This is recognized by state leaders with the passage of the 2005 Growth Management legislation. These conditions have created a demand for new and innovative additions to the regional freight transportation system.

In 2002, the South Florida Regional Transportation Summit was organized to stimulate discussions among partners about the importance of and need for a regional approach. In addition, the Atlantic Commerce Corridor Study was undertaken to document conditions along the eastern corridor in Miami-Dade, Broward, and Palm Beach counties. This

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<sup>1</sup> Florida Department of Transportation. Florida Transportation Trends and Conditions, 2006 edition.

included development of a project list and other recommendations for the three seaports, three airports, rail service, and highway connectors. Efficient freight movement has received new emphasis by each metropolitan planning organization (MPO), the Strategic Intermodal System (SIS), and the FDOT District Offices. Over the last few years, the southeast region has dramatically enhanced its regional and multi-modal transportation programs to ensure continued and improved regional mobility. Initiatives have been led by each of the 3 MPOs as well as FDOT District 4. The southwest region also has expanded its transportation planning activities. Currently, both Collier and Lee County MPOs are undertaking freight studies designed to quantify needs and better integrate freight considerations into their established transportation programs. These initiatives follow the Southwest Florida Freight Study, a regional effort led by FDOT District 1 staff.

With the ongoing SIS and Transportation Regional Incentive Program (TRIP) implementation, the development of the statewide Freight Plan, the designation of the Atlantic Commerce Corridor as a High Priority Corridor, Florida's future corridors initiative, and other major infrastructure projects under study and development throughout the region, now is an appropriate time to take a comprehensive look at regional freight needs and opportunities.

## **1.2 Study Purpose**

The purpose of this study was to examine the possibility of developing a new freight transportation/distribution hub that could serve the South Florida region. Specifically, the concept of an inland port complex, with supporting industrial development and transportation connections, was considered. The goal was to explore the ability to increase seaport capacity, promote industrial development, and divert freight traffic from highly congested transportation corridors. Critical elements included: identification of potential markets; definition of modal service bundles, identification of key transportation corridors; identification of potential environmental and land use implications; and development of recommendations to guide next steps of this initiative.

The specific study goals included:

- To define what attributes an inland port should possess, including transportation and industrial support features;
- To determine if an inland port could effectively serve the port network in the southern half of Florida and complement other system investments in the state;
- To identify potential locations for developing an inland port, including but not limited to locations previously identified as potentially suitable by other studies; and
- To determine if an inland port concept is feasible and beneficial for South Florida.

## 1.3 Approach

In order to accomplish the objectives of this study, the following tasks were completed:

- **Task 1. Review Florida's Freight Transportation System.** This task briefly defined the state's freight transportation system; the purpose was to set the framework for how South Florida fits into the state, national, and international transportation networks.
- **Task 2. Define and Evaluate the South Florida Region.** This task defined the geography of South Florida and described the freight transportation network. This built off of the state profile and local freight studies, and was used to explain in more detail exactly how freight moves in South Florida. In addition, it identified key projects underway or planned, as well as the needs and bottlenecks facing the region.
- **Task 3. Identify Inland Port Parameters/Requirements.** This task defined the key characteristics of an inland port. This included a best practices review of a few successful inland ports in the U.S. to identify the "footprint" requirements and key success factors. In addition, the specific needs of South Florida were used to further refine the requirements.
- **Task 4. Identify and Evaluate South Florida Opportunities for an Inland Port.** This task focused on specific opportunities in South Florida. This included identification of possible site locations, evaluation of infrastructure connections, definition of public and private roles and responsibilities, etc. The primary purpose of this task was to develop a recommended action plan, as appropriate.
- **Task 5. Document Findings, Conclusions, and Recommendations.** This task summarized the work completed in Tasks 1 through 4 to provide a clear description of the work completed as well as specific recommended actions for consideration.

## 1.4 Report Organization

The remainder of this report is organized as follows:

- **Section 2, Florida's Freight Transportation System.** This section describes regional, state, and national trends in freight transportation. It provides a background for understanding South Florida's freight transportation needs.
- **Section 3, Inland Port Characteristics.** This section discusses the range of characteristics associated with different types of inland ports and presents examples of successful facilities throughout the U.S.
- **Section 4, Stakeholder Input.** This section summarizes the key findings of stakeholder input. A significant component of this study was to accumulate input from a broad range of local and regional freight stakeholders in the South Florida area.



- **Section 5. Analysis of South Florida Opportunities.** This section summarizes the identification and analysis of potential sites for an inland port in South Florida. It includes land availability, environmental impacts, transportation access, markets served, etc.
- **Section 6. Findings, Conclusions, and Recommendations.** This section provides study conclusions and recommendations.

## **2.0 Freight Transportation System Hierarchy**

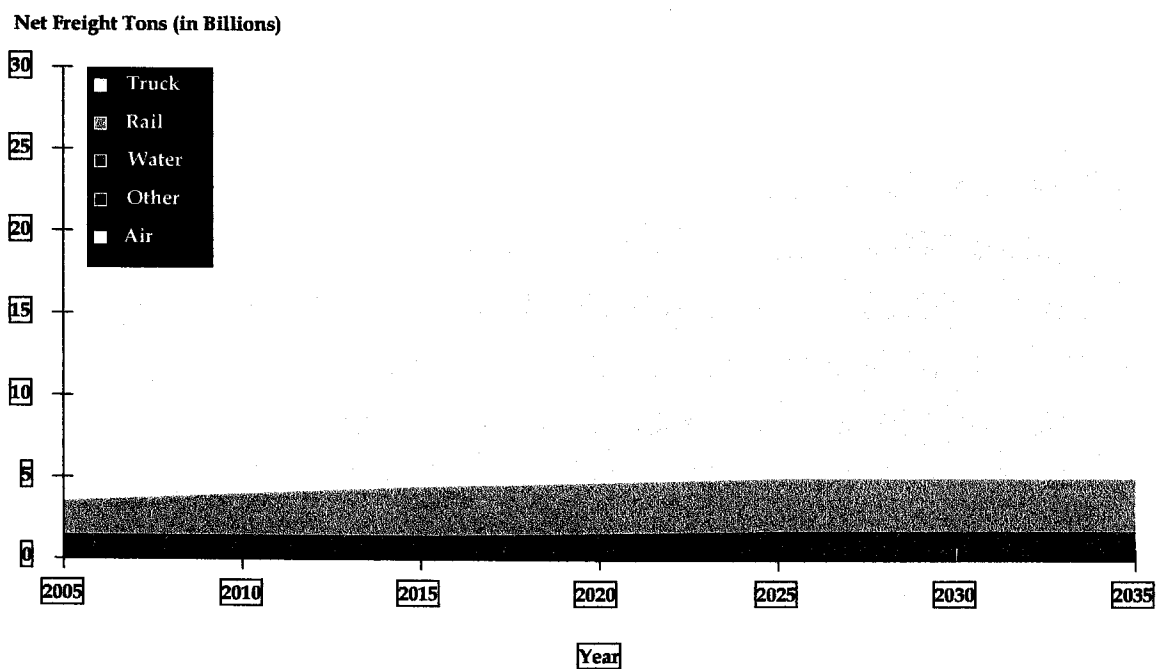
In determining the feasibility of an inland port in South Florida, it is necessary to understand the trends in logistics practices at the regional, state, national, and global levels. Florida's economy is increasingly driven by a global transportation network. This in large part dictates the transportation needs of today and tomorrow. Florida also has an established intermodal freight transportation system. Florida's fourteen deepwater seaports are a major component of this system connecting Florida to domestic and international markets. Changes on the global and national scale provide Florida with significant opportunities and challenges today and in the years to come. Determining new and innovative approaches to improving freight service will play an important role in global and national market adaptations, which is precisely why the concept of an inland port in South Florida has emerged. The purpose of this section is to describe key trends at the regional, state, and national levels to help identify the types of services South Florida should be positioning itself to provide; specific attention is given to the roles played by seaports.

### **2.1 National Freight System**

Over the past two decades there have been tremendous changes with respect to global and intermodal freight logistics, trading partners and services, trade volumes and cargo handling types - all of which impact the movement of freight throughout the U.S. All modes of transportation are impacted, with seaports and airports functioning as the primary international gateways, while all modes work together in the domestic movement and distribution of freight. Identifying historical trends and future projections for each mode helps public and private representatives identify and prioritize system investments.

In order to help position the U.S. for future freight transportation demands, the American Association of State Highway and Transportation Officials (AASHTO) has developed a series of "Bottom Line" reports to document and evaluate freight transportation at the national level. These consist of: Freight Demand and Logistics Bottom Line Report; Highway Freight Bottom Line Report; Rail Freight Bottom Line Report; and Waterborne Freight Bottom Line Report. Each of these reports is designed to document trends and anticipated growth, identify demand and system capacity, and identify bottlenecks. Work to date suggests that total freight tons will grow from 15 billion tons in 2005 to 26 billion tons by 2035 (see Figure 2.1). While truck freight will remain dominant, all modes are expected to grow and challenge their current system capacities.

**Figure 2.1 US Freight Trends by Mode <sup>1</sup>**



In addition to the growth in freight flows, other freight specific trends will impact system operations. For example, average size of container vessels at U.S. ports is gradually increasing as a result of larger, post-Panamax container ships. From 2000 to 2005, average deadweight tons increased from 38,000 to 45,000.<sup>2</sup> Seaports continue to make waterside and landside improvements to accommodate these larger vessels. In addition, changes in trading partners and shifts in shipping lanes create new opportunities. The Panama Canal widening project will increase competitiveness of East Coast ports pursuing Asian carriers. New trade agreements, such as CAFTA-DR, or the anticipated opening up of Cuba, also create shifts in business as usual.

Forecasts in seaport traffic have been developed based on the ongoing effects of globalization and intermodalism on the business of trade, and on projected growth in US and world economies. According to forecasts developed by Global Insight Inc. and presented in the AASHTO Freight Bottom Line Report on Waterborne Transportation:

- The fastest growth will be in higher-value goods that generally move via container. U.S. international container traffic is forecast to grow from around 24 million loaded containers in 2004 to around 72 million loaded containers by 2025. In other words, U.S. international container traffic will triple over the next 20 years. The imbalance between loaded import containers and loaded export containers is also forecast to grow. If we estimate total international container moves at twice the number of

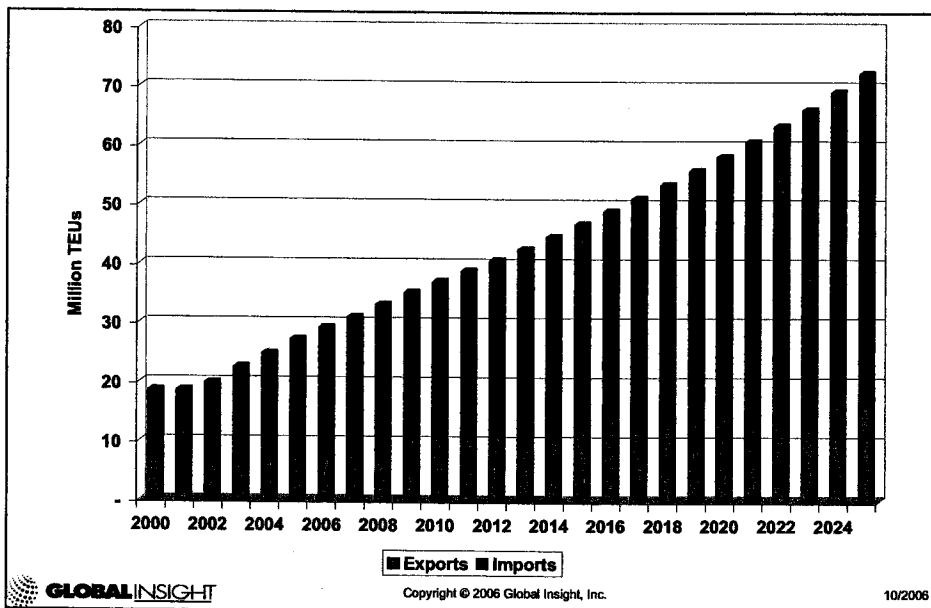
<sup>1</sup> Global Insight, Inc., TRANSEARCH, 2004

<sup>2</sup> US DOT. "America's Container Ports: Delivering the Goods." March 2007

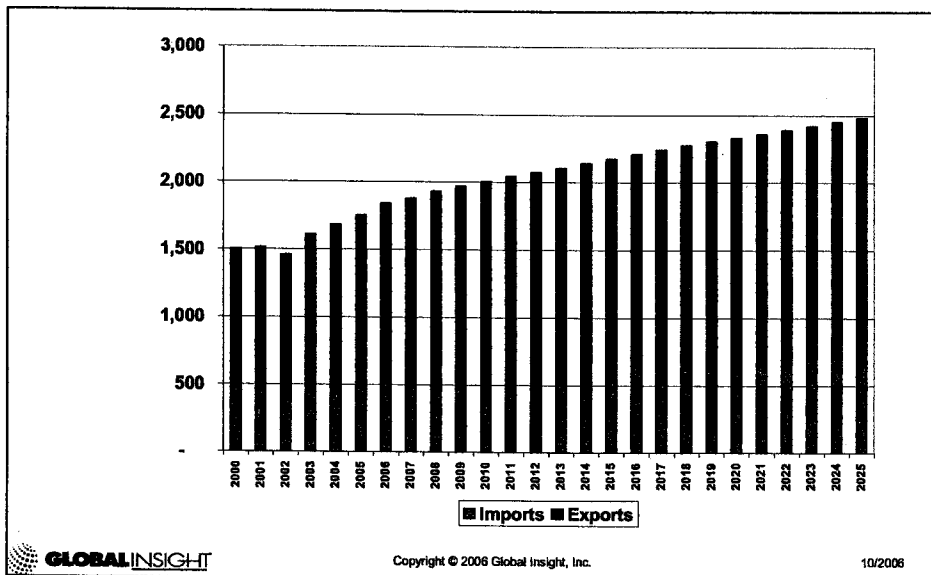
imports, which allows for export loads plus the return of the import container as an empty box - the total number of international TEUs would be 110 million in the year 2025. This is versus the current figure of around 42 million TEUs in 2005, which includes all types of moves - international, domestic, loaded, and empty (see Figure 2.2).

- Overall international waterborne tonnage is forecast to increase from more than 1.5 billion tons in 2004 to almost 2.5 billion tons in 2025. Roughly half of this increase will be associated with containerized commodities, and around half with non-containerized commodities. In total, the Marine Transportation System (MTS) will need to add around half a billion tons of capacity in both the container and non-container trades to accommodate international demand (see Figure 2.3).

**Figure 2.2. Forecasted Growth in U.S. International Container Trade**  
*(Millions of loaded TEUs)*



**Figure 2.3. Forecasted Growth in U.S. International Waterborne Tonnage (Millions of Metric Tons)**



## 2.2 Florida Freight System

Similar to national trends, Florida continues to experience significant growth in freight. This is driven by increases in the state's population which drives consumption of consumer goods, and stimulates construction activities. Agriculture and mining activities remain a strong but declining contributor. Traffic is stable or up across all modes. Table 2.1 summarizes the current and future commodity flows in Florida, by mode, as reported by FHWA's Freight Analysis Framework (FAF). Total tons are expected to increase from 787 million in 1998 to 1.4 billion in 2020. This accounts for all freight moving into, out of, and within the state. Of this total, trucks handle over 70 percent. In addition, Florida is home to an integrated intermodal transportation system that can be categorized by freight regions, as illustrated in Figure 2.4, and described below.

- Northwest Florida - Rural region served by niche ports, with rail and Interstate connections;
- Northeast Florida - High growth region, growing international gateway and intermodal hub;
- Central Florida - High growth region, largest bulk port, major rail development;
- Southwest Florida - High growth region, limited freight infrastructure; and
- Southeast Florida - High growth region, cruise capital, largest container port, major petroleum gateway.

**Table 2.1 Growth in Freight Flows By Mode<sup>3</sup>**

FLORIDA	Tons (millions)			Value (billions \$)		
	1998	2010	2020	1998	2010	2020
<b>State Total</b>	787	1,141	1,422	567	1,159	1,960
<b>By Mode</b>						
Air	2	4	6	120	269	492
Highway	562	834	1,052	395	795	1,319
Other <sup>a</sup>	6	14	22	<1	3	7
Rail	143	193	235	42	73	114
Water	73	96	107	9	19	28
<b>By Destination/Market</b>						
Domestic	723	1,033	1,258	438	886	1,449
International	65	108	163	129	272	511

Note: Modal numbers may not add to totals due to rounding.

<sup>a</sup> The "Other" category includes international shipments that moved via pipeline or by an unspecified mode.

Over the last few years, the Florida DOT has undertaken a major overhaul of its transportation program through the creation of the Strategic Intermodal System (SIS). The SIS has dramatically changed the way in which transportation funds are allocated. One of the critical changes has been a shift towards modes other than highway. As a result, Florida's seaports, airports, and railroads have benefited through this partnership from a significant increase in funding.

### Overview of Modal Systems in Florida

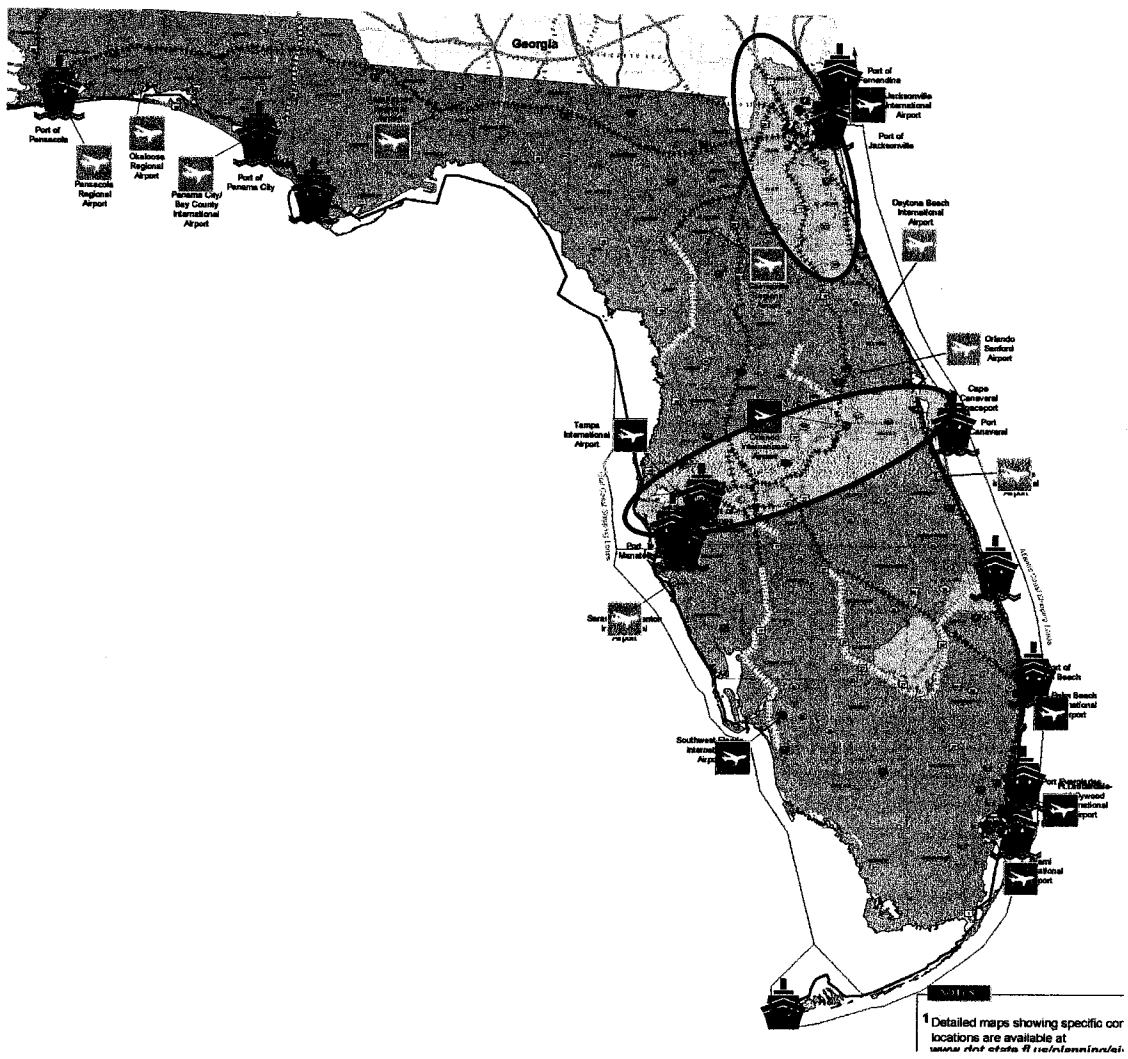
Each modal office develops a system plan and updates it regularly.

- **Rail Freight.** The 2006 Florida Freight and Passenger Rail Plan<sup>4</sup>, released in February 2007 by FDOT's Rail Office provides a snapshot of the current freight and passenger rail system, analyzes the drivers of future rail demand, outlines the impact of freight rail issues from a public policy standpoint, and develops policy options and recommendations based on this information. It included identification of seven specific industries that are and will be especially sensitive to Florida's rail system performance, including: phosphates and fertilizers, distribution and retail, food and agriculture, paper and fiber, automotive distribution, energy, and construction.

<sup>3</sup> US FHWA. Office of Freight Management and Operations. "Freight News: Freight Transportation Profile—Florida Freight Analysis Framework". November 2002 Available at: [http://ops.fhwa.dot.gov/freight/freight\\_analysis/state\\_info/florida/fl2.pdf](http://ops.fhwa.dot.gov/freight/freight_analysis/state_info/florida/fl2.pdf)

<sup>4</sup> Florida Department of Transportation. "2006 Florida Freight & Passenger Rail Plan Final Report". Prepared by Cambridge Systematics, February 2007

Figure 2.4 Florida Freight Service Regions



- **Air Cargo.** The Florida Air Cargo System Plan, recently released by FDOT's Aviation Office, summarizes air cargo trends in Florida. Goods that are time-sensitive, higher value, and lower volume tend to be shipped via air. While eighteen airports in Florida have scheduled air cargo service, only 16 are SIS-designated (7 SIS, 9 emerging SIS). Of these, Miami International Airport (MIA) handles 74 percent of the state's air cargo, followed by Orlando International (MCO), Fort Lauderdale-Hollywood International (FLL), Tampa International (TPA), and Palm Beach International (PBI); which process modest amounts of air cargo (tonnage and value), as shown in Table 2.2. Key commodities include: live trees and plants, fish and other seafood, and edible vegetables dominate the imports.<sup>5</sup> Integrated express carriers such as FedEx, UPS, and DHL also comprise a notable amount of air cargo traffic in the state.
- **Seaports.** Over the last year, significant work has been undertaken by the Florida DOT's Seaport Office to lay the groundwork for a more comprehensive seaport program. Work has focused on documenting current seaport conditions, measuring state benefits in seaport investments, and exploring the implications of changing trends in global trade. Over the past few years, Florida seaport growth has mirrored that of global increases of waterborne cargo and cruise statistics. Florida seaports, particularly Jacksonville, Miami, Everglades and Tampa have consistently ranked in the top 20 nationally in categories such as ports of call (all vessel types), container ports of call, and annual tonnage.<sup>6</sup> Florida's international trade is expected to reach \$97.6 billion by 2008.<sup>7</sup> Statewide, Florida's combination of airborne and waterborne international trade totaled \$95.3 billion in 2005; an increase of 17 percent over 2004. Of this total, nearly \$63 billion moved through the 14 seaports of the state<sup>8</sup>. Ports in Florida tend to serve their respective regions, while deepwater ports in other areas of the South, such as in Texas, Louisiana, and Georgia tend to serve as international gateways to U.S. hinterland markets. At the state level, Florida's ports are expected to handle between 7.2 million and 8.5 million TEUs by the year 2025 (up from almost 3 million TEUs in 2005), and between 155 million and 207 million tons by the year 2025 (up from 127 million tons in 2005) as shown in Table 2.3.<sup>9</sup>

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<sup>5</sup> Florida DOT. "Aviation Office, Florida Air Cargo System Plan" Prepared by Wilbur Smith Associates, September 2006

<sup>6</sup> US DOT Maritime Administration (MARAD)

<sup>7</sup> Florida Ports Council. "A Forecast of Florida International Trade Flows" The Washington Economics Group, November 2003

<sup>8</sup> Florida Seaport Transportation and Economic Development Council (FSTED). "A Five-Year Plan to Achieve the Mission of Florida's Seaports: 2005/2006-2009/2010". February 2006.

<sup>9</sup> Although Florida's seaports provide an aggregate 5-year forecast, longer term statewide forecasts for cargo demand through Florida's seaports are not currently available. However, useful projections can be developed from three sources: (1) trendline analysis of historic Florida port growth; (2) application of South Atlantic and Gulf Coast "port range" forecasts (source: Global Insight Inc.) to current Florida traffic; and (3) application of national average forecasts (source: Global Insight Inc.) to current Florida traffic. All of these methods are approximations and

(Footnote continued on next page...)



**Table 2.2 Total Tonnage at Florida Airports<sup>10</sup>**

Florida Tier 1 Airports (SIS)	2005 Total Tonnage (Short Tons)	Percent of Total
Miami International (MIA)	1,934,545	74.1
Orlando International (MCO)	225,928	8.7
Fort Lauderdale/Hollywood International (FLL)	175,533	6.7
Tampa International (TPA)	100,228	3.8
Jacksonville International (JAX)	83,975	3.2
Southwest Florida International (RSW)	21,148	0.8
Palm Beach International (PBI)	19,315	0.7
All Others	50,198	2.0

**Table 2.3 Projected Traffic Through Florida Ports**

State	1994	2005	2025	Annual Growth Rate
FL Containers (TEUs)	1,709,499	2,970,545		
(1) Projection from 10-Year Trendline			8,112,231	5.2%
(2) Projections from "Port Range" forecasts			7,244,809	4.6%
(3) Projections from National Avg forecasts			8,457,409	5.4%
FL Tonnage (all commodities)	109,267,000	127,418,253		
(1) Projection from 10-Year Trendline			168,493,005	1.4%
(2) Projections from "Port Range" forecasts			154,744,954	1.0%
(3) Projections from National Avg forecasts			207,260,323	2.5%

should be supported by more detailed study in the future, particularly with respect to different commodity classes and handling type.

<sup>10</sup> *Ibid.* at 9

In order to handle these increases in traffic, Florida's seaports need to expand and improve the four key elements of their operations: waterside access, terminal capacity, landside access, and market access. Figure 2.5 illustrates both volume measured by tonnage as well as import export balances per each seaport (2005). Port of Tampa processes the highest volume by tons by a large margin, followed by Port Everglades and the Port of Jacksonville. The Ports of Jacksonville, Tampa, and Palm Beach are comprised of more than fifty percent domestic freight while the Ports of Canaveral, Manatee, and Miami are almost exclusively international - majority being imports. Figure 2.6 illustrates the TEUs being handled by Florida's ports. Southeast Florida, and the Atlantic Coast in general, dominates the container market in Florida, although most of the deep water ports in Florida are experiencing growth in this market segment.

Figure 2.5 Florida Seaport Tonnage (Import, Export and Domestic, 2005)

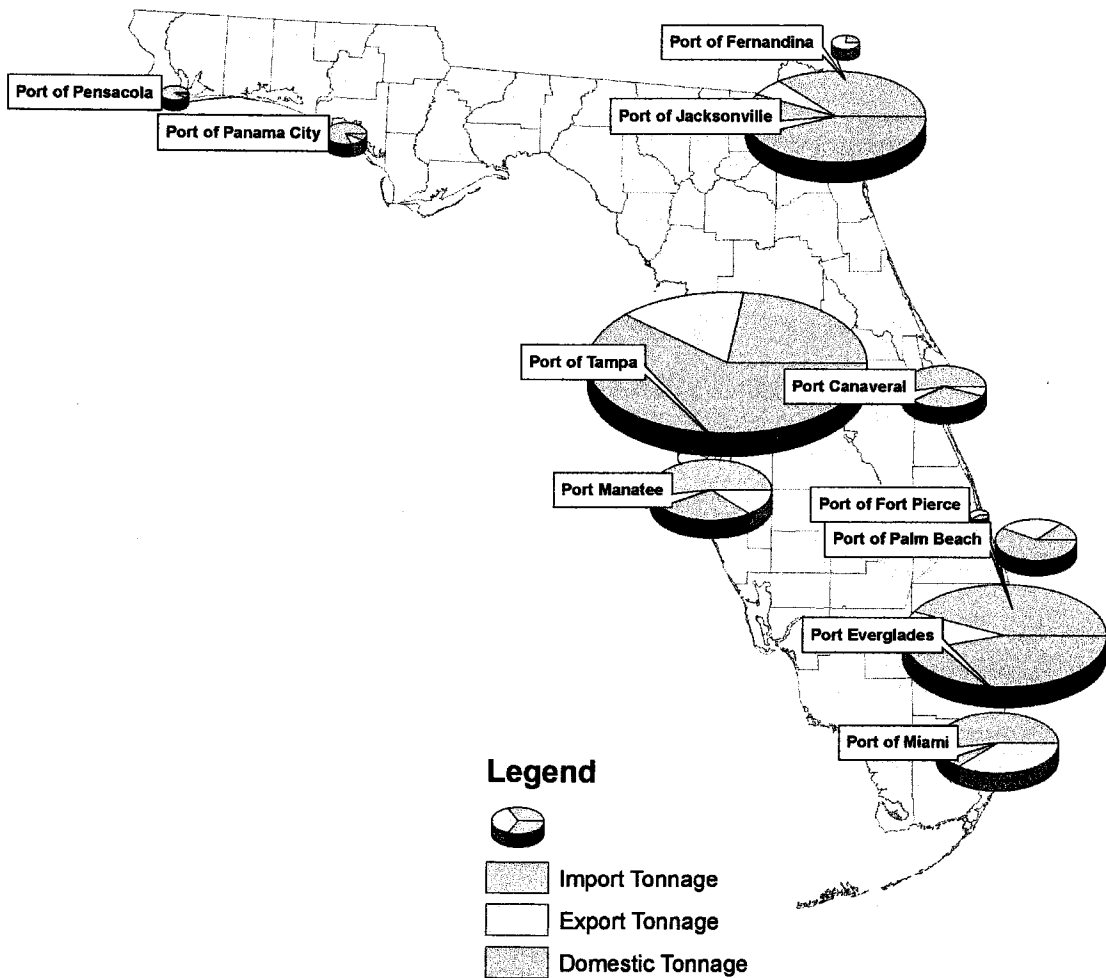
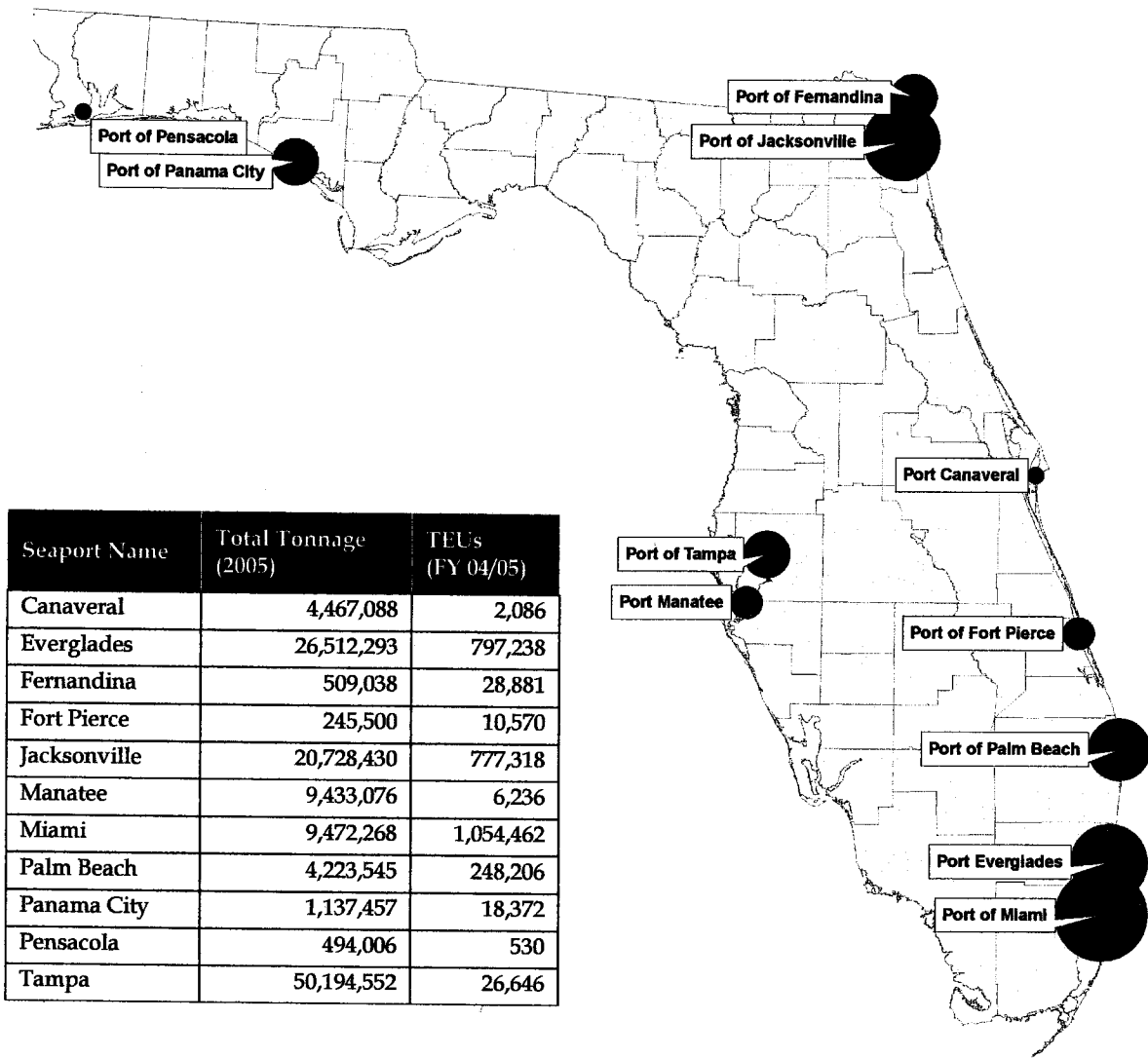


Figure 2.6 Florida Seaport TEUs (2005)<sup>11</sup>



**Major Freight Distribution Hubs**

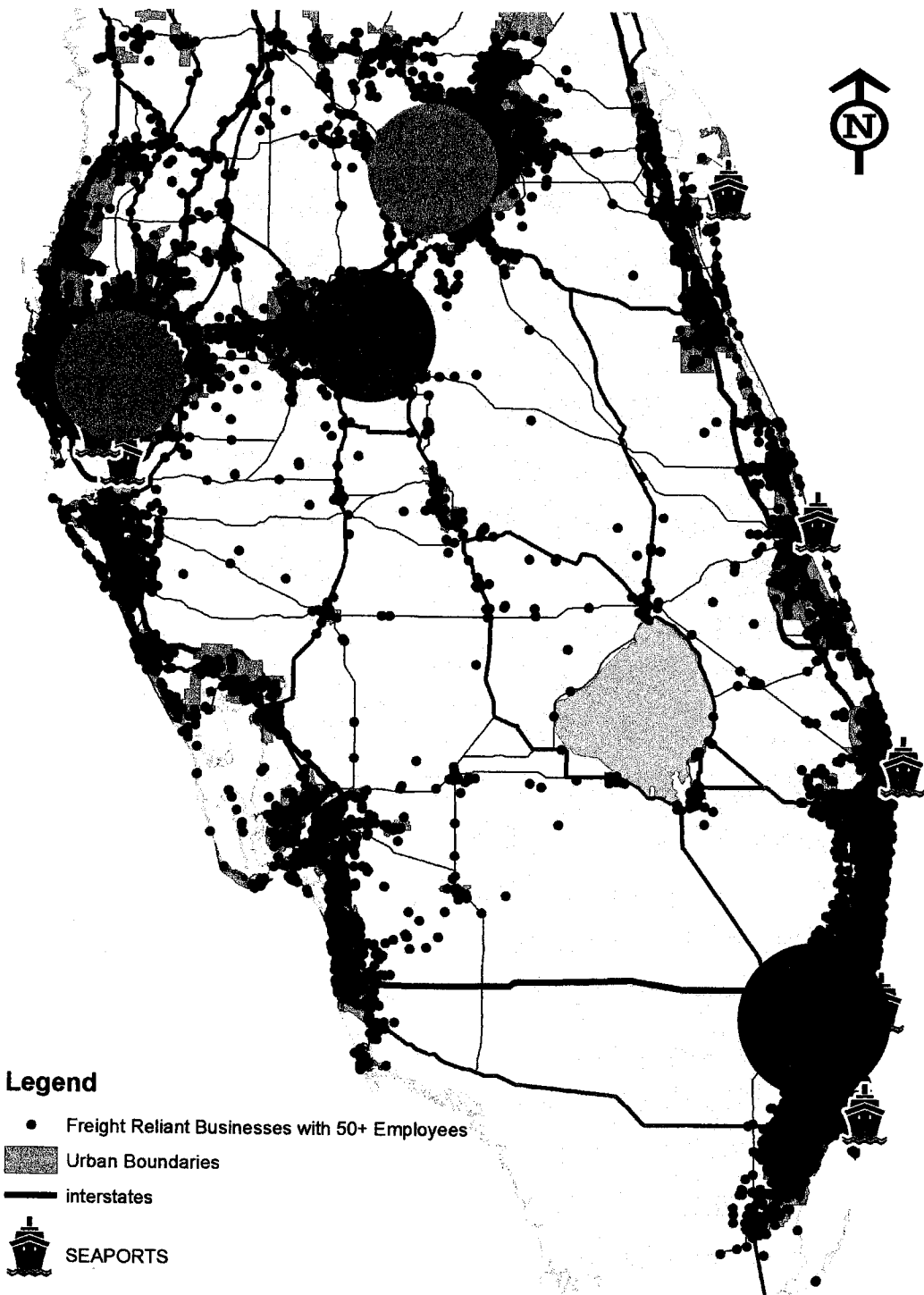
Florida relies on a network of major distribution hubs. These hubs primarily developed within or in close proximity to major metropolitan areas and are characterized by rail and highway access, and often are in close proximity to seaports and airports. These hubs consist of the following:

<sup>11</sup> Florida Seaport Transportation and Economic Development Council (FSTED). "A Five-Year Plan to Achieve the Mission of Florida's Seaports (2005/2006 - 2009/2010)".

- **Greater Orlando Area.** Orlando is home to a significant intermodal distribution network consisting of rail, highway, and air. CSX currently operates facilities in the region; the Orlando International Airport is the second largest air cargo airport in Florida; and the region is served by I-4, which connects travelers to I-75 and I-95. It will be served/impacted by the CSX ILC in Winter Haven.
- **Winter Haven/Lakeland.** Lakeland has long been the home of a significant number of distribution centers. These centers serve a variety of communities. For example, Publix Supermarket serves the majority of Florida for some product lines from its Lakeland facility, while maintaining a network of smaller DCs throughout the state. Winter Haven, which is adjacent to Lakeland, is slated to be the home of CSX's Integrated Logistics Center, which will serve central Florida.
- **Jacksonville.** Jacksonville is positioned to serve as one of Florida's only international gateways for distribution activities. It is home to Port of Jacksonville, Jacksonville International Airport, and is served by NS, CSX, and FEC railroads. In addition, there is an established and growing network of distribution centers along the I-10 corridor. Finally, it is served by I-95 and I-10. The CSX ILC in Winter Haven should alleviate rail service in Jacksonville.
- **Greater Tampa Bay Area.** The greater Tampa Bay region is served by the Ports of Tampa and Manatee, the Tampa International Airport, CSX, and I-75 and I-4. The Port of Tampa relies heavily on direct rail service for bulk commodities. It will be impacted by the CSX ILC in Winter Haven, primarily by shifts in rail service.
- **Miami/Fort Lauderdale Area.** The Miami/Fort Lauderdale area is served by the Ports of Miami and Everglades, Fort Lauderdale-Hollywood International Airport, Miami International Airport, CSX and FEC railroads, and I-95, I-75, and Florida's Turnpike. Major distribution and consolidation activities are focused in western Miami-Dade County in the Doral/Medley/Hialeah area.

Figure 2.7 illustrates the location of the major distribution areas in South Florida. It also shows the location of freight-related businesses with more than 50 employees. The circles are color coded to illustrate available capacities. South Florida is shown as red as there is limited opportunity for expansion. The communities are significantly built out and expansion of existing hub properties is constrained. Orlando and Tampa areas are shown as orange as they have some ability to expand, but are facing encroachment by residential developments and will be impacted by the consolidation of rail activity in Winter Haven. The Winter Haven/Lakeland area is shown as green as significant investment is underway today to bring 1,250 acres of new industrial/transportation capacity online with the new ILC.

Figure 2.7 Major Distribution Hubs in Southern Florida



## 2.3 South Florida Freight System

### Overview of Region

Over the last several decades, south Florida has sustained significant population growth and forecasts call for more. The region is home to a network of major freight facilities that work as a system to serve a significant consuming population. This makes the interconnectivity of the counties' transportation systems critical to economic prosperity and mobility. For the purposes of this study, south Florida refers to the general area south of Orlando. This region is home to 61 percent of the state's 17.8 million population base,<sup>12</sup> or 71 percent including the Orlando area.

Results from the most recent Demographic Estimating Conference, hosted by the Florida State Office of Economic and Demographic Research, indicate that the forecasted population for Florida's 2030 census is more than 26 million residents, which is an increase of 61 percent from the most recent census in 2000. 1000 Friends of Florida also released the results of an extensive study which analyzed population trends and produced more aggressive projected growth trends into year 2060. Figure 2.8 depicts current and future developed land estimates if the projected population increase holds true. If these projections are at all accurate, the availability of developable land in the state—especially in the focal point of this study, South Florida—will be significantly reduced. In order for freight to serve the estimated 2060 population of nearly 36 million, significant transportation improvements must be planned and initiated in the present while land is still available. It should be noted that these projections do not represent the state's long term development strategies, it illustrates the need for industrial land development and presentation today to ensure freight mobility in the future.

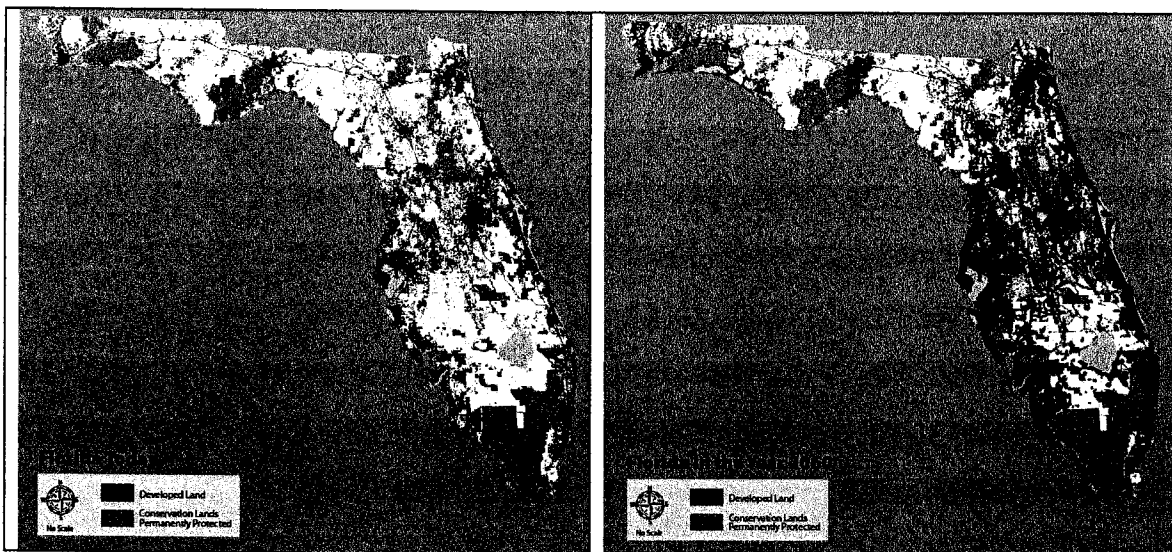
Increasing levels of consumption is a particularly important concept for seaports situated in the southern area of the state. Given their location and access constraints presented by operating on a peninsula, the seaports in South Florida play a critical role in serving south Florida residents and businesses. Most of the seaports in South Florida are largely regional in nature, serving communities in relatively close proximity. An example is the Port of Miami, which has 65 percent of its cargo destined for locations within 50 miles of its terminals.<sup>13</sup>

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<sup>12</sup> US Census Bureau, July 2005 Annual Population Estimate of Metropolitan and Micropolitan Statistical Areas. Available at: <http://www.census.gov>

<sup>13</sup> Four Gates Company, Economic Impact of Dante B. Fascell Port, Prepared for Miami-Dade County, 2006

Figure 2.8 Current and Projected 2060 Developed Land<sup>14</sup>



*Logistics Today*, in its annual ranking of logistics infrastructure, most recently ranked the Miami metro area (Palm Beach-Fort Lauderdale-Miami) 16<sup>th</sup> on its list of 362 “logistics friendly” metropolitan regions – based on scores in 10 major categories.<sup>15</sup> Table 2.4 shows the scores for each category for the Miami metro area and seven other south Florida metro areas. Only one area in Florida out ranked Miami (Jacksonville finished 10<sup>th</sup>). Strengths of Miami’s system are in the areas of transportation/warehousing/distribution industry (5<sup>th</sup>), work force labor cost (4<sup>th</sup>) and air cargo (5<sup>th</sup>), while notable weaknesses came in road density/congestion/safety (355<sup>th</sup>) and taxes and fees (251<sup>st</sup>). Tampa had the next highest rank (45<sup>th</sup>).

Over the last few years, the SIS and TRIP have dramatically impacted transportation planning and programming activities at the local and regional level, guiding investment decisions for facilities of regional and state importance. Implementation of these two programs will continue to encourage a strong regional transportation program, as it will help local communities speak with a one voice.

<sup>14</sup> Source: 1000 Friends of Florida, “Florida 2060”, December 2006

<sup>15</sup> King, Bill and Michael Keating. “The Top 50 Logistics-Friendly Cities in the U.S., 2005”. October 2006. Full list available at: <http://logisticstoday.com/siteselection/SiteSelector-top362cities.pdf>

**Table 2.4 Logistics “Friendly” Ranking for Key Florida Cities (2005)**

	Jacksonville	Miami	Tampa	Orlando	Lakeland	Port St. Lucie	Fort Myers	Naples
<b>T&amp;D Industry Metro Rank</b>	27	5	31	36	84	188	151	230
<b>Work Force Labor Metro Rank</b>	21	4	16	135	82	265	182	336
<b>Road Infrastructure Metro Rank</b>	17	17	17	17	17	17	17	17
<b>Road Congestion Metro Rank</b>	283	355	362	352	193	278	361	280
<b>Road Condition State Rank</b>	24	24	24	24	24	24	24	24
<b>Interstate Highways Metro Rank</b>	52	36	23	157	157	157	157	157
<b>Taxes &amp; Fees State Rank</b>	251	251	251	251	251	251	251	251
<b>Railroad Rank</b>	63	151	310	151	225	151	310	310
<b>Waterborne Commerce Metro Rank</b>	29	19	12	178	178	80	178	178
<b>Air Cargo Metro Rank</b>	48	5	20	14	156	237	81	202
<b>National Rank</b>	10	16	45	80	113	160	186	281

- **Transportation and Distribution Industry.** Depth and strength of the metrowide T&D industry including the number of companies in the metro area that are engaged in T&D industry sector, along with the annual revenue generated. Data from *U.S. DOC*.
- **Transportation and Distribution Work Force.** Depth and cost of the metrowide T&D work force including the total annual payroll, the total number of employees, the average salary and the T&D revenue per employee. Data from *US DOC*.
- **Interstate Highway Access.** Focuses on the interstate highway infrastructure and includes the number of interstate highways that pass through the metro area, as well as the number of interstate auxiliary routes. Information comes from *FHWA*.
- **Road Conditions.** Includes the average roughness of the metro area's roads, as well as the percentage of bridges that are obsolete or structurally deficient, including five-year trends, according to *FHWA* information.
- **Road Congestion.** Includes such things as roadway miles per capita, total miles of freeways, average daily freeway traffic and average daily traffic per freeway lane. Data from *FHWA*.
- **Road Infrastructure.** Attempts to look into the future in terms of keeping up with an adequate road infrastructure. It includes public roads mileage, capital outlay for roads and bridges, highway maintenance per mile and spending for highway law enforcement.
- **Vehicle Taxes and Fees.** Includes highway user taxes and fees, as well as motor fuel excise taxes. Data from *Wisconsin Motor Carriers Association*, and the *Federation of Tax Administrators*.
- **Railroad Access.** Includes the number of railroad carriers that service a metro. Data comes from *ALK Technologies Inc.*
- **Water Port Access.** Includes total tonnage for all ports located within the confines of the metro area. Data from *USACE*.
- **Air Cargo Access.** Includes the number of air courier companies, and total air cargo tonnage for the metro. Data from *FAA* and *BTS*.

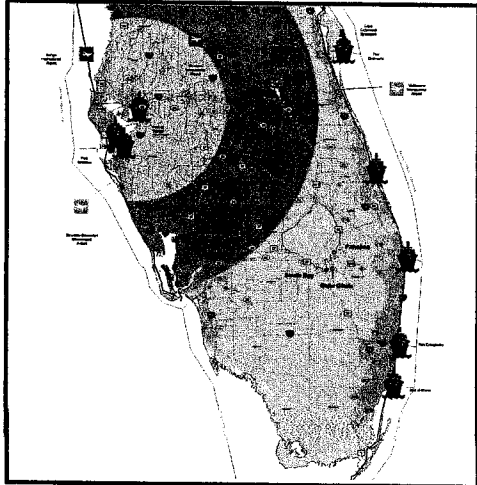
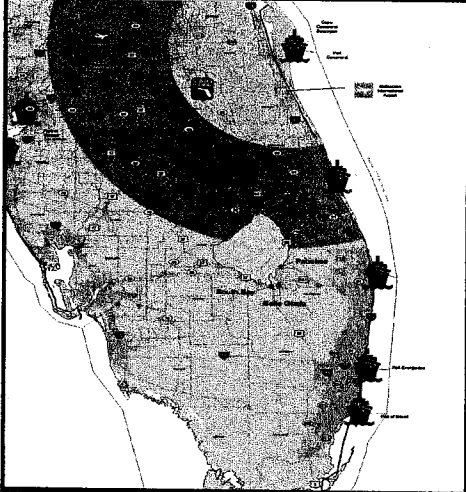
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### Existing South Florida Port Facilities

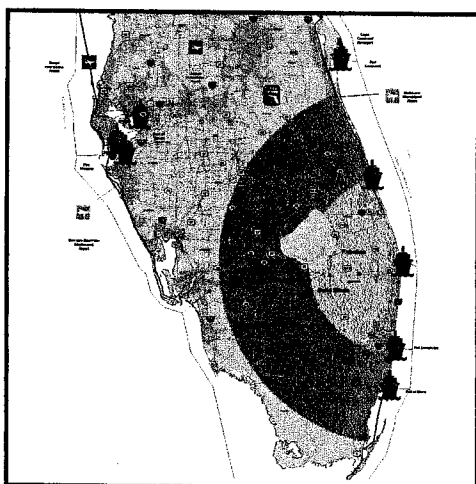
Table 2.5 provides a detailed summary of the seven major south Florida ports, showing their influence areas defined by 50- and 100-mile radius areas. Also included are notes on other key characteristics, such as volume/value of freight, key commodities, and major improvement projects.

**Table 2.5 South Florida Seaport Locations**

Ports of Tampa and Manatee	Port of Tampa:
	<ul style="list-style-type: none"> <li>• Largest Florida port, by tonnage</li> <li>• Currently has rail access and is situated in fairly close proximity to multiple, major distribution centers in the Lakeland area</li> <li>• Pending CSX multi-modal center in nearby Winter Haven</li> <li>• Rail access to Western Palm Beach County could facilitate use for certain markets, such as supplying aggregate for processing</li> </ul>
	<p><b>Port Manatee:</b></p> <ul style="list-style-type: none"> <li>• Significant trade in perishable products between U.S. and Caribbean</li> <li>• A portion of the market is located in Southwest (Naples and Fort Myers) and Southeast Florida</li> </ul>
Port Canaveral <sup>16</sup>	
	<ul style="list-style-type: none"> <li>• Significant cruise ship ridership (4.5 million in 2006)</li> <li>• Pending \$120 million petroleum tank farm development</li> <li>• \$40 million cargo terminal upgrade</li> <li>• Cement import is a large market sector</li> <li>• Serves East-Central Florida Counties</li> </ul>

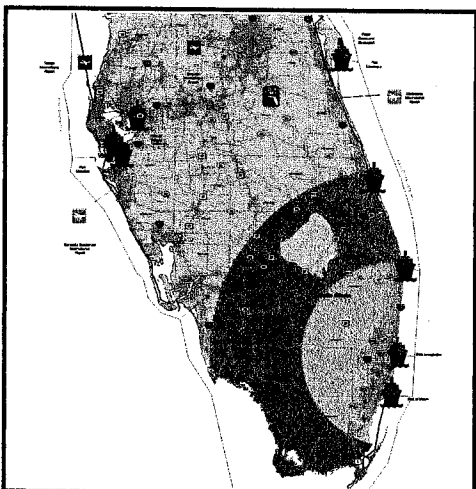
<sup>16</sup> Information obtained from Port Canaveral Magazine, Annual Report Issue, January/February 2007, and Port Canaveral Website: <http://www.portcanaveral.org>

### Port of Palm Beach



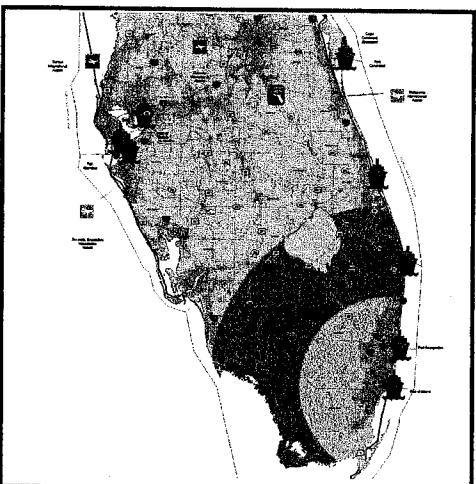
- Ranked 7<sup>th</sup> in tonnage and 4<sup>th</sup> in TEUs
- Unavailability of on-port land for seaport expansion
- Access to CSX and FEC rail
- Vocal proponent of multimodal development in Western Palm Beach County
- Looking to expand bulk and break-bulk capacity

### Port Everglades



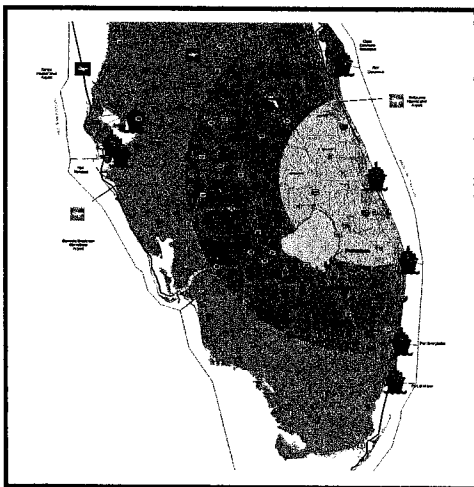
- Currently has land available for expansion
- Plans for development of an ICTF in South Port area
- Supportive of South Florida transportation improvements for the benefit of public/roadway users and long term growth

### Port of Miami



- Largest Florida container port
- Geographically, physically constrained
- On-port capacity has potential to double with increased efficiencies
- Lack of sizeable tracts of land within a reasonable proximity to on-port facilities
- Regional distribution - 65 percent distributed within 50 miles of port

### Port of Fort Pierce



- Relatively low cargo volume (TEUs and Tonnage)
- General focus on preserving and expanding marine commercial, industrial, and recreational uses
- History of recruiting mega-yacht companies for development at/near port facilities

### Freight System Enhancement Projects

There are several freight system improvements and policy discussions underway that could have significant impacts on freight mobility in South Florida. There are also various other transportation projects that are not necessarily freight-specific, but which have the potential to impact freight mobility and connectivity. Below are several examples of facility and policy improvements.

- **Atlantic Commerce Corridor Study/High Priority Corridor 49.** The Atlantic Commerce Corridor (ACC) Study was completed in 2003. This study was undertaken to address freight access and mobility issues in Southeast Florida, with specific emphasis on the I-95 corridor and the major hubs located in close proximity. Specific facilities identified within this Commerce Corridor included I-95, Florida's Turnpike, other regional highways, three seaports, three airports, two railroads, and the intermodal connectors that linked them all together. As a result of this initiative, I-95 was designated as High Priority Corridor 49.
- **Port Everglades' Development of an On-Port ICTF.** Plans are in place for construction of an intermodal container transfer facility at Port Everglades. This facility will serve international containers; the previous dray move to the Andrews Avenue ICTF will be eliminated.
- **CSX's Integrated Logistics Center in Winter Haven.** CSX Railroad company has plans to develop a 1,250-acre intermodal facility in Winter Haven. This facility will become the center of CSX's Florida intermodal rail service; it is expected to have a significant impact on regional (and likely state) distribution patterns. Aside from transportation infrastructure, it is anticipated to generate significant amount of ancillary development such as transportation and warehousing businesses, various commercial and manufacturing facilities.

- **South Florida East Coast Corridor Study<sup>17</sup>.** The Florida DOT is leading a regional analysis of the use of the FEC corridor for passenger/transit service. This initiative is investigating a variety of alternatives to integrate passenger service into established freight operations. The long term impact of this study could be development of a mixed use corridor, which would likely impact freight service in some way.
- **Port of Miami Tunnel Project<sup>18</sup>.** The Port of Miami currently has plans to build a new highway connector between Dodge Island and I-395 on Watson Island. This project is being led by FDOT. The project carries a significant price tag (in excess of \$1 billion). The tunnel will improve truck access and alleviate congestion on city streets.
- **Florida's Future Corridors Program<sup>19</sup>.** This program is designed as a systematic approach used to "identify, plan, and develop improvements to statewide corridors to meet Florida's transportation and other needs over the next 50 years."
- **Regional LRTPs.** South Florida's MPOs currently are entering a long range transportation plan (LRTP) update cycle. In addition to their traditional work, regional elements are being integrated either within their LRTPs or as stand alone documents. This is important because it includes the identification of regionally significant infrastructure elements and needs, and provides eligibility under the new TRIP program.

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<sup>17</sup> Florida DOT. "South Florida East Coast Corridor Study". Website available at: <http://www.sfecstudy.com>

<sup>18</sup> Florida DOT. "The Port of Miami Tunnel Project". Website available at: <http://www.portofmiamitunnel.com>

<sup>19</sup> Florida DOT and partners. "Florida's Future Corridors Program". Website available at: <http://www.dot.state.fl.us/Planning/corridor/plan.htm>

## 3.0 Overview of Inland Port Characteristics

The concept of an *inland port* has been utilized in a variety of applications worldwide and evokes an array of definitions. Facilities can vary substantially in terms of physical components, operations, and magnitude based upon the specific market requirements. For the purposes of this study, an inland port can be generally understood to be an inland facility that is affiliated with one or more seaports and serves as an extension of the services that are typically provided by a port at its seaside terminal. An inland port facility has been suggested as a remedy for multiple issues surrounding South Florida's freight and transportation system. Expected benefits from an inland port include:

- Expand existing seaport capacity;
- Enhance freight system reliability;
- Improve intermodal connectivity;
- Improve congestion management activities;
- Enhance local and regional distribution patterns;
- Create new market opportunities;
- Reinforce regional economic development; and
- Serve as a staging area for natural disaster evacuation and recovery activities and security events.

In addition to the above benefits, air cargo operations could be developed as part of an inland complex to expand services in South Florida. This could reduce growth pressures on the major commercial airports in the region, however, air cargo is not a natural complement to the heavy cargo operations associated with seaports, rail, and truck. While it is not excluded from discussion, air cargo has not been fully explored as part of the Phase I feasibility study. This section describes different definitions of inland ports, identifies key characteristics of successful inland ports, discusses funding structures, and presents three case studies of successful operations inland ports.

### 3.1 Types of Inland Port Facilities<sup>1</sup>

In the past, the expression "inland port" has been used to describe facilities with physical locations literally situated *in-land* with river access, such as facilities located in the central U.S.; facilities that are affiliated with a seaport and positioned within a reasonable proximity to that seaport; logistics facilities; multi-modal parks; air cargo facilities; and transportation corridors. The following list outlines common examples of inland cargo facilities and provides brief descriptions of the defining characteristics of each.

- **Satellite Marine Terminal/ Maritime Feeder Inland Port.** These facilities are designed to relieve congestion from one or more seaports by relocating multiple services to an inland location. The primary benefits of this type of inland port are maintaining access to international markets where there is typically a Free Trade Zone and Customs processing, increasing overall seaport capacity, and improving or enhancing market access. The success of this type of inland port is contingent upon having efficient and reliable access to the affiliated coastal port(s) as well as the hinterland markets being served. Examples of a satellite marine terminal/maritime feeder inland port include the Virginia Inland Port (profiled below) and Metroport (Auckland, New Zealand).
- **Multimodal Logistics Parks.** Multimodal logistics parks are developments focused on enhancing transportation infrastructure. They have traditionally been sited at or near junctions of existing major rail, highway/interstate, or airport facilities with access to large markets. Examples of multimodal logistics parks include: Alliance Texas (profiled below); and Rickenbacker/ Columbus Inland Port (Columbus, Ohio). While many of the siting considerations and services offered are similar to the satellite marine terminal described above, the primary distinction is there is not necessarily an affiliation with a seaport.
- **Economic Development Initiative / Virtual Inland Port.** Some regions have been successful in marketing the entire community as a "virtual inland port". This is a strategy used by economic development organizations to market the strengths of their region without developing a specific centralized facility. This in large part involves an effective marketing campaign and a regional champion functioning as a broker. The leading example of utilizing inland cargo facilities as an economic development initiative is KC SmartPort. KC SmartPort has created a system of multimodal consolidated cargo services throughout the Kansas City area. KC SmartPort also affords the opportunity to serve as a port of entry for freight originating in Mexico; a service which expedites and/or eliminates potential border-crossing delays. The example of KC Smartport is profiled below.
- **Shuttle Services.** In some instances, an inland port consists simply of a shuttle mechanism to bypass congestion surrounding a port, making products available for

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<sup>1</sup> Southern California Association of Governments. "Inland Port Feasibility Study." Prepared by The Tioga Group, June 30, 2006

pick up at a less congested site. The CRT Cargo Sprinter (in Melbourne, Australia) was designed for just that purpose. It provides a specialized shuttle service to efficiently transfer cargo from ship to train to inland location.

- **Inland Waterway Port.** The U.S. has an established network of genuine inland ports; that is, actual port facilities along inland waterways. In the U.S., inland ports are commonly located at non-coastal (inland) locations, but have access to navigable waterways via major rivers and the Great Lakes. Examples of an inland waterway port include the Port of Battle Creek (Michigan), the Port of St. Louis (Missouri), and the Port of Memphis (Tennessee).
- **Other Examples.** Other types of inland freight facilities include Rail Intermodal Yards (Rochelle, IL), Logistics Airports (Global Transpark, NC), Trade Networks and Trade Corridors (Heartland Corridor, North American Inland Ports Network), Trade Processing Centers/Trade and Transportation Centers (Port of Battle Creek, MI).

### 3.2 Characteristics of Established Inland Ports

Despite the fact that an inland port can take multiple physical and operational forms and provide a variety of services, there are common characteristics associated with successful facilities. The following list describes these characteristics.<sup>2 3</sup>

- **Tend to be larger regional centers that serve and have access to larger markets.** Inland ports typically are positioned to serve multiple population centers; while some are located in rural areas, connectivity and proximity to markets is critical.
- **Provide a means for facilitating international trade and expediting shipments in and out of the U.S.** Connectivity to international gateways, international logistics services (brokers, forwarders, etc.), and import/export capabilities (e.g., US Customs) are key attributes of inland port facilities.
- **Have multi-modal capabilities/opportunities.** By definition, an inland port must be at the crossroads of an efficient, multimodal transportation infrastructure, including highways, railroads, and occasionally airports. Providing a choice is critical to the marketability of the facility.
- **Have Foreign Trade Zone status.** FTZ status is necessary to help stimulate secondary development around the facility. For example, light manufacturing operations linked to international labor markets will select an inland port based on this status.

<sup>2</sup> "Inland Ports: Planning Successful Developments". Center for Transportation Research, UT-Austin. October 2002

<sup>3</sup> "Desired Attributes of an Inland Port: Shipper vs. Carrier Perspectives", Transportation Journal, February 2003

- **Serve certain niche markets (higher valued commodities)** Many inland ports are developed as the result of a need to serve a particular niche market; traditional distribution services follow to serve larger markets.
- **Have access to sufficient labor or skills.** Many of the jobs provided by inland ports and related tenants are higher paying and require a certain skill-level.
- **Have the presence of an IT infrastructure.** It is critical that facilities of this type operate efficiently. Information Technology provides the ability to provide real time information as well as ensure a secure facility.
- **Formulation of councils to expand public/private participation.** Many inland port facilities rely on the formation of stakeholder or user groups designed to maximize appropriate levels of public and private participation and to help market the facility.
- **Willingness to aggressively market the inland port concept locally, nationally, and internationally.** Successful inland ports are dependent on significant and ongoing marketing campaigns, as it is necessary to establish the facility as a node in larger supply chain networks.
- **Cooperation among public and private entities.** Inland port facilities bring together a variety of stakeholders; formation of partnerships helps develop and expand the facility as well as support growth opportunities.
- **Engages capable program management.** Whether publicly or privately run, effective program or facility management is necessary.

### 3.3 Funding Options for Inland Port Facilities

Similar to other large-scale construction projects (transportation and otherwise), there are three types of funding mechanisms for inland port construction and operations. They are private, public, and public/private partnerships.

- A **privately funded facility** is just that, made possible through private interests, requiring no public assistance for either capital or operating costs. A common example of a privately funded inland port facility is Alliance Texas, which began as a wholly owned and master-planned development made possible by private investment interests.
- **Public funding** for facility development and operation describes a facility that has been constructed and/or operated entirely from public funding sources. The Virginia Inland Port was made possible by funding available from the Transportation Trust Fund and other smaller public sources.
- **Public-private partnerships** refer to a network of partnerships between public and private entities to jointly develop and/or operate facilities. This option is often the most appealing to both public and private interests given the significant costs of designing and advancing substantial infrastructure improvements. There are numerous examples of inland ports that have been developed using public-private



partnerships. One of the most successful is Metroport in Auckland, New Zealand. Tranz Rail provided the land and the Port of Tauranga in Auckland developed technological amenities.

### 3.4 Case Studies

One of the best sources of information is to learn from the successes and failures of others in similar situations. A critical component to this study was to select three successful inland ports in the U.S. and highlight their key attributes in the form of case studies. Phone interviews were conducted with experienced representatives from each of the selected established inland port facilities in the U.S. The selected facilities represent a range of facility types.

- **Virginia Inland Port.** This is publicly funded site designed to serve as an extension of the Port of Hampton Roads. It functions as a rail and trucking hub with frequent service to/from the Port of Hampton Roads.
- **Alliance Texas.** This is a privately funded multimodal transportation hub. It brings together shippers with truck, rail, and air service, providing access to a large market area.
- **KC SmartPort.** This is publicly funded virtual inland port designed to promote the private transportation and distribution assets of a region.

Each of these facilities is discussed in detail below.

#### Virginia Inland Port<sup>4</sup>

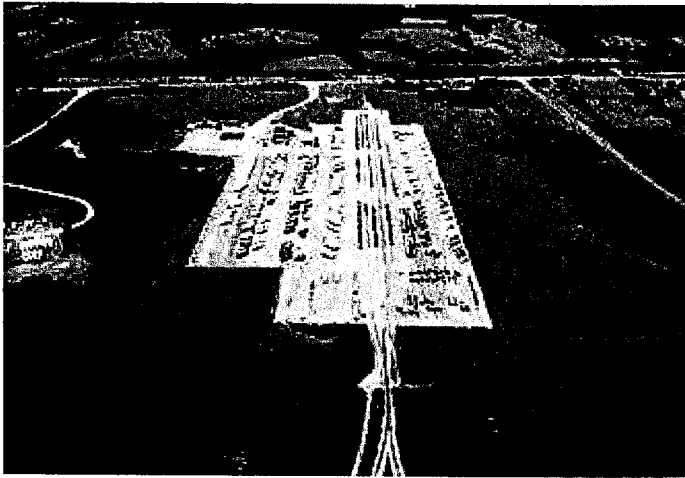
##### *Overview*

The Virginia Inland Port (VIP) is operated as an intermodal container transfer facility. Figure 3.1 shows an aerial view of the footprint while Figure 3.2 shows a schematic of the layout. It is located just west of Washington, D.C. in Warren County, Virginia, is 220 miles inland and effectively brings the benefits of the Port of Virginia (VPA) 220 miles closer to U.S. markets.

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<sup>4</sup> Interview with Virginia Port staff, April 20, 2007

**Figure 3.1 Aerial View of Virginia Inland Port**



The VIP provides an interface between truck and rail for the transport of ocean-going containers to and from VPA. Containers are transported by truck to the VIP for immediate loading upon a rail car or for short-term storage prior to loading. Less time-sensitive containers and bulk products are transported on rail from the seaport to the inland terminal. Containers arriving from the Hampton Roads terminals are unloaded from the train and dispatched by truck to inland destinations near the convergence of US 81 and US 64 which is 220 miles inland from the Port of Virginia. The inland terminal is served by dedicated rail service with connectivity into the Eastern U.S. and Midwest markets by Norfolk-Southern Railroad as well as multiple highway access options. Figure 3.3 shows the proximity of the VIP to the VPA.

The facility processes primarily containers but has the ability to adapt for bulk and break-bulk commodities. In terms of on-site accommodations, land is available to steamship lines for container storage and ancillary service companies.<sup>5</sup> The inland terminal contains nearly 18,000 feet of on-site rail and is serviced by class 1 rail (Norfolk Southern). Initial funding and continued capital expenditures are provided through a transportation trust fund. The trust fund is supported entirely by a state-wide gas tax collection. The VIP is now operationally self-sufficient and uses annual trust fund allocations (\$25-30 million) for select capital improvements.

<sup>5</sup> Summary and Images from Virginia Port Authority Website. Available at: <http://www.vaports.com>

Figure 3.2 Layout View of Virginia Inland Port

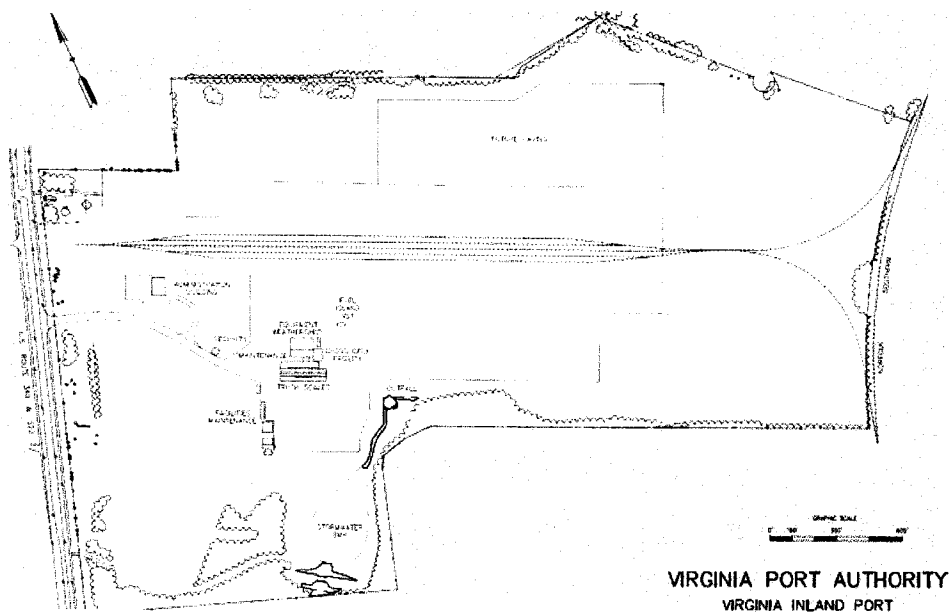
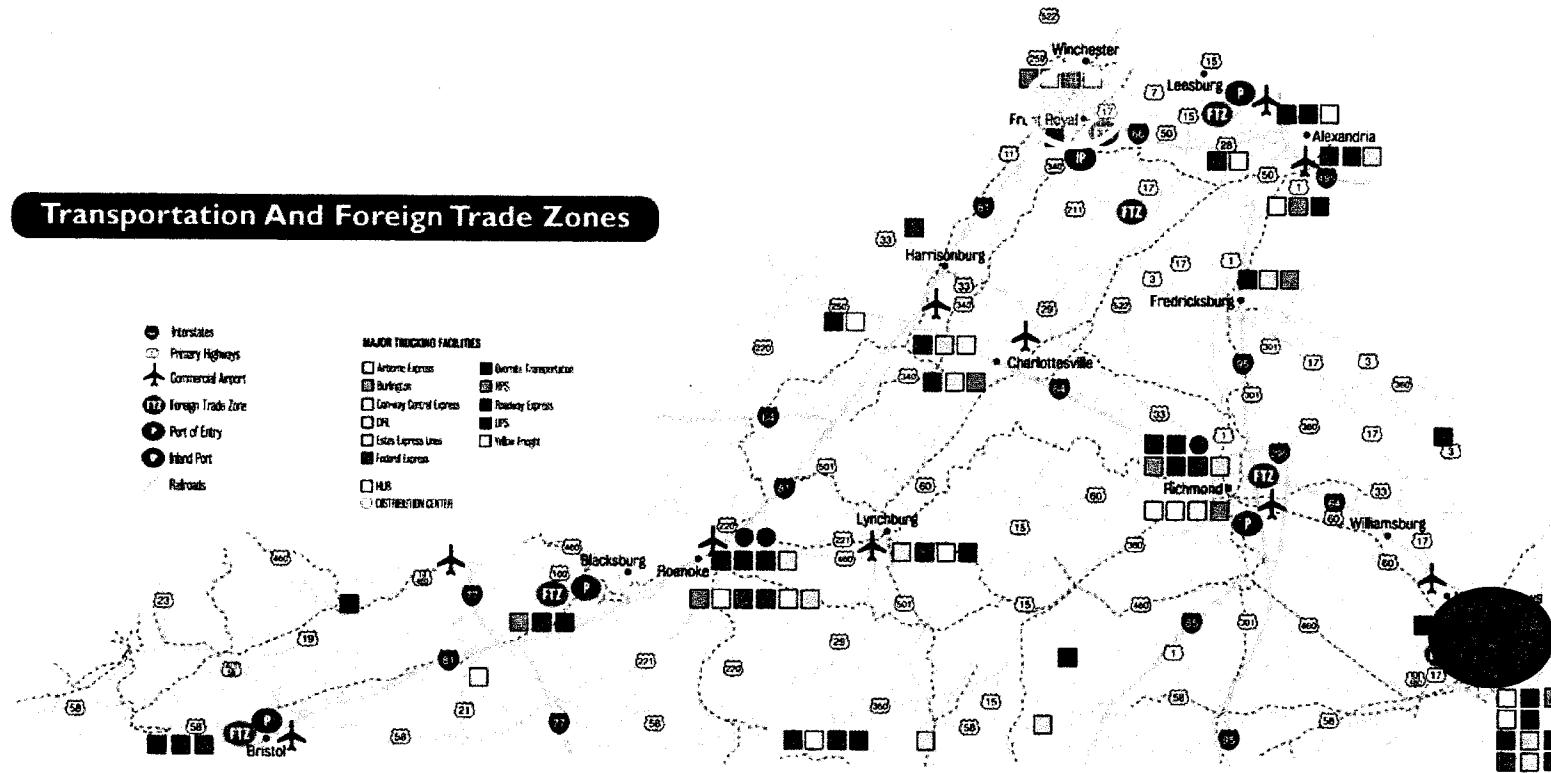


Figure 3.3 Virginia Transportation Infrastructure<sup>6</sup>



<sup>6</sup> Virginia Economic Development Partnership. Available at: <http://www.yesvirginia.org/>

### ***Keys to Success***

The original concept of the VIP from the mid-1980's was notably different than the final product. Initially the inland terminal was sited as far North and West in the state as possible in order to provide an inland extension of the VPA with a 200-mile service radius and to potentially compete with the Port of Baltimore for the Mid-Atlantic container market. The facility had limited buy-in from the shipping community until 1996 when a partnership was formed, the Virginia Economic Development Partnership, to aggressively market the concept and purpose of an inland terminal facility and realize the potential of servicing the entire Midwest and East Coast markets. Shortly after, a major retail chain, Family Dollar, committed a 1 million square foot distribution facility, which served as an anchor for other major supply chain centers.

Over the last 10 years, the region as well as the state has been successful in recruiting similar businesses. Chief among the keys to success have been coalition-building with local, regional and state economic development agencies, the local real estate sector, and the various surrounding communities. Additionally, attracting anchor-type distribution facilities has been influential to success. Major obstacles include identifying and capturing a market base, selling the concept of an inland terminal, and convincing shippers of the benefit of essentially adding a node in the transportation network (bill of lading.)

## Alliance Texas<sup>7 8</sup>

### *Overview*

In the late 1970's and early 1980's Ross Perot, Jr (Hillwood Properties) began acquiring large parcels of property in the Dallas and Fort Worth areas as an investment in future development potential. A recognized need for a "reliever airport" in the region designed to relieve projected congestion at nearby airports led to a public-private partnership between entities including Texas DOT, Federal Aviation Administration, local cities, and Hillwood Properties to produce an industrial airport. Since that time, Alliance Texas has become a master-planned 17,000-acre mixed-use community that caters to commercial, industrial, and residential demand in the north Fort Worth area.

Alliance Texas includes three distinctive developments, which together offer

"world-class office, industrial, retail, educational, residential and recreational opportunities. Alliance Texas now houses more than 140 companies, which have in turn invested more than \$5 billion to build 26 million square feet and create 25,000 full-time jobs. Over the past 17 years, Alliance Texas has generated a \$28 billion economic impact to the North Texas region. The 11,600-acre Alliance project serves as the anchor for the 17,000-acre Alliance Texas community. Alliance began in December 1989 with a combined effort between the City of Fort Worth, the Federal Aviation Administration and Hillwood for the construction of Fort Worth Alliance Airport, the world's first purely industrial airport. Since then, acres of raw prairie land in north Fort Worth have been transformed into one of the nation's preeminent logistics and transportation hubs".<sup>9</sup>

From a freight perspective, Alliance serves as a port of entry, has Foreign Trade Zone status, and has customs officials and centralized examination station on-site. Alliance Texas has access to multiple state highways, as well as direct access to Interstate 35 which connects the facilities with Canada and Mexico. A Burlington Northern - Santa Fe intermodal yard has been constructed on the Northwest corner of the property, and subsequently become a logistics hub. FedEx's Southwest Regional Hub facilities located at Alliance comprise the air cargo element which processes 175,000 packages daily translating into 32 planes arriving and departing nightly.<sup>10</sup> Aside from providing multimodal freight options, significant portions of land are reserved for construction and expansion adjacent to all of the transportation facilities.

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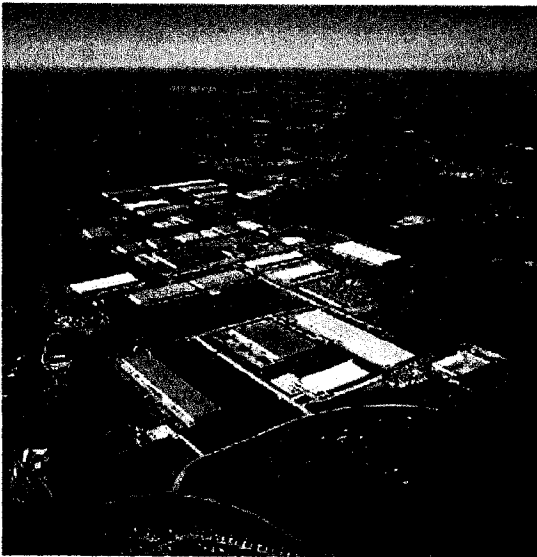
<sup>7</sup> Interview with Hillwood Properties staff, April 20, 2007

<sup>8</sup> Ibid. at 1.

<sup>9</sup> Summary from information available on Alliance Texas' website. Available at: <http://www.alliancetexas.com>

<sup>10</sup> Alliance Texas Website

**Figure 3.4 Aerial View of Alliance Texas Facilities**



Source: <http://www.alliancetexas.com/AllianceTexas+Story/Image+Gallery>

### *Keys to Success*

One of the most important keys to success, especially to attracting initial tenants, was its Central location in the U.S. with access to multiple modes of transportation. Significant rail facility investment from BNSF and highway improvements through the construction of State Highway 170 provides an east-west corridor through the development (Figure 3.5). Another important key to success is that the Alliance development has had the ability to adapt to changes in the economic market; in large part by being able to accommodate a wide range of tenants. Availability of large tracts of contiguous land has allowed the facility flexibility to plan and grow efficiently; there are currently 10,000 undeveloped acres (60%) available to expand as necessary.

Cooperation between the numerous public and private entities—both in initial stages and continued relationships with local, regional, and state economic development agencies—has been crucial to success. Another very important focus of Hillwood has been to deliver a high level of customer service, which is dedicated to providing for each tenants' transportation and real estate needs. This includes the formation of a property owner's association, property maintenance (high quality landscaping, constructing truck berms to minimize noise pollution, etc), measures to overlay multiple services to save customers money and increase efficiencies, and coordination between newer residential developments and commercial interests (constructing and maintaining workforce housing).

Figure 3.5 Alliance, TX and the BNSF Rail System<sup>11</sup>

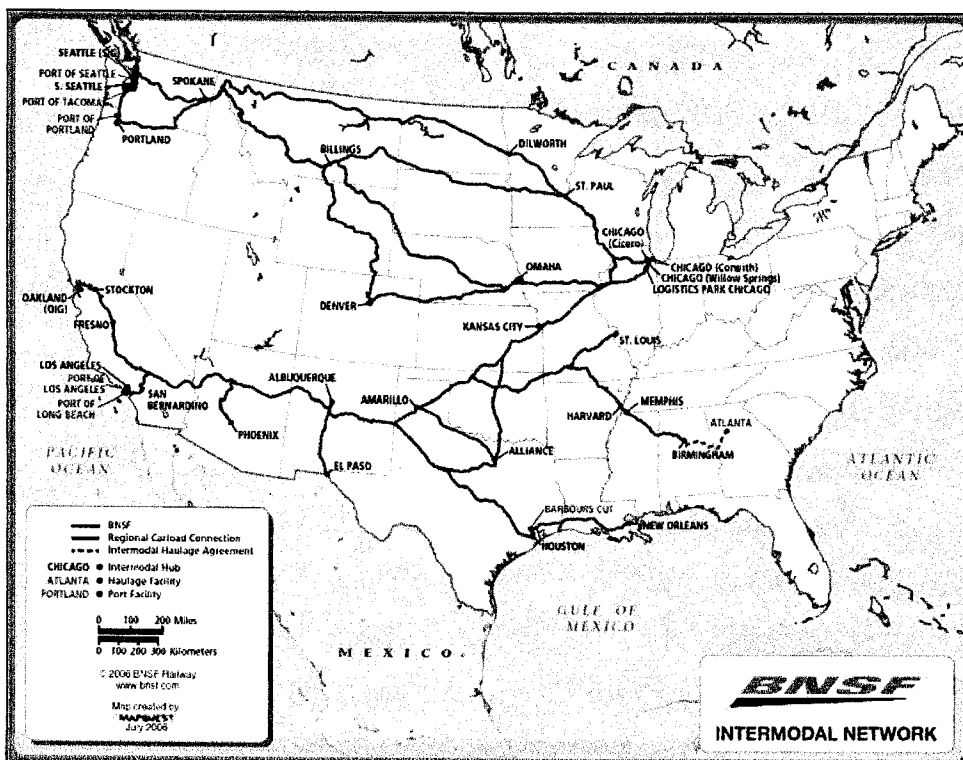
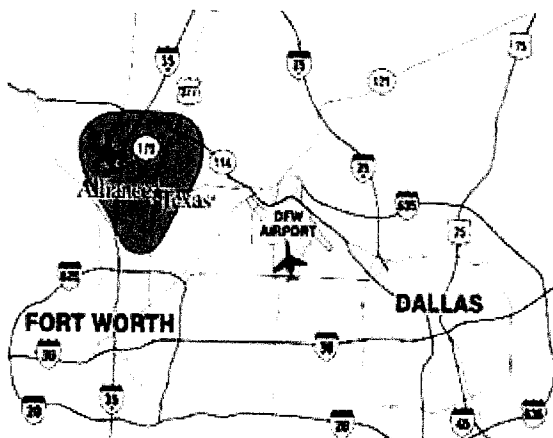


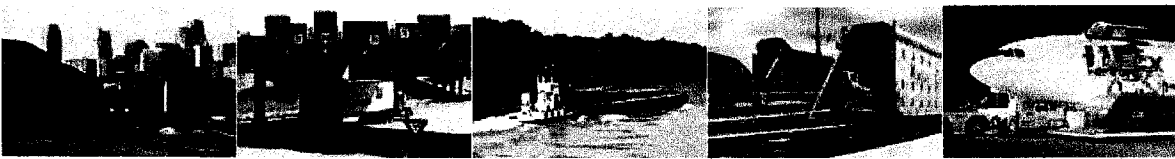
Figure 3.6 Alliance, TX Highway Connectivity



<sup>11</sup> BNSF Railway Division Map. Available at: <http://www.bnsf.com>. Highway system available at Alliance website.



## KC SmartPort<sup>12</sup>



### *Overview*

KC SmartPort is a “Virtual Port” which is in place to coordinate and promote economic development through providing efficient freight and transportation services in the Greater Kansas City Area. Its mission plan includes two guiding principles: 1) to grow the area’s transportation industry by attracting businesses with significant transportation and logistics elements, and 2) to make it cheaper, faster, more efficient, and more secure for companies to move goods into, from, and through the Kansas City area.<sup>13</sup> The organization is not tied to a physical location but contains 2 cargo airports, six intermodal facilities, and 10,000 acres of Free Trade Zone space. The success of this organization was initially heavily reliant on actively promoting the SmartPort concept, and now garners the majority of its inquiries by word-of-mouth and repeat customers. SmartPort began as a publicly funded joint venture of Kansas DOT and Missouri DOT funding after recognizing the freight potential and infrastructure already in place in the region.

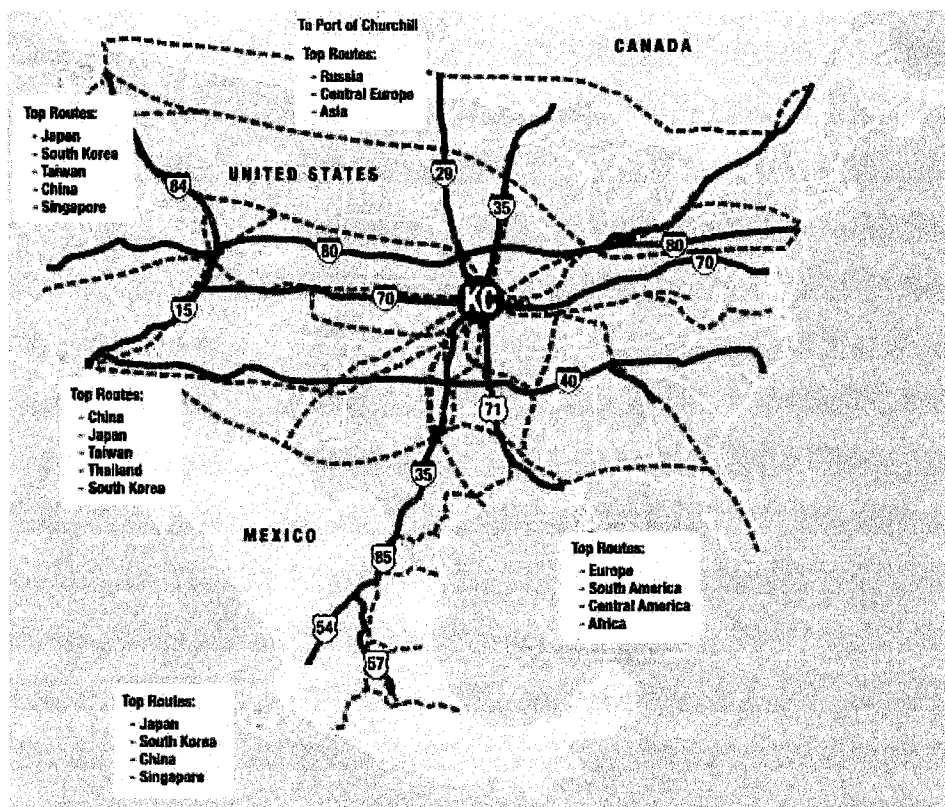
The Kansas City region lies at an appealing crossroads for freight traveling to and from the rest of the U.S. Kansas City has access to the confluence of Interstates I-35, I-70, and I-29 and is served by BNSF Railway Company, Gateway Western, Kansas City Southern, Kansas City Terminal Railway, Missouri & Northern Arkansas, Norfolk Southern Intermodal, Roll On Transportation Company, and Union Pacific Railroads. Without a single, consolidated footprint, KC SmartPort maintains an active and regularly updated inventory database of transportation infrastructure and facilities; which represents a 70-mile radius of the Kansas City region. The Smartport is also situated on the Missouri and Mississippi Rivers. Figure 3.6 below displays major corridor access to the Kansas City region.<sup>14</sup>

<sup>12</sup> Interview with KC Smartport staff, April 4, 2007

<sup>13</sup> Images and information: KC SmartPort Website. Available at: <http://www.kcsmartport.com>

<sup>14</sup> Image source: KC SmartPort website. Available at: <http://www.kcsmartport.com>

Figure 3.7 KC SmartPort Transportation Infrastructure



**Keys to Success**

KC SmartPort outlined multiple factors that have been critical to success thus far that include the development of an formal business plan with measurable performance metrics, an aggressive media campaign that promotes the entire 70-mile radius of the Kansas City, Missouri region as an integrated freight hub, and a comprehensive database of available freight facilities and sites to provide information for potential clients and customers. Additionally, the assembly of attractive financial packages for clients and a development-friendly environment for transportation facilities proved advantageous for the port. Business development and marketing as a result of repeat customers and word-of-mouth have also emerged recently as important strategies. Most recently, KC SmartPort has transitioned from a skeleton organization of part-time staff to employing two full-time staff.

Major obstacles include formally establishing the idea of Kansas City as a transportation center by obtaining buy-in from local and industry representatives, availability of skilled labor, identifying available land and facilities, and optimizing market access.

## **4.0 Stakeholder Input**

An important component to determining the feasibility of an inland port in South Florida is gathering the comments and concerns of those that would be directly and indirectly impacted by a project such as this. In person as well as telephone interviews were conducted to obtain input from public agency and private industry representatives throughout South Florida. While the stakeholder interviews were not conducted using a statistical sampling, the qualitative information provided proved useful in further defining and interpreting data collected and included elsewhere in this report. Note this section presents a range of comments expressed by the stakeholders; while this input was used in developing this report, the views in Section 4 do not represent those of FDOT.

### **4.1 Summary of Interview Process**

Over the course of the study numerous local and regional stakeholders were engaged in an interview process designed to capture input on a variety of topics. Stakeholders included local government staff, Florida DOT representatives, Florida Department of Environmental Protection (DEP), South Florida Water Management District (SFWMD), environmental advocacy groups, economic development staff, business development staff, port representatives, landowners, rail companies, and trucking companies. More than 50 individuals representing over 30 organizations participated in the process and were asked to comment on a variety of topics including freight and service requirements, possible markets, potential land availability, transportation access, and likely benefits of an inland port facility. A summary of salient feedback obtained from the interview process is included below. A list of participants and the materials used in the interviews are provided in Appendix A.

### **4.2 Key Interview Findings**

The overall reaction from the public agency representatives was that the concept of an inland port would bring positive primary and secondary economic impacts to South Florida. Many voiced support for bringing an economic stimulus to the region and talked of the overall benefit this facility could have to the rural area of western Palm Beach County. Significant focus was given to the tri-city area in western Palm Beach County (Pahokee, South Bay, and Belle Glade), which currently is designated by the state as a Rural Area of Critical Economic Concern (RACEC). The local governments in the area are continuously looking for opportunities to expand the employment base and to encourage economic expansion for their citizens. The economic development community is very excited about

the prospect of opening up western Palm Beach County with an inland facility like this. FDOT district representatives stressed the importance of proper planning and involving the right groups of people in the process. The environmental representatives echoed ongoing concerns about keeping environmental impacts to a minimum.

The existing private companies had a more mixed response. Some stakeholders struggled to identify personalized benefits, that is, they were unclear of how to integrate a new freight hub into their existing supply chain. Still, many expressed that they would be willing to work with officials on making it a success if it was shown to be a benefit to the region's business community. There were comments that this facility would add links to the supply chain that were not necessary and based on proposed siting may not be economical or competitive. Some cited congestion mitigation as a potential benefit of moving some of the freight flow inland as well as relieving the various seaports of some activities that could be handled at an inland facility. There were many that believed the benefits would be most prevalent to new businesses that otherwise would not be able to enter the South Florida market.

One of the most positive factors has been the growing support from key seaports. While not all see a direct short-term benefit, they all support ongoing study to address the longer term freight system capacity needs. For example, the Port Everglades and Port of Miami issued the following statements in support of the initiative:

*"The continued development of freight alternatives must be pursued before we reach a point of breakdown in our distribution systems. Port Everglades supports the continuation of the Inland Port study and would urge FDOT to likewise support continued analysis of the alternatives."* Phil Allen, Director, Port Everglades

*"From a regional standpoint, we are in favor of any project that adds to the overall cargo and freight handling capacity of the State of Florida."* Bill Johnson, Director, Port of Miami

On the flip side, environmental agencies and advocacy groups have expressed varying degrees of concerns. 1000 Friends of Florida stated the following: "Having reviewed the draft report we are concerned about a number of issues we believe will be detrimental to the State of Florida and this region." The Florida DEP stated that "all five sites have environmental issues ranging from impacts on the Comprehensive Everglades Restoration Plan (CERP)...to the indirect and secondary effects from development necessary to support the facility." Letters from these key stakeholders are included in Appendix B.

The remainder of this section highlights comments and concerns from the stakeholder input. These comments have been organized into five general areas including:

1. General impressions regarding the idea of an inland port
2. Transportation access considerations
3. Potential markets served by an inland port
4. Recommended services that could be provided by an inland port
5. Perceived benefits of an inland port

Each of these topic areas contains both support and opposition to the various aspects of an inland port facility in South Florida.

### **General impressions**

- **The facility should be located in Palm Beach County.** The availability of land and proximity to current transportation infrastructure make western Palm Beach County an ideal location for an inland port facility. Also, the lower cost of land in rural parts of the county is a key factor. Many interviewees voiced support for locating the facility in Palm Beach County.
- **Current sugar cane land could be used for an inland port facility.** All of the sugar companies in the South Florida area have shown interest in possibly providing land to be used for the location of the inland port. Many factors were discussed about potential sites like adjacent or nearby transportation infrastructure, condition of the land, and size of the parcels.
- **The size of the facility should be appropriate and allow for future growth.** There were varying opinions on the size of the facility ranging from 500 acres up to 5,000 acres but there was consensus that the facility should be large enough to handle the current market needs with room for future growth.
- **The availability of affordable housing should be considered.** The potential for new jobs is a welcomed benefit with an inland port but concerns were expressed about whether affordable housing would be available to those who would be employed by the facility.
- **The availability of an employable workforce base should be considered.** Additional workforce training facilities and/or related technical education opportunities will likely have to accompany a large-scale industrial/commercial development in western Palm Beach County. In addition, accessibility for workers residing out of the area is a consideration.
- **The location of the facility should consider previously disturbed land instead of new land.** In an effort to minimize the environmental impact, previously disturbed land should be considered for the location site if at all possible.
- **An inland port should be cost competitive and provide value added services.** In order to determine its sustainability, this type of facility should be studied for its cost competitiveness and value adding characteristics in the region before location and partners are ultimately identified.
- **The facility should be in line with local and regional goals.** This type of development would be welcomed by local governments as long as it is compliant with local regulations and visions for the region, including land use plans.

- **Economic feasibility is critical for a new freight hub.** Some private stakeholders were concerned about the economic penalties associated with an additional link or double-handling of shipments.
- **Public/private partnerships should be considered for planning and funding.** Many questioned how the facility would be funded. General consensus suggested private sector investment in the inland port with public sector investment in highway and rail access and overall corridor improvements.

### **Transportation Access Considerations**

- **An inland port could significantly alter truck travel in the region.** The small cities and towns in western Palm Beach County support the idea of an inland port for the potential economic expansion but are concerned about the high volume of trucks that would be traveling through the area. Primary concerns include, safety, road condition, increased congestion, and impacts to aesthetics and noise levels. Bypass routes around town centers were identified as a critical element. Alternatively, the shift in truck travel patterns could relieve highway congestion in the urbanized coastal communities.
- **New markets may lead to new transportation infrastructure.** An inland port could open doors for development and attraction of new markets in the rural areas. These developments would likely stimulate investments in new transportation infrastructure. For example, a new rail line along U.S. 27 could be developed to connect the facility to Miami and Fort Lauderdale markets, allowing for avoidance of congested corridors, as well as significant economic development opportunities.
- **Existing truck routes and rail routes should be upgraded.** Some of the current transportation infrastructure is already in need of repair. Many articulated concerns that with more truck and rail traffic brought on by an inland port facility it would be important that these truck and rail corridors be upgraded accordingly.
- **Transportation connectivity requirements should be defined.** Connectivity is a critical factor in locating a major transportation hub like an inland port. Connections to the region's ports, major transportation hubs and corridors, and regional markets should be defined. Possible connectors to/from the inland port identified include: U.S. 27, SR 80, SR 441, and SR 710.
- **Need for new or expanded transportation corridors should be addressed.** From a freight distribution perspective, a new inland facility would likely require development of new corridors and connectors. Construction of new rail infrastructure and a number of smaller-scale highway corridor improvements to improve north-south access would likely be necessary. The Port of Palm Beach's original proposal described improvements of this magnitude with the suggestion that a new rail corridor be built between Hialeah and South Bay along US27.

- **Impact of handling a variety of commodity types should be identified.** There are different considerations for bulk, container, and auto operations. The compatibility of handling various commodity mixes across multiple modes should be considered, including the associated rail switching costs and handling fees.
- **New rail segment in northwestern Palm Beach County could streamline connections with the Port of Palm Beach.** A proposed new segment of rail would bypass the need for a trip to Fort Pierce and would substantially decrease the per-car operating costs of rail access from Riviera Beach to western Palm Beach County.
- **Competition for southbound freight traffic is a concern.** South Florida ports are competing for southbound export traffic. An inland facility in Palm Beach County could be a competitive disadvantage for the Port of Miami and Port Everglades.

### **Potential Markets Served**

- **There is potential to serve non-port freight activities.** While the inland port would serve as a direct connection to current port facilities it could also serve non port activities like distribution centers for major retailers not necessarily connected to port activities.
- **The inland port could serve industrial and/or light industrial markets.** Industrial and/or light industrial operations would be a probable use of a larger inland port complex, especially if it is marketed as an extension of the seaport.
- **An inland port could help diversify the market in rural areas.** Diversifying the markets served by an inland port facility could make such a facility more attractive to potential users. This would also encourage economic expansion in the rural areas near the facility.
- **The facility should cater to emerging markets.** To provide for future expansion, emerging markets should be studied and tapped for a facility like this to be successful.
- **Intermodal complex could serve as staging area for natural disaster and emergency response operations.** Evacuation and recovery activities could be based at this non-coastal transportation hub for natural disasters as well as acts of terrorism.

### **Recommended Services**

- **The facility should be a full service multimodal center.** Economic development experts identified the need to offer a full service multimodal center to attract businesses desiring to come to the area. They expressed the importance of planning ahead for the next 25 to 50 years for a project like this to be successful.

- **The facility should provide for warehousing, distribution, and cold storage.** Various types of services were recommended - mainly warehousing, storage, and distribution. For some, cold storage is important and should be considered as a service. Recommendations were based on lack of capacity today.
- **Air cargo operations should be considered.** Many stakeholders expressed support for the facility to include space and accommodations for air cargo. They explained that in order to plan appropriately for the future, air cargo should be a part of the planning of the facility. This would likely mean the addition of an airport, with runways capable of handling large modern freight aircraft. It was suggested that a new rural cargo operation could mitigate public opposition to expansion plans at the region's major airports, which are all located in urbanized areas. Other stakeholders indicated that significant additional unused capacity exists at several major Florida airports besides Miami, and that this additional investment would unlikely be justified, especially when considering the markedly different attributes of air cargo.
- **The design of the facility should provide for a diverse mix of products.** Without a specific location and definite partners, many interviewees found it hard to say who might use the facility but there was agreement that the facility would be most successful if it was able to handle a variety of products (bulk, break bulk, containers).
- **The rail lines should be considered for commuter rail service into the rural areas.** Another potential benefit expressed was the use of a new rail line for commuter rail to improve connectivity with eastern Palm Beach County. There was discussion that many people who live in the eastern part of Palm Beach County would benefit from a commuter rail that took them to a job site in the western portion of the county relieving traffic on the roadways. This service would be dependent on construction of a new east/west rail corridor.
- **There is ample demand for a full service truck stop facility sited in Western Palm Beach County.** It has been noted that there is a current lack of accommodations (and rest areas) for truck drivers in the region. A facility that included fuel, lube, parking, and related services could be incorporated as either part of an inland port facility or nearby the inland port, as an ancillary service to drivers in the area.

### **Perceived Benefits**

- **An inland port would provide a direct connection to the existing ports.** With the Port of Palm Beach's need for space, an inland port would provide a direct connection to that needed space at an inland location thereby allowing the port to continue to expand and be competitive. New and expanded corridors would facilitate access to other regional ports.



- **An inland port would bring increased jobs, revenue, and tax base to rural areas.** The potential positive economic impact a facility such as this would have could be significant in this economically challenged rural area. If planned appropriately, the impact is far reaching to the region as well as the state.
- **The opportunity to attract new businesses.** A facility like this would attract other businesses in the adjacent areas and, in turn, could attract an additional employable population base.
- **The facility could be used for a staging area in times of large scale emergencies.** Many were quick to see this location as an important staging area for South Florida in times of emergency such as hurricane evacuations and recoveries or other natural disasters.
- **This facility would potentially bring an increase in rail security as well as overall security for freight.** It was mentioned that an inland port would have heightened security due to the nature of the facility. A secured facility could increase security on the rail line as well as overall security for freight in the area.
- **An inland port could enhance competition between the ports.** This facility could potentially enhance competition between the ports depending on the markets served and the growth strategies of each port.
- **Opportunity to redirect traffic from other congested roadways.** Freight traffic on heavily used corridors today could be redirected to the corridors that would serve the inland facility thereby reducing congestion on those roadways currently used the most.
- **There is potential to improve freight flow and cargo access to markets in Florida.** An inland facility could open the door for new markets to Florida especially South Florida. This would impact the current infrastructure and potentially bring improved freight flow and access to cargo from both the east and the west.
- **There is potential to move some activities off-port at current Port of Palm Beach facilities to allow additional space for current tenants.** This indirect benefit of moving bulk/break-bulk activities off-port would make additional space available for current and future tenants.
- **Flexibility to shift goods between multiple locations.** For some companies, there would be benefit in the ability to move materials between various plants and facilities in Florida from a more centralized location between the east and the west.

## 5.0 Analysis of South Florida Opportunities

The previous sections have laid out descriptions of the regional freight system in South Florida, how it ties in to and is impacted by larger systems, defines the concept of an inland port, and provided examples of successful operations. In addition, a summary was provided of the significant stakeholder input provided throughout the study. This section integrates all of this material to support a regional analysis of South Florida. Specifically, this section addresses:

- **Preliminary Market Assessment.** The market assessment completed as part of this study focused on discussions with economic development staff and transportation service providers.
- **Environmental Factors.** Environmental factors were identified through a review of available data and in-depth discussions with multiple stakeholders. Environmental impacts are one of the most critical factors of this analysis given the sensitivity and uniqueness of the South Florida environment.
- **Identification of Potential Sites.** Sites were identified based upon a review of transportation connectivity, market proximity, interested land owners, and environmental sensitivity.
- **Impact on Supply Chains.** The impact on logistics or supply chains was evaluated based upon established modal service characteristics, a distinction between new and existing demand, and discussions with transportation professionals.
- **Transportation Connectivity.** Transportation system connectivity and accessibility was reviewed based upon access to potential inland port sites, access to South Florida's seaports, access to South Florida markets, and existing and proposed transportation corridors.
- **Potential Partnerships.** The identification of potential partners focused on stakeholder discussions. Potential partners included land owners, service providers, economic development staff, and transportation planners.
- **Economic Development Opportunities.** Economic development opportunities were based on several of the above areas, bringing together key partners. It addressed missed opportunities, regional economic distress, and more.
- **Potential Funding.** Funding opportunities have been identified, however, as the project moves forward and takes shape, more specific work will be required based on funding program eligibility.
- **Stakeholder Support.** Documentation of public support has been ongoing. The project has been featured in many forms of media and appears to have wide spread general support.

The following sections provide a detailed discussion of each of the above topics.

## 5.1 Preliminary Market Assessment

The potential market of a new inland port facility is in large part dictated by the location, site characteristics, and transportation connectivity. The project began with a broad net cast over the southern half of Florida from Tampa and Canaveral south. Specifically, the assessment was designed to measure the level of interest across the southern half of Florida in a centrally located multimodal transportation hub.

South Florida consists of well developed communities along the coastlines and rural communities in the interior. These rural communities are characterized by agricultural and mining operations, preserved lands, and recreational areas. The Everglades and Lake Okeechobee serve as significant obstacles to east/west connectivity and also raise significant environmental concern for any major development. The state highway system provides access to the region, along with a short line rail operator - the South Central Florida Express.

Primary market elements were anticipated to be related to the region's seaports and their ability to grow their operations based on use of new freight hub. In addition, distribution and warehousing developments, with other supporting industrial operations were expected to augment the inland port.

Discussions with a variety of stakeholders revealed three key observations.

- **Existing traffic handled at seaports would be difficult to relocate to a new inland facility without direct economic benefit.** For example, intermodal traffic moving on the FEC to the Port of Palm Beach from Jacksonville for export to the Caribbean could lose a day in its supply chain if it used an interior hub versus its established operation. To stimulate this shift, specific economic benefits would need to be defined to make up for the additional time and transportation costs.
- **New companies relocating to the region may be more likely to use the facility.** The Port of Palm Beach and various economic development stakeholders described numerous growth opportunities through the attraction of new business. This new business would require increased seaport terminal capacity and/or industrial land for site development. An inland port and/or developable industrial land may be a considerable attraction to new businesses currently unable to expand or move into the region.

- **Enhanced or expanded distribution capabilities are needed in South Florida.** There was significant support of expanded distribution/warehousing capacity. Regarding the inland port, the Port of Palm Beach is basically out of land today. Other seaports have less immediate interest in an inland port but were supporters of continued study to meet longer term freight capacity needs. Most stakeholders acknowledged the need for improved freight mobility through the creation of additional freight transportation and distribution infrastructure. A centralized, inland location was considered an option for this type of service. In fact, this type of development would likely help expand individual port market areas through increased competitiveness. Florida's Gulf ports could better serve Southeast Florida markets, while southeast ports could better serve the I-4 corridor.

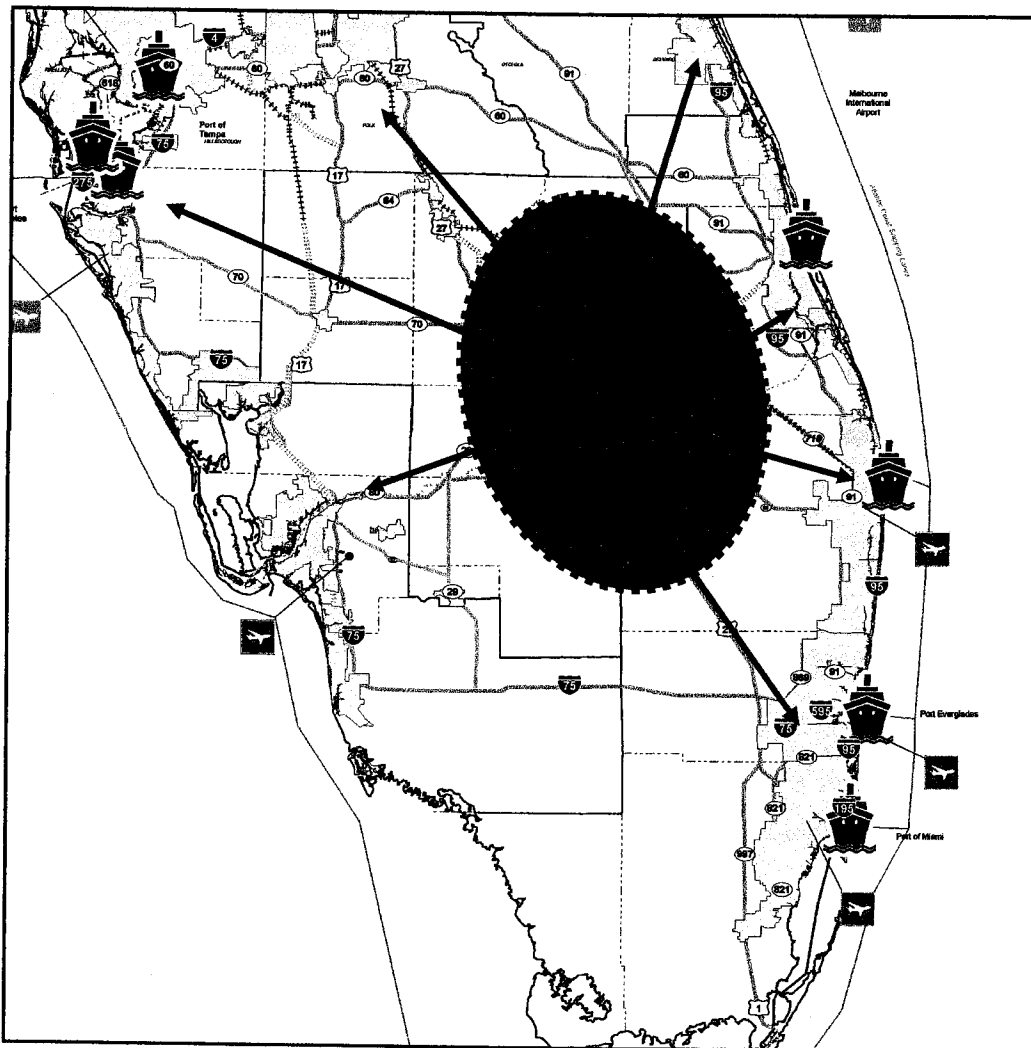
In addition to these observations, site location will likely play a significant role in actual market definition. As part of this study, five potential sites were identified. These are discussed in the next section. These sites are positioned around Lake Okeechobee, with the lake impacting Atlantic and Gulf Coast connectivity. Figure 5.1 illustrates the desire to identify a location that serves the ring of urbanized areas in the greater South Florida area. Previous work, such as the Atlantic Commerce Corridor (ACC) Study, has illustrated the difficulty in identifying one centralized location to serve multiple facilities and markets. However, it is the responsibility of the Florida DOT to continue to explore investment opportunities to enhance and expand Florida's freight transportation system. Within the greater South Florida area, there are several site possibilities; the purpose of this analysis is to identify those sites that will serve the largest market area.

The site will impact the marketability of the services. For example, a facility on the east side of the lake will be less effective in serving Gulf Coast ports or the Lakeland/Winter Haven distribution network. Likewise, a facility sited on the northwest side of Lake Okeechobee would not effectively serve the Port of Palm Beach or the Southeast Florida market. Balancing these considerations was a critical element in the development of recommendations. It also is important to factor in other developments that impact the marketability of a new transportation hub.

- **Winter Haven.** Currently, CSX is restructuring its rail service in Florida with the creation of an integrated logistics center in Winter Haven. This will be a 1,250 acre transportation hub serving the Orlando and Tampa markets. In addition, CSX anticipates serving an even larger South Florida market from this location. This could have a significant impact on the development of an inland port complex in South Florida, especially on the northwest side of the Lake.
- **Port Everglades ICTF.** In southeast Florida, development of an on-port Intermodal Container Transfer Facility at Port Everglades will impact intermodal cargo flows handled by the port. Existing plans call for the new ICTF to handle all international containerized cargo moving by rail. In addition, the site will handle carload traffic of aggregate imports. This on-port rail service expansion could impact the port's use of a new inland port.
- **SR 710 Developments.** The SR 710 corridor currently has several PD&Es underway at various stages. There are opportunities today to begin exploring truck and rail specific improvements in this corridor should an inland port be sited along this highway.

Other key developments within this corridor include the redevelopment of the Pratt Whitney site (this has been identified as one potential site for the inland port) and the development of a 537 acre industrial complex by First Industrial Realty Trust, Inc., the nation's largest provider of diversified industrial real estate. This 537 acre land site is anticipated to consist of more than 6.2 million square feet of master-planned industrial product, all within a business park located off the Beeline Highway, in Palm Beach County, Florida.<sup>1</sup>

**Figure 5.1 Identifying Inland Port Service Areas**



<sup>1</sup> First Industrial Realty Trust, Inc., Press Release, June 4, 2007.

## 5.2 Environmental Factors

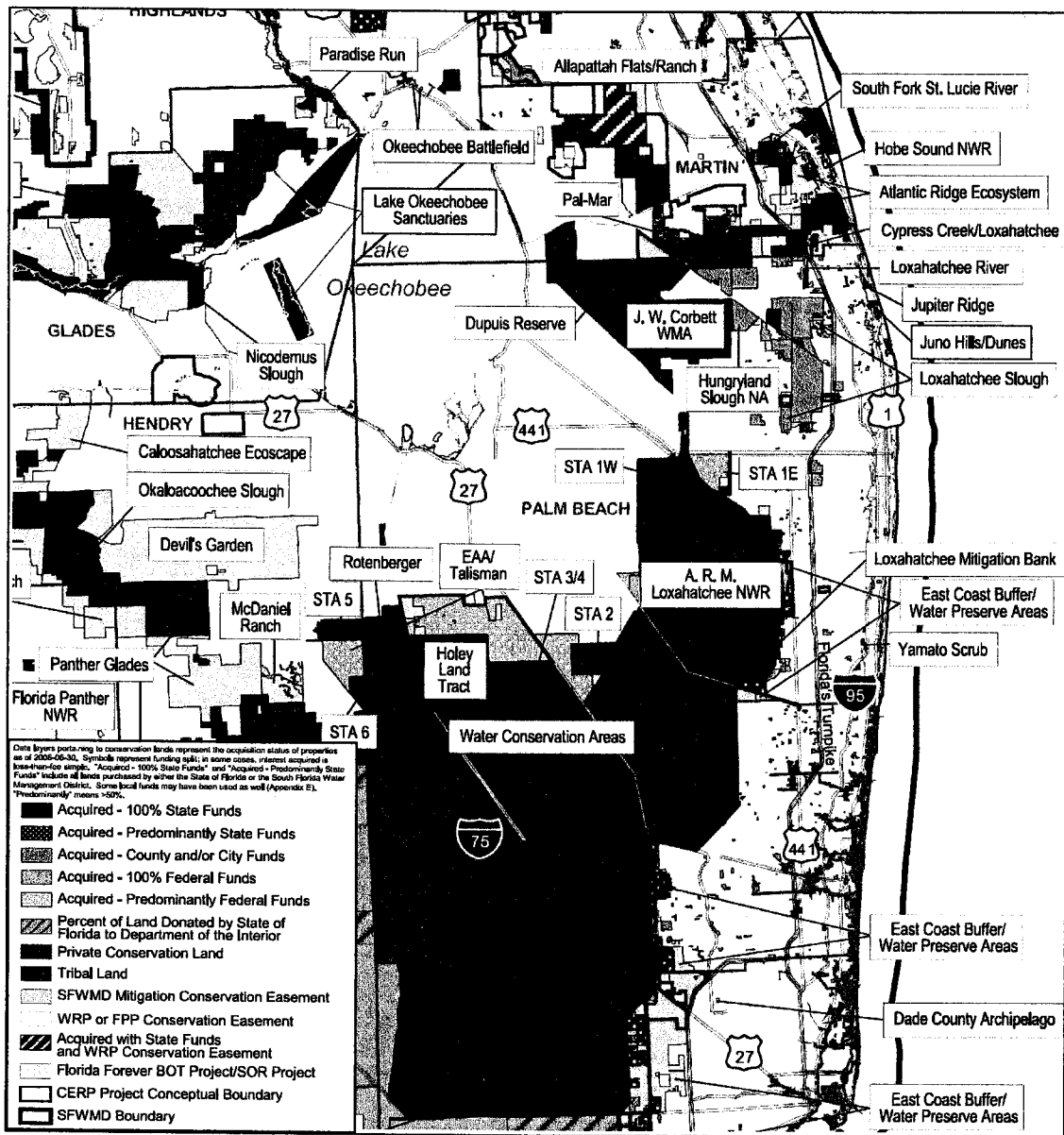
Construction of a sizeable facility of this nature, as well as any potential transportation infrastructure improvements, such as a new rail corridor, will be heavily influenced by environmental protection and preservation activities in South Florida due to the sensitive balance of the environment and growth management issues. A large portion of land in South Florida currently falls under at least one level of environmental protection, either from various not-for-profit conservation organizations, Florida State Department of Environmental Protection (or an affiliated organization), South Florida Water Management District, or another related agency/organization. In fact, the Florida DEP stated in a June 5, 2007 letter to the FDOT Secretary:

*"All five sites have environmental issues, ranging from impacts on the Comprehensive Everglades Restoration Plan (CERP) and sensitive public lands, to the indirect and secondary effects resulting from development necessary to support the facility (e.g., work-force housing and infrastructure requirements)."*

Figure 5.2 displays the most recent inventory of state-owned and/or protected environmental properties in the study area. Figure 5.3 further illustrates activities led by SFWMD. These two figures illustrate the environmental sensitivity of South Florida, and further helps explain current development patterns along Florida's Gulf and Atlantic Coasts. South Florida's interior is dominated by natural areas and agricultural lands with relatively few well developed transportation corridors. Developing a new freight transportation hub in the interior will be challenged by these preservation activities.

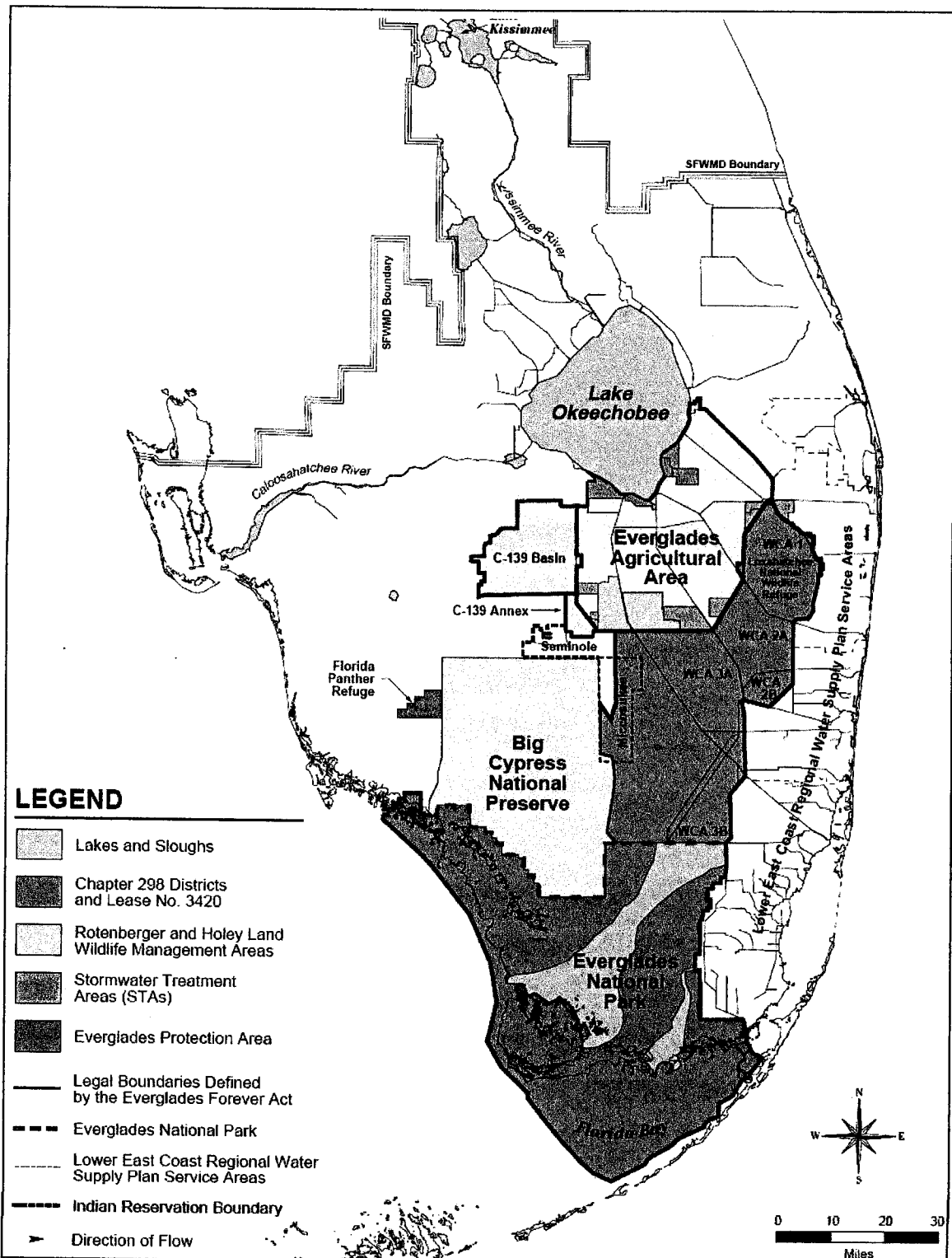
Any new freight or industrial facility developed in South Florida's heartland must adhere to strict environmental protocols and NEPA regulations. Preservation of our natural resources and the cultural diversity of the region should be a mandate given to developers. As such, siting decisions should focus on maximizing use of and improvements to existing transportation corridors in lieu of developing new infrastructure.

Figure 5.2 Natural Areas in the Palm Beach County Area<sup>2</sup>



<sup>2</sup> Florida State Department of Environmental Protection, "Florida Natural Areas Inventory", November 2006

**Figure 5.3 South Florida Water Management District:  
Everglades Construction Project**



Source: South Florida Water Management District: Everglades Construction Project

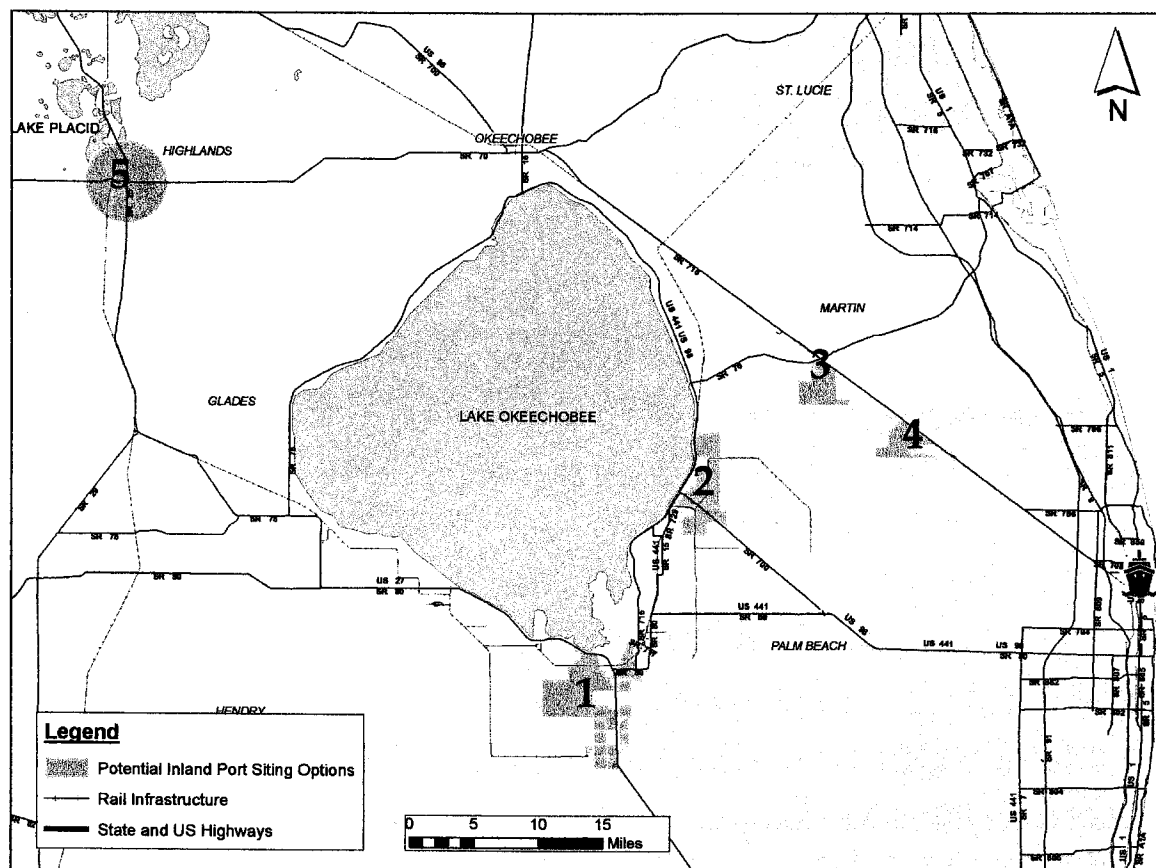


### 5.3 Identification of Potential Sites

The identification of potential sites was an important element in the analysis. Even on the smallest scale, the development of an inland port requires hundreds of acres of land. Original proposals by the Port of Palm Beach identified upwards of 3,500 acres, 1,500 or more of which would be specifically developed as an inland port, with the remainder serving secondary development activities. This need for a large foot print of land was one of the fundamental reasons driving consideration of an inland facility, as well as a lack of large industrial tracts of land in eastern Palm Beach County.

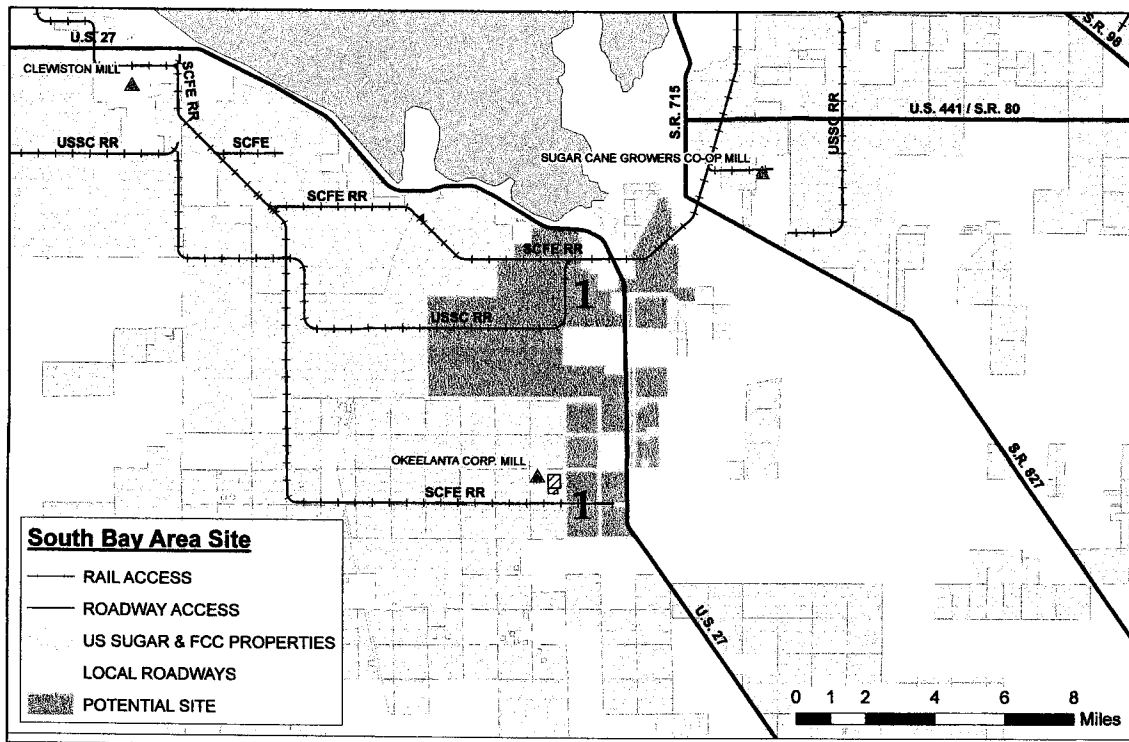
The identification of potential sites was driven by several characteristics including available land/willing or interested land owners, environmental considerations, connection to key highway and rail corridors, proximity to markets, and community support. Based on these considerations and stakeholder input, five potential sites have been identified, as seen in Figure 5.4. Note that additional land owners have expressed an interest; an expanded list of sites should be considered in future phases of the feasibility study activities. The following describes the characteristics of each.

**Figure 5.4 Potential Inland Port Site Locations**



The first site, shown in Figure 5.5, is located at the southern end of Lake Okeechobee along the US 27 corridor. Within this large site, there are two potential parcels of land, both of which are adjacent to US 27 and have direct rail service.

**Figure 5.5 Site Option #1: South Bay Area Adjacent to US 27**



- Land availability.** This site consists of agricultural land used for sugar cane. The land is owned by Florida Crystals and US Sugar. The southern most site is home to Florida Crystals' Okeelanta facility, including an on-site electricity generator (co-gen) facility. Both land owners have expressed an interest in discussing alternate land uses; Florida Crystals is prepared to begin site master planning efforts to lay out an industrial development in close proximity to its existing mill and co-gen facility. Significant acreage is available for discussion (upwards of the 3,500 acres originally proposed by the Port of Palm Beach). The majority of this land would require significant preparation costs for heavy industrial use (e.g. de-mucking).
- Environmental Concerns.** This site falls within the Everglades Agricultural Area. In order to develop industrial facilities on either of these sites would require changes to land use and zoning through the local comprehensive plan; this will require coordination and partnership with land use agencies such as the regional planning council, and environmental groups. This site is located south of Lake Okeechobee and would be at risk if the dike was compromised. Environmental interest groups have expressed significant concern about this site.

- **Transportation Connectivity.** Both sites could be developed to provide direct access to US 27. SR 80 just to the north provides east/west service. Both of these corridors carry significant truck traffic and have been identified by FDOT for future corridor improvement studies. Rail service is provided by the South Central Florida Express short line which connects to CSX in Sebring and FEC in Fort Pierce. US Sugar also operates industrial rail lines which could be upgraded to short line status if necessary. While some rail improvements are planned, additional improvements would be required if any or all of the corridors were brought online to provide time sensitive intermodal and/or shuttle service. These sites could also be directly served by a new rail corridor within the US 27 right of way. A potential new rail corridor is part of the Port of Palm Beach's original proposal; it is not currently part of any adopted plan.
- **Proximity to Markets.** This location is likely the best option for multiple market access. There is north/south and east/west highway access and rail access that provides connects the region with Florida's two main rail providers (CSX and FEC).
- **Community Support.** The South Bay community is supportive of industrial development that would lead to new jobs for local residents. There will need to be coordination and partnership with new annexation plans and development of affordable housing. In addition, detailed transportation studies would be required to mitigate the impact of additional truck traffic, specifically the concept of downtown bypass routes.

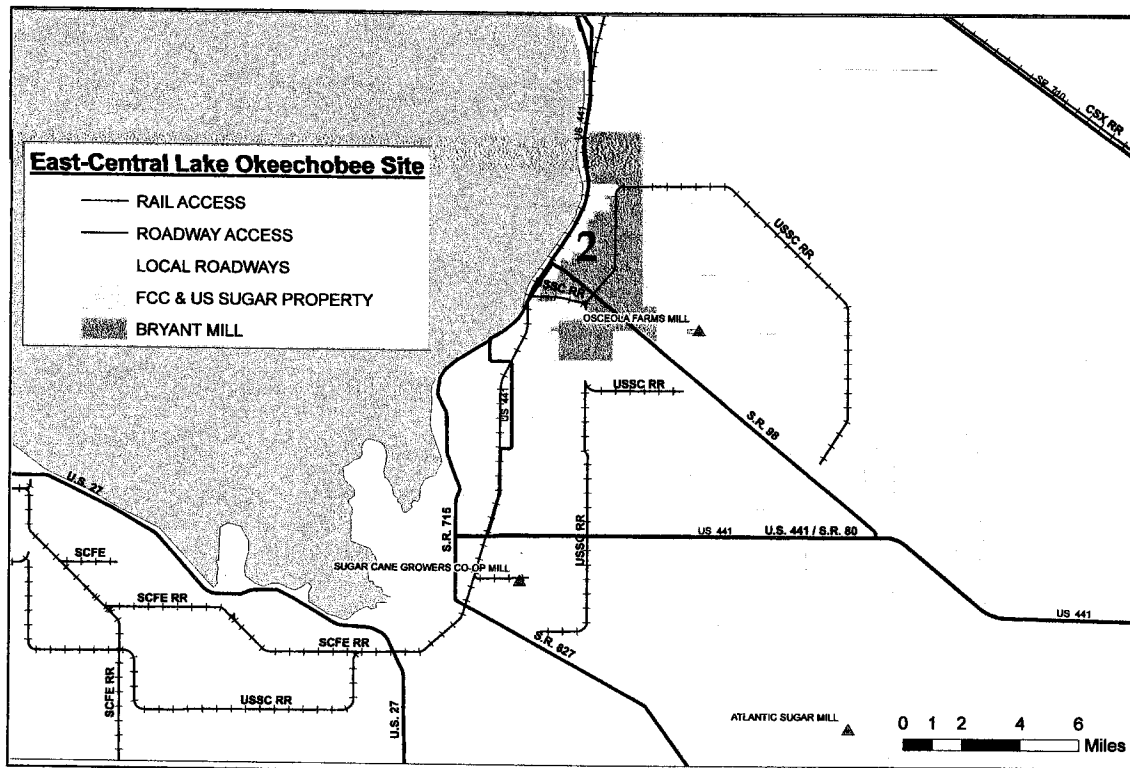
The second site, shown in Figure 5.6, is located along the eastern coast of Lake Okeechobee in Pahokee along the US 441 corridor. This site is home to the now closed Bryant Sugar Mill.

- **Land availability.** This site consists of agricultural land used for sugar cane. The land is owned by US Sugar. The site is home to an industrial complex that was recently closed as part of US Sugar consolidation efforts. Significant acreage is available for discussion (upwards of the 3,500 acres originally proposed by the Port of Palm Beach). The majority of this land would require significant preparation costs for heavy industrial use (e.g. de-mucking).
- **Environmental Concerns.** This site falls within the Everglades Agricultural Area. In order to develop industrial facilities on this site would require changes to land use and zoning; this will require coordination and partnership with environmental and land use groups. Environmental interest groups have expressed concerns about this site.
- **Transportation Connectivity.** The site could be developed to provide direct access to US 441 and/or US 98. US 441 serves north/south traffic. Significant upgrades would be required to the corridor to promote it as a major truck route. It connects to SR 76 to the north, which provides access to SR 710, and to US 27 and SR 80 to the south. US 98 provides a direct connection to SR 80 for access to eastern Palm Beach County. FDOT recognizes the critical importance of these routes for truck use and plans to study improvement options as part of future corridor studies. This site is directly served by US Sugar's industrial rail line, which could be upgraded to short line status if necessary. In fact, rail serving this site currently is being considered for emerging SIS designation to facilitate upgrades needed to serve an aggregate facility. South Central

Florida Express provides service along the FEC mainline, which runs north/south along the Lake. Rail improvements would be required to provide time sensitive intermodal and/or shuttle service. This site could connect to a proposed new rail corridor along US 27 via the SCFX.

- **Proximity to Markets.** This location is best positioned to serve the eastern Palm Beach County and Martin County markets. US 98 to SR 80 is the most developed corridor. Rail service is best for points north/northeast; an improved rail junction south of Fort Pierce would facilitate service to points south along FEC's Atlantic Seaboard route.
- **Community Support.** The Pahokee community is supportive of industrial development that would lead to new jobs for local residents. There will need to be coordination and partnership with new annexation plans and development of affordable housing. In addition, detailed transportation studies would be required to mitigate the impact of additional truck traffic, specifically the concept of downtown bypass routes.

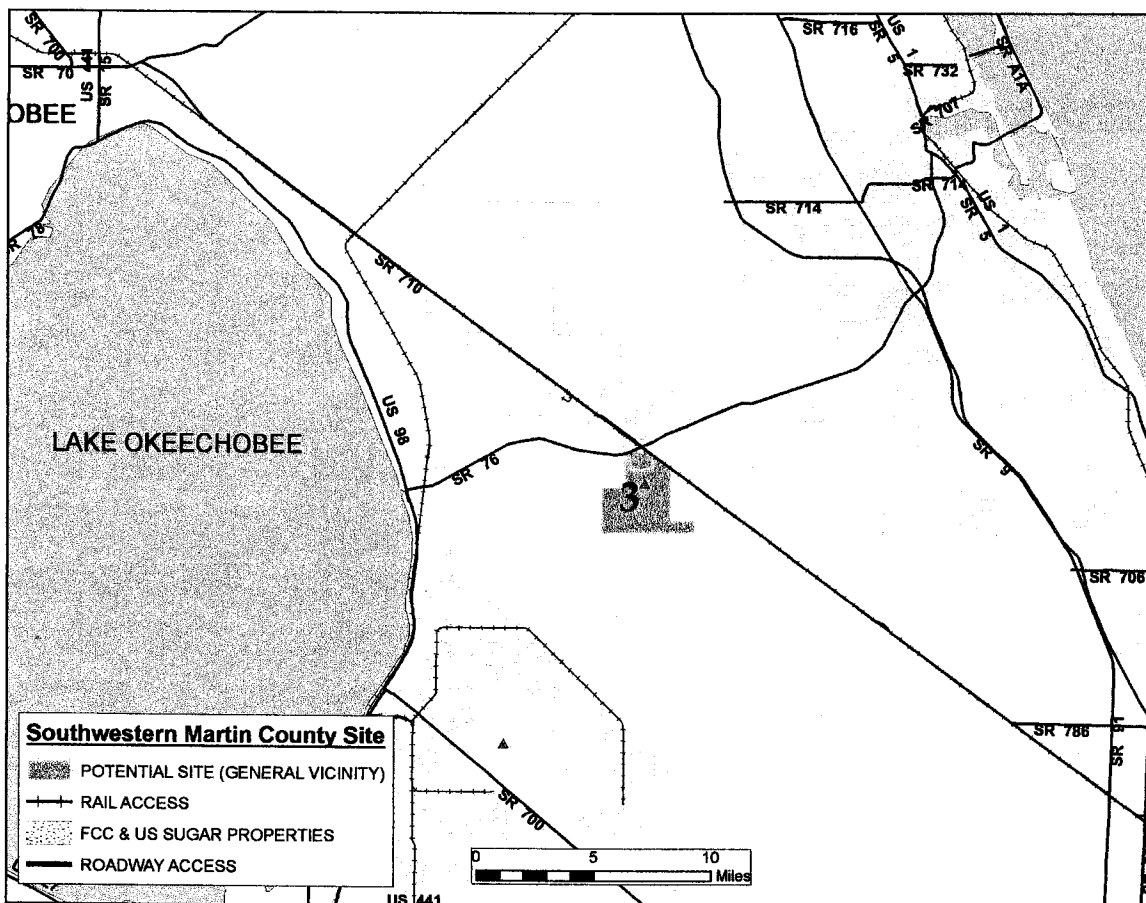
Figure 5.6 Site Option #2: Pahokee Area Near Bryant Mill



The third site, shown in Figure 5.7, is located in southwestern Martin County along SR 710. This site consists of agricultural land owned by Florida Crystals.

- **Land availability.** This site consists of agricultural land. The land is owned by Florida Crystals. Significant acreage is available for discussion (upwards of the 3500 acres originally proposed by the Port of Palm Beach). The majority of this land would require significant preparation costs for heavy industrial use (e.g., de-mucking).
- **Environmental Concerns.** This site falls in close proximity to environmentally sensitive areas, including wildlife management areas, Florida Forever lands, and wetlands. In order to develop industrial facilities on this site would require changes to land use and zoning through the local comprehensive plan; this will require coordination and partnership with land use agencies such as the regional planning council, and environmental groups. Environmental interest groups have expressed concerns about this site.

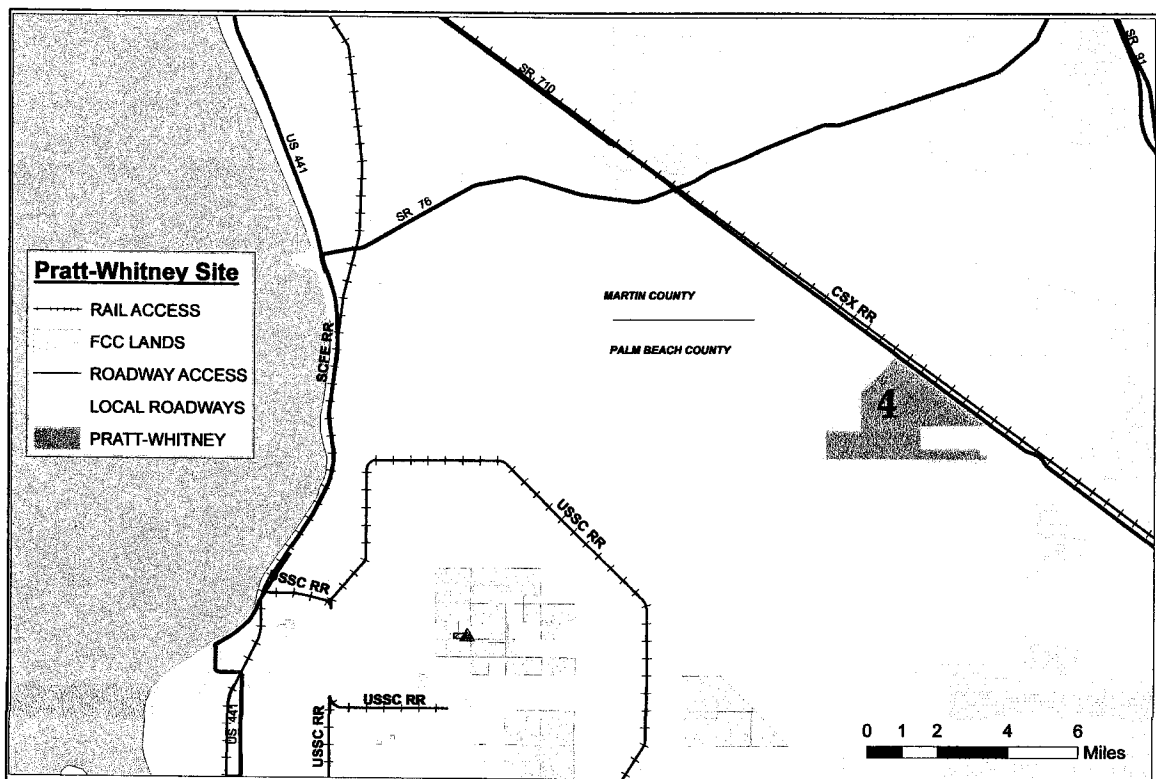
Figure 5.7 Site Option #3: Southwestern Martin County on SR 710



- Transportation Connectivity.** The site could be developed to provide direct access to SR 710. This corridor carries significant truck traffic. Several PD&Es currently are underway that should result in significant improvements to handle this truck traffic. This corridor provides direct access to Central Florida to the north and to the major north/south corridors in southeast Florida (Florida's Turnpike and I-95). This site could be developed to directly connect to CSX. This is one of two sites with the potential for direct Class I rail service, although currently CSX does not have direct access to the ports in southeast Florida.
- Proximity to Markets.** This location is best positioned to serve the northeast quadrant of south Florida as well as Central Florida. SR 710 provides the most direct route to the Port of Palm Beach. It also links Palm Beach County with Central Florida. In addition, an effective partnership with CSX could provide marketable hinterland connections. However, as noted above, CSX's service to southeast Florida is limited.
- Community Support.** This is rural area; the land owner supports discussions. Further discussions with Martin County representatives are required.

The fourth site, shown in Figure 5.8, is located in northern Palm Beach County along SR 710. This site consists of an established industrial complex, including an air field and research and development facilities owned and operated by Pratt Whitney.

**Figure 5.8 Site Option #4: Pratt-Whitney Property on SR 710**



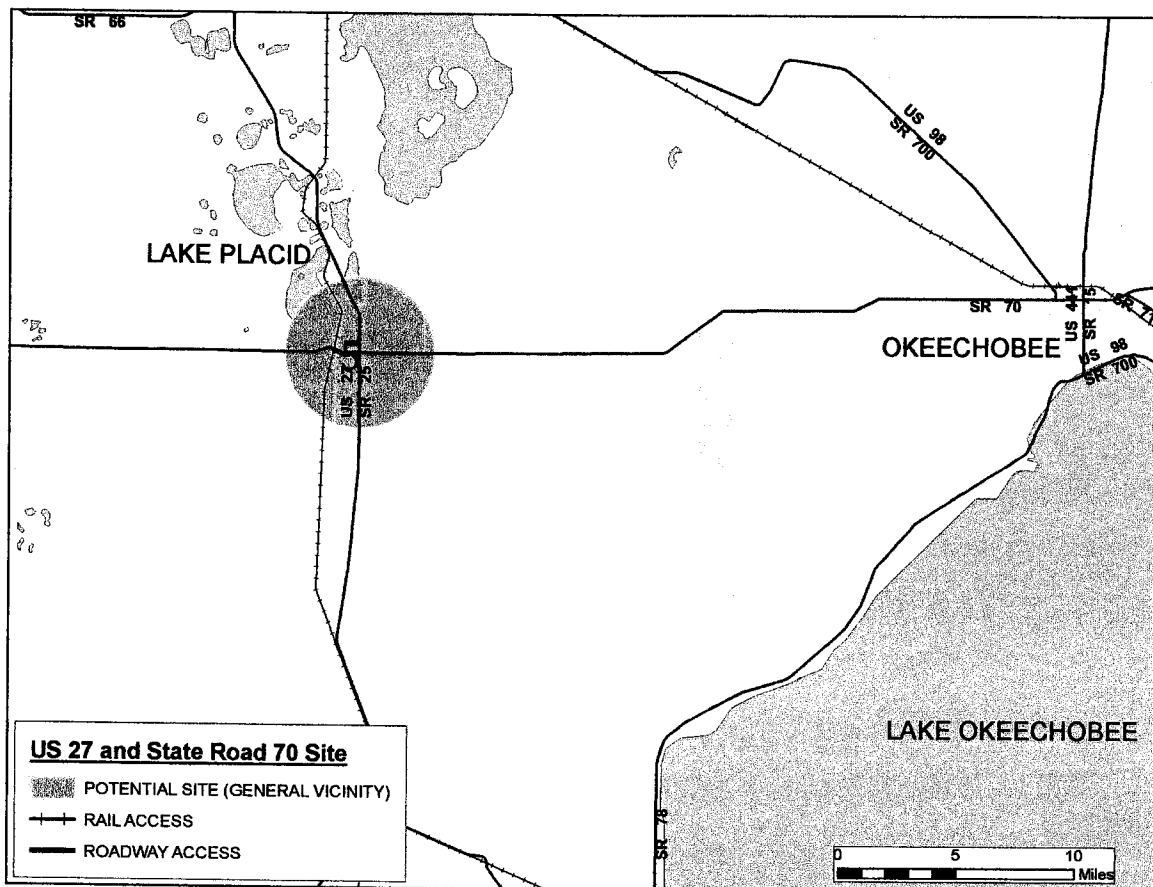
- **Land availability.** This site consists of an industrial complex, air field, and wet lands. The land is owned by Pratt Whitney. Although the site is upwards of 7,500 acres, only 300 to 500 acres are being considered for industrial redevelopment - a significant constraint. This development is being driven by the land owner; site size restrictions are being voluntarily enforced as part of environmental considerations and recommendations from interested parties.
- **Environmental Concerns.** This site falls in close proximity to environmentally sensitive areas, including wildlife management areas, Florida Forever lands, and wetlands. In addition, the site itself contains significant wetlands. Current development plans have been scaled down significantly to address environmental concerns. Environmental interest groups have expressed concerns about this site.
- **Transportation Connectivity.** The site could be developed to provide direct access to SR 710. This corridor carries significant truck traffic. Several PD&Es currently are underway that should result in significant improvements to handle this truck traffic. This corridor provides direct access to Central Florida to the north and to the major north/south corridors in southeast Florida (Florida's Turnpike and I-95). This site could be developed to directly connect to CSX. This is one of two sites with the potential for direct Class I rail service, although currently CSX does not have direct access to the ports in southeast Florida.
- **Proximity to Markets.** Similar to site #3, this location is well positioned to serve the northeast quadrant of south Florida as well as Central Florida. SR 710 provides the most direct route to the Port of Palm Beach. It also links Palm Beach County with Central Florida. In addition, an effective partnership with CSX could provide marketable hinterland connections. However, as noted above, CSX's service to southeast Florida is limited.
- **Community Support.** This is rural area; the land owner supports discussions. Further discussions with local representatives are required.

The fifth site, shown in Figure 5.9, is located in Highlands County on the northwest side of Lake Okeechobee at the intersection of US 27 and SR 70. This site consists of agricultural lands.

- **Land availability.** This site consists of agricultural lands. Specific ownership and available acreage has not yet been documented or evaluated.
- **Environmental Concerns.** This site appears to fall on the outskirts of environmentally sensitive areas, although there are wetlands in fairly close proximity. In order to develop industrial facilities on either of these sites would require changes to land use and zoning through the local comprehensive plan; this will require coordination and partnership with land use agencies such as the regional planning council, and environmental groups. Environmental interest groups have expressed concerns about this site, although to a lesser degree.

- **Transportation Connectivity.** The site could be developed to provide direct access to US 27 and SR 70, providing north/south and east/west connectivity. In addition, direct access to the South Central Florida Express could be provided, with an interchange with CSX in Sebring to the north.
- **Proximity to Markets.** This location is best positioned to serve the northwest quadrant of south Florida as well as Central Florida, Port Manatee and the Port of Tampa. US 27 provides direct access to Winter Haven, the home of CSX's future integrated logistics center. SR 70 provides direct access to I-75 connecting to the Tampa Bay region. It also connects to I-95 in Fort Pierce.
- **Community Support.** This is rural area; further discussions with local representatives are required.

Figure 5.9 Site Option #5: Highlands County at Intersection of US 27/SR70





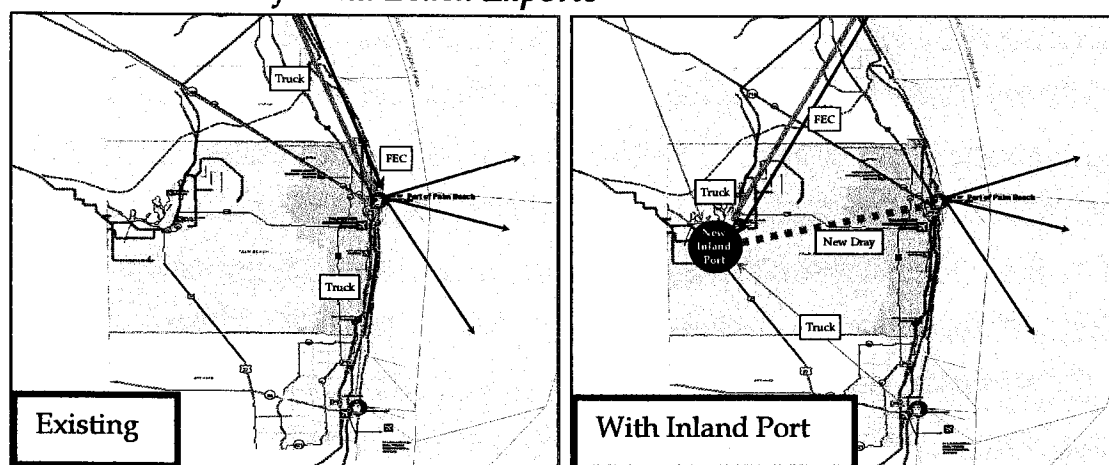
## 5.4 Impact on Existing Supply Chains

The successful development of a new freight hub is dependent on its ability to enhance existing operations or create opportunities for new operations. As mentioned above in the market assessment, modifying or changing existing logistics patterns is difficult. While some shippers are willing to pay more for expedited service, others are willing to wait longer for lower cost. However, reliability of pick up and delivery is critical under either scenario. In addition, for a carrier to make a profit, the move must be as efficient as possible. In order for an inland port to be successful, it is critical that it provide the right mix of services that are competitive with or superior to existing transportation services.

Figure 5.10 compares an existing supply chain to one with a new inland port. Currently, products are brought into the Port of Palm Beach by truck and rail from a variety of domestic markets and then exported to the Caribbean. This is a finely tuned supply chain with tight delivery windows and sailing times. In fact, these characteristics are what make the service a success, giving it a competitive advantage over others. Introducing the inland port to the supply chain creates an additional node in the network. The key determinant as to whether this would work is in the definition of value added service at the inland port. The value added must overcome the additional time and drayage costs or it is not competitive. On the other hand, the inland port may be competitive for a new service that otherwise could not expand into the south Florida market. The Port of Palm Beach has limited terminal capacity; providing that capacity at a discounted rate at an interior location provides an opportunity to attract new business.

Most stakeholders found it difficult to imagine a scenario where existing supply chains would benefit from an inland port. In addition, new markets would need to be able to compete with established operations using existing distribution systems. However, many stakeholders did acknowledge that a major distribution hub in the South Florida heartland could open up new opportunities for serving Florida's population centers. The willingness of stakeholders to look at the larger picture is critical to this process as the existing and future capacity constraints in South Florida call for major investments and the development of new supply chains.

**Figure 5.10 Impact on Supply Chain  
Port of Palm Beach Exports**



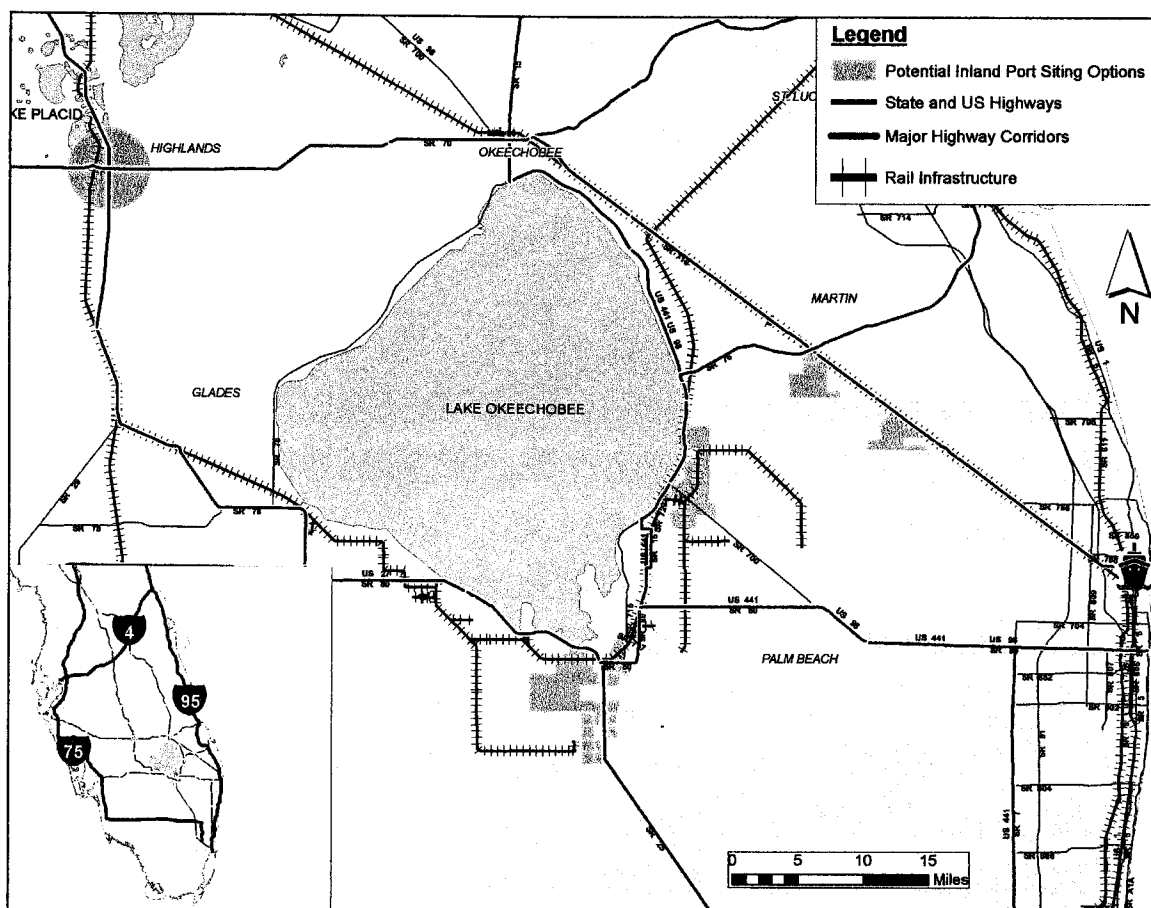
## 5.5 Transportation Connectivity

As discussed above under each potential site, transportation connectivity is one of the most critical elements in the development of a new transportation hub. The two key considerations consist of: 1) does the hub have adequate connections to the transportation system; and 2) do the connections link shippers to their chosen markets. Each identified site serves one market better than another due to proximity and transportation connectivity. Each of the proposed sites has access to the state highway system and the rail network. Figure 5.11 highlights the key existing highway and rail corridors serving the heartland of South Florida.

The majority of sites are located along transportation corridors (highway and rail) that are being studied for improvements, or have improvements scheduled or underway. However, there are not direct connections to all desired markets. This is most notable for rail service. For example, rail service from the South Bay location to southeast Florida requires a northbound move to Fort Pierce before traveling south on FEC. Further, there is no rail junction between FEC and CSX at the SR 710 interchange. Truck service requires use of the State Highway System to access coastal markets or north/south Interstates for more distant markets.

In addition to the existing corridors, the topic of new corridors has been raised by several stakeholders. A proposed new rail line that would run from Hialeah to South Bay - which could connect FEC and/or CSX with the SCFX - within the US 27 right of way has received the most promotion and discussion by and among stakeholders. This would provide a direct rail connection from the major markets in southeast Florida to the inland port under some scenarios. Other new infrastructure elements that have been discussed include a new air cargo facility, and highway bypass routes.

Figure 5.11 Key Existing Transportation Corridors



## 5.6 Potential Partnerships

An infrastructure development of this magnitude requires cooperation and coordination among numerous partners/stakeholders. A broad range of stakeholders were contacted to discuss the concept of an inland port and identify level of interest. To date, there is strong support from a solid cross section of representatives that there is a need for improved freight mobility in South Florida. Private sector partners are positioned to support customer demands; if the market is shown to exist, transportation service providers will be there to serve it. Public agencies are looking for new economic development and improvements to quality of life while protecting and preserving the Florida culture and environmentally sensitive areas. The following highlights opportunities for partnerships by segment:

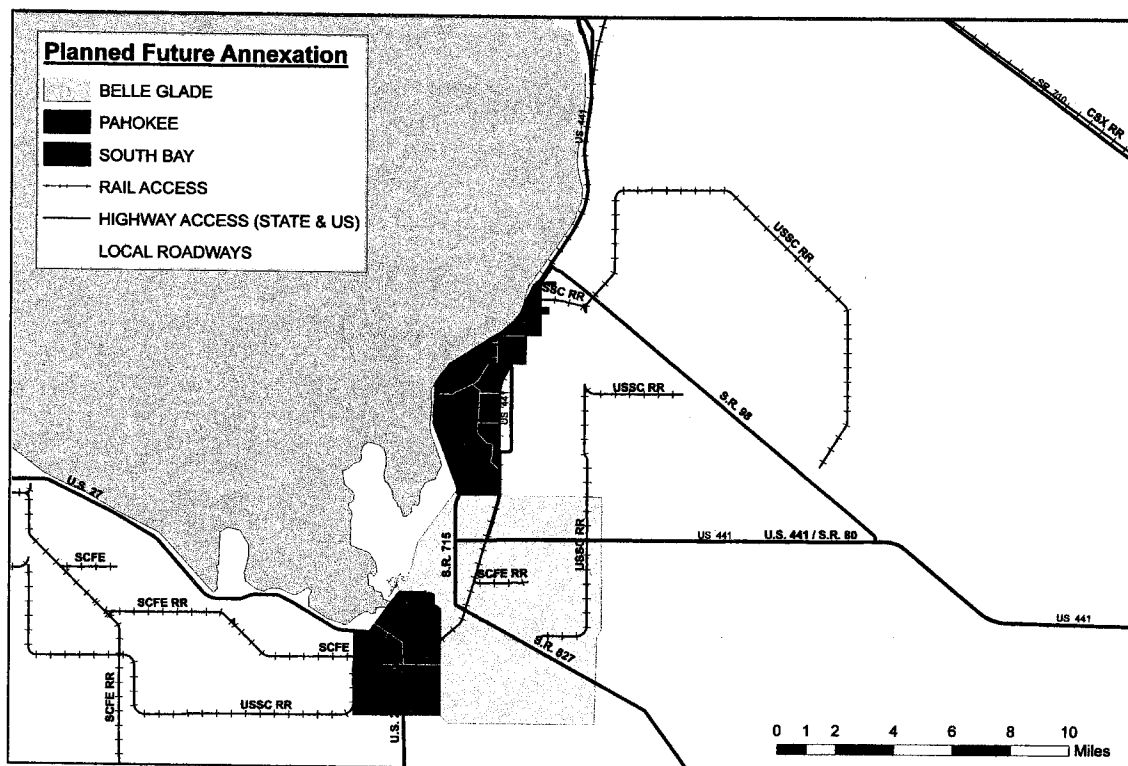
- **Land owners.** The owners of four of the five identified sites have expressed an interest in an inland port concept. Both sugar companies have significant land available and have varying levels of interest in identifying industrial development

opportunities. In addition, the Pratt Whitney facility currently is engaged in industrial development discussions. Other land owners have begun to express interest in the project and will need to be more fully explored in subsequent evaluations.

- **Environmental interests.** Many of the environmental partners have been vocal on the discussion of new corridors (highway and rail), but have been silent on site impacts until a preferred site is selected. Concerns exist about any development that would impact established land preservation or restoration projects, as well as those that would have a negative impact on the overall region. SFWMD and Florida DEP have expressed concern and cautioned project advocates to ensure environmental interests are thoroughly addressed as the project advances. Other environmental groups are opposed to the project as currently developed/designed.
- **Seaports.** The region's seaports are supportive of new freight mobility investments. The Port of Palm Beach is looking for short term expansion via the inland port while other ports are looking for longer term benefits as their growth demands.
- **Marine industry.** Marine industry representatives echoed their seaport partners, specifically calling out nuances of the south Florida distribution environment, highlighting established infrastructure that is not easily moved; however, they acknowledged potential for becoming more competitive in more distant markets through use of a new inland distribution/warehousing facility.
- **Railroads.** Each of the railroads serving the region had their own service plans; CSX is focusing in the short term on an integrated logistics center in Winter Haven, but would not preclude a hub further south in the longer term if the market is there; FEC would rather focus service on its mainline, expanding capacity as necessary, but will serve a new facility if it is developed; and the South Central Florida Express (and US Sugar Industrial Railroad) are interested in serving whatever facilities are developed.
- **Trucking industry.** Trucking industry representatives questioned the additional charges and fees that would be required to integrate an inland hub into a port supply chain, but felt there is an opportunity for a new distribution and warehousing hub. Particular interest was in a large scale truck stop with full amenities; if a competitive hub is built the trucking industry will serve its customers; and representatives were supportive of overall improvements in freight mobility in South Florida.
- **Economic development leaders.** Area economic and business development agencies have been the most vocal proponents of a multimodal facility. They are hopeful that such a facility will create a significant new job base for the heartland area. One of their concerns is the employability of the work force, and as such they have also identified the need for expanded training and education.
- **Community leaders.** Each of the tri-city communities of South Bay, Belle Glade, and Pahokee welcome new economic development, but are cautious of the negative impacts of a major industrial center. Each city has plans to, or is in the process of annexing parcels of adjacent land. Figure 5.12 illustrates the future footprints for each

of the communities following planned annexation.<sup>3</sup> These annexations will be critical elements in site location issues, as they will provide new residential infrastructure, as well as create site neighbors. South Bay plans to annex one of the proposed sites. At the county level, Palm Beach County commissioners have taken a strong interest in the feasibility study and are anxious to move ahead.

**Figure 5.12 Planned Annexation in the Tri-City Region**



## 5.7 Economic Development Opportunities

Continued globalization and shifts in international trade patterns are providing South Florida with a variety of opportunities and challenges. South Florida's seaports are major economic engines within their communities and have a dramatic impact on overall freight mobility. As the volume of international traffic continues to grow, it is critical that our seaports successfully position themselves to compete for and accommodate that growth.

<sup>3</sup> Palm Beach County GIS, Updated April 2004

As a result, economic development partners support the development of a new transportation hub in the South Florida heartland region. They view this as an opportunity to create jobs, provide education, and address the significant unemployment rates throughout the region. In addition, agency staff reported a significant demand for large parcels of industrial land - a commodity in short demand throughout the region. In fact, one of the driving forces behind this feasibility study was the need for additional industrial land capacity. For the Port of Palm Beach, the lack of large parcels of developable land in close proximity to its terminal has restricted its ability to expand; this ultimately led to a desire to investigate inland locations. The port is not the only stakeholder looking for additional lands. The "Palm Beach County Industrial Land Use Needs" study completed in September 2005 identified a number of relevant areas for improvement in the county:<sup>4</sup>

- There is a current shortage of property available for industrial and light industrial development;
- There is a lack of land available for expansion for current industrial and light industrial tenants;
- Current and recent new business recruitment often hinges on availability of large parcels of land with access to efficient transportation infrastructure;
- The shortage of industrial space has resulted in increased sales prices, taxes and rents; and
- Industrial uses tend to provide higher-paying jobs than service and retail and usually generate fiscal surpluses for local governments.

Industrial and light industrial uses could include a number of transportation-related uses: warehousing, distribution, cargo and bulk processing, but could also provide space for light manufacturing or research and related industry; such as businesses that supply/complement the Scripps Research Institute.

In addition, stakeholder interviews have revealed that while there is a sizable labor pool in the tri-city area, a lack of applicable job skills may be a concern. It was recommended that any significant (industrial/light industrial) business development be accompanied by an equivalent amount of employment educational opportunities/facilities. It also should be assumed that a large number of workers will likely continue to commute from Miami, Fort Lauderdale, and Palm Beach, as is the case today. These travel patterns would add significantly to existing traffic, and may point to the need for additional transit services.

At a preliminary feasibility analysis phase it is difficult to determine specific economic and fiscal impact data. In order to accurately assess direct and indirect benefits of an inland port facility, detailed figures such as revenue, operating data, and employment information must first be determined. What has been established, however, is that the

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<sup>4</sup> Palm Beach County Intergovernmental Plan Amendment Review Committee (IPARC). "Palm Beach County Industrial Land Use Needs". September 2005

economic development community in Palm Beach County is willing and eager to embrace an inland port facility or any type of multimodal freight hub that will make positive contributions to the local and regional economies.

## 5.8 Potential Funding

The potential funding sources for a new transportation hub will be dependent on the type of facility identified. State funding is available for infrastructure elements of statewide significance that meet the criteria for designation as part of the Strategic Intermodal System (SIS). In addition, regionally significant infrastructure may be eligible under the Transportation Regional Incentive Program (TRIP). In addition to these programs, there are local FDOT district funds available for some types of projects. Local sources include the metropolitan planning organizations (MPOs) and local county and municipal governments. Seaports also have significant capital improvement programs funded by port revenues and local partner funds. In addition to these public and quasi-public sources, the private sector often funds its own facilities. Local business incentives are sometimes offered by economic development entities to encourage and support private sector investment.

The SIS offers the most significant funding opportunity, but it requires that specific eligibility criteria be met. To date, the concept of an inland port has been most widely supported by one seaport, while the majority of stakeholders have supported investment in *distribution/warehouse/trucking facility infrastructure*. These types of investments are more in the purview of the private sector. Public partners can participate through streamlining permitting processes, providing economic incentives, and in some instances assist with land acquisition or right of way needs. In addition, for large projects, there is potential to obtain a loan from the State Infrastructure Bank (SIB). Modal partners can also provide funding. Railroads and seaports, as mentioned, have capital improvement programs and invest in their facilities on an ongoing basis. These modal partners have the ability to pool their resources and work with land owners to create new private facilities.

The most appropriate funding structure for a facility in South Florida would likely be some combination of public and private sources. Further, if the private sector displayed initiative toward establishing an inland facility - including planning, land acquisition/availability and collaboration amongst business interests - it is far more likely that an inland freight facility could become a reality. A facility would be more likely to become a reality if it is driven by the private sector, seeking public funding assistance, rather than the opposite - waiting for public sector agencies to coordinate and advance the concept.

## **5.9 Stakeholder Support**

At this point in the process, most stakeholders have expressed wide spread support for continued exploration of improved freight mobility in South Florida. Although there is not a clear consensus on exactly what the infrastructure improvements should be, there is general agreement that new freight services could increase the region's competitive position in the global economy and stimulate much needed economic development in the heartland. Environmental stakeholders are concerned about degradation of the environment and quality of life in South Florida.



## 6.0 Findings, Conclusions and Recommendations

This section summarizes the findings, conclusions, and recommendations developed from the analyses presented in Sections 1 through 5. Throughout the course of this feasibility study, the Port of Palm Beach has continued to support the merits of an inland port to a diverse set of stakeholders. In fact, a task force was created in an attempt to advance the project. Throughout this process, the project concept evolved from an inland port to an inland multimodal complex. This helped better communicate the intentions of project. In addition to this ongoing outreach, the Port of Palm Beach pursued additional funding from state leadership to conduct a second phase of the feasibility study. Phase II has been funded and will commence in Fall 2007, charged specifically with a more detailed market assessment. The final section of this report is designed to summarize the key findings of this study and provide a set of recommendations to guide future phases of work.

### 6.1 Key Findings and Conclusions

The concept of an inland port can be used to describe a variety of facilities. The early stages of this study looked specifically at the Port of Palm Beach's proposal, which focused on the physical expansion of terminal capacity through the development of an inland facility; that is, duplication of waterside terminal infrastructure at a non-adjacent facility. This is the primary option for future expansion by the port given the lack of land available in Riviera Beach. This type of facility is well documented and equates to a particular foot print that varies primarily by size and specific commodity handling equipment. The Florida DOT agreed to assist the port in an analysis of this type of facility, however, it was made clear at the inception that for the project to achieve the status of statewide significance, it needed to serve multiple seaports in South Florida.

The study advanced with outreach to a variety of stakeholders, including seven deepwater seaports serving the greater south Florida region. Given proximity and individual conditions, it emerged that the Port of Palm Beach was the only port committed to the concept of developing a new inland port facility in the short term. While the other seaports saw the benefits of improved regional freight mobility, their terminal expansion needs would be handled in an alternate manner in the short term. However, the Port of Miami and Port Everglades have gone on record as being supportive of ongoing exploration of this concept to meet longer term capacity expansion and regional mobility needs. In addition to this general finding, it also became evident that there was significant support for what had originally been considered the secondary development

that would accompany an inland port facility; that is, distribution centers, warehouses, trucking facilities and amenities, and other light industrial uses.

Economic development professionals in the region saw the concept as one potential solution to the economic challenges that face the heartland of South Florida. As a result, this project has evolved to encompass: 1) the expansion needs of the Port of Palm Beach; 2) the economic recovery of the heartland of South Florida; and 3) an opportunity to dramatically improve and expand freight mobility in South Florida. The following presents a comprehensive list of findings and conclusions resulting from a detailed analysis of industry best practices, regional data collection and analysis, and significant stakeholder input.

- **An effective inland port must provide value added services.** Supply chain efficiencies or cost savings must be achieved to justify use of an inland port. Without some type of improvement of efficiency, it simply adds an additional node to the movements.
- **Successful inland ports create direct and indirect benefits to the region.** Direct benefits include jobs, tax revenues, and increases in property value. Indirect benefits include a variety of items such as private sector investment in distribution centers and warehouses, truck services, and more.
- **An efficient inland port creates regional transportation benefits.** Improved mobility and/or modal diversion often result in reduced delay for trucks, reduced congestion on regional highways, lower shipping costs, and reduced highway maintenance costs.
- **Environmental concerns will play a critical role in project advancement.** Both state permitting and regulatory agencies, as well as special interest groups cautioned that there are significant environmental concerns for industrial development in the identified region. Continued outreach and partnership will be key factors for ongoing feasibility activities.
- **A centrally located facility would not effectively serve all of South Florida's seaports.** The seven cargo handling ports in South Florida each have specific needs and improvement programs. Terminal expansion via an off-site shared facility was not an effective answer for most ports. It should be noted that most inland ports are developed to serve a particular port authority, not a network of competing ports.
- **Inland port would provide the Port of Palm Beach with the ability to expand bulk and break-bulk services.** Bulk and break bulk products are characterized as heavy, large volume shipments with significant storage requirements. Current terminal capacity does not allow the port to market these types of customers.
- **Direct rail connection between the inland port and the Port of Palm Beach is required.** The economics of moving bulk/break bulk products by truck are constrained; an efficient ship-to-rail connection on port with consistent and reliable connection to an inland facility for off-loading and processing is preferable.
- **New industrial land would allow South Florida to better compete for and attract new business.** Economic development specialists do not have adequate industrial

lands or industrial parks available in South Florida to meet the needs of companies looking for expansion opportunities.

- **Port of Palm Beach has limited growth potential without an inland facility.** With just over 150 acres of land, and a booming residential community outside its gate, the Port is landlocked with limited opportunities for growth. It is already home to one of if not the most efficient container operation in the U.S. so additional improved efficiencies are also limited.
- **Region has strong demand and general support from industry and community for freight mobility improvements.** A significant number of stakeholders contributed to this study; there was universal support for the need for improved freight mobility in South Florida.
- **Heartland communities support potential economic development opportunities, provided they are planned and constructed responsibly.** The heartland is a rural area of critical economic concern and has been working regionally to define key target industries. Many community leaders see a major transportation hub as an excellent opportunity for the region.
- **Multiple land owners looking for industrial opportunities - multiple sites have been identified.** Often the chief opposition to a major new industrial facility, especially one of hundreds or even thousands of acres, is finding adequate land. Major land owners have expressed a strong interest in exploring opportunities for industrial diversification.
- **New services more likely to benefit new freight operations - limited benefits for existing customers.** Creating a new transportation hub can have a negative impact on existing supply chains; new business, that otherwise could not become established in the region, has a better chance of making it work.
- **Established distribution networks in South Florida are not easily re-located or duplicated.** South Florida, particularly in Miami/Dade County, has an established network of value-added consolidation and distribution businesses. Many of these are "mom and pop" businesses that provide more than merely load consolidation. Competing with this infrastructure is difficult.
- **Distribution facility could enhance competitiveness of Florida's ports with each other as well as other states/countries.** A central distribution hub in South Florida may provide new opportunities or better opportunities for South Florida ports to compete in existing or new markets. For example, established distribution activities along the I-4 corridor in the Tampa Bay/Orlando region can be served by the Port of Miami or the Port of Savannah. A shift to South Bay would give the Port of Miami an advantage.
- **New or expanded corridor development creates significant environmental concern.** Discussion of new corridors (rail and highway) resulted in significant concern/opposition by environmental groups. The heartland region is home to a significant array of environmentally sensitive areas.
- **Development of new transportation corridors are seen as critical by some stakeholders.** New rail line along US 27, a new air cargo facility, and bypass

highways around downtown areas were identified and discussed by a variety of stakeholders.

- **Uncertain if traditional rail operations can provide competitive service to an inland facility.** One element of the inland port concept is the use of rail for short haul moves, primarily from the inland location to the Port of Palm Beach. Although there is rail commitment to provide the necessary service, short haul service has not historically been competitive for railroads.
- **Variety of transportation related services - and a staggered or phased approach - should be considered.** Regional stakeholders support further exploration of a variety of transportation services and concur that starting small with room to grow and expand is a good approach.
- **Facility must provide cost competitive, value added, and marketable service bundles.** A new transportation hub has the potential to create additional moves to integrate it into established supply chains. This makes it critical that the new facility add value to the supply chain.
- **Economic development and business development entities have indicated an intent to aggressively market an inland port/multimodal facility.** Although specific markets have yet to be identified, local economic development leaders report there are numerous opportunities missed all the time due to lack of industrial land. With new facilities in place or under development, significant marketing could be completed.
- **Current transportation infrastructure in place has the potential to sufficiently serve an inland facility.** The heartland is home to a limited but connected network of highways and railroads; with ongoing improvements, and appropriate site selection and development, transportation connectivity should be adequate in the short term.
- **South Florida is at a geographic disadvantage to attract large-scale distribution operations.** Unlike some other areas that have developed inland ports or integrated logistics centers designed to serve multiple U.S. markets, South Florida is best positioned to serve its own set of regional markets. It is critical that these regional markets are served by seaports when possible to minimize landside transportation impacts.
- **South Florida has a significant demand/need for truck service facilities.** South Florida relies on trucks for the majority of its transportation services. There are little to no truck service facilities in the region. The South Bay vicinity along US 27 has been identified as an ideal location for a full service facility, with all the amenities.
- **Facility has potential to serve as a staging area for natural disaster/emergency response and security operations.** Recent hurricanes have wreaked havoc on south Florida - with delays in supplies and infrastructure damage contributing. A new freight hub at an inland location may be positioned to play a significant role for both evacuation and recovery activities.

## 6.2 Recommendations

The state should work with local and regional partners to further investigate the viability of a regional mixed use freight hub that directly serves Port of Palm Beach, maximizes use of existing transportation corridors, provides a variety of transportation, distribution, and warehousing facilities, promotes regional economic development, protects public investment in sensitive lands and resources, and is dependent on public and private investments. In order to accomplish this, the following actions should be considered for the next phase of the project:

- **Develop stakeholder/advisory committee to provide ongoing input.** As part of the second phase, it will be important to identify and define key partners to develop an advisory or stakeholder committee that provides input throughout the project. The purpose of this group is to ensure project feasibility requirements are maintained and monitored. Regulatory agencies, including Florida DEP, SFWMD, the USACE, and Florida DCA will play critical roles in the approval process as well as will ensure the sustainability of impacted communities. Modal partners, such as the railroads, will be major factors in the definition of service options. Private sector investors will be necessary to promote new site developments. The core group should be established early to ensure there is ongoing support as phase II advances.
- **Identify a preferred site(s).** Five potential sites have been identified in this phase. Each has its advantages and disadvantages. The interested stakeholders should make recommendations for further analysis of the likely candidate sites. Work to date suggests a location along US 27 south of South Bay would serve the largest set of needs. However, a final determination should be made based on stakeholder input.
- **Refine the preliminary market analysis.** Based upon partner input, the preferred site, and addition analysis, as necessary, a detailed market analysis should be completed. This analysis should define the selected service bundles and then work to identify the potential market size based on available trend data, economic development staff input, and other stakeholder commitments. As part of this activity, it will be necessary to differentiate service from other large distribution centers, such as Winter Haven and Lakeland. In order to justify why a new hub is warranted, it is critical that the differences be identified and used to develop a marketing plan.
- **Identify and define potential business plan options.** The ownership, operation, and services offered are critical elements of a facility. Whether privately or publicly run, a facility must have an effective business plan. Further, public facilities may be eligible for additional funding programs. Likely, this will vary by element. That is, an inland port component may be led by the port, while warehousing infrastructure would like be led by a private company.
- **Develop an environmental mitigation plan.** As mentioned above, South Florida is an environmentally sensitive area. The unique qualities provided in South Florida must be preserved and protected. As such, it is critical that any industrial development planned for the region be environmentally sound.

- **Develop a phased approach.** It is unlikely that a complete industrial complex will be able to be designed, funded, and constructed all at once. In fact, there likely will be many unanswered questions regarding service modules, realizing growth potential, and a range of markets. A phased approach will help show a planned development and integration of various service bundles.
- **Identify and define potential funding structures.** Potential funding is based in large part on the way in which the project is defined. An inland port will likely require at least a quasi-public partner, like a port authority, and potentially other public funds. A private sector, market driven distribution center will be privately funded, although there may be an opportunity for the public sector to provide some type of incentive. As this concept advances, it will be important to more clearly define funding opportunities.
- **Develop work force training/development plan.** Work to date suggests that there are significant job-related training needs in the heartland region. If new services and infrastructure in the region are to provide localized economic impacts, it will be necessary to ensure jobs are accompanied by training programs. A work force training plan will help ensure this is accomplished.
- **Provide ongoing outreach public involvement to build consensus.** As this project is developed, defined, and implemented, it will be important to expand the outreach activities beyond the professional level to involve the general public.

# Multi-Modal Logistics Complex: Market & Economic Analysis

Presented to  
Inland Port Task Force

California Logistics Systematics, Inc.  
Martin & Associates, Inc.

June 6, 2008

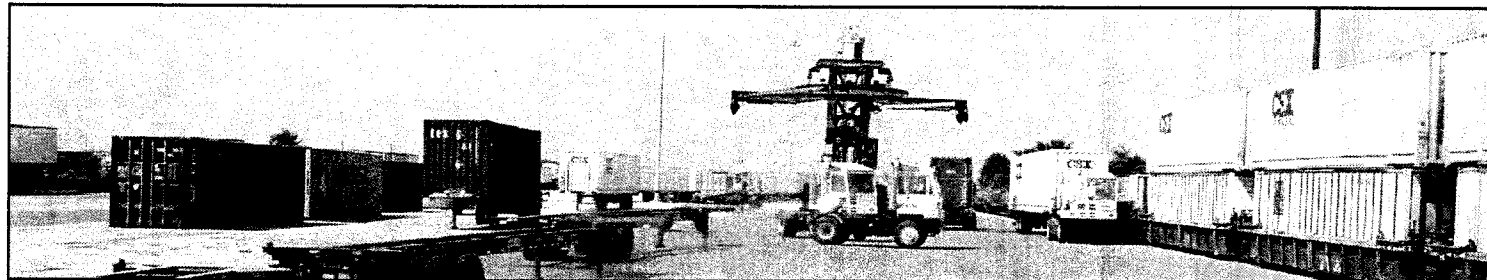


Florida Department of Transportation

# Agenda

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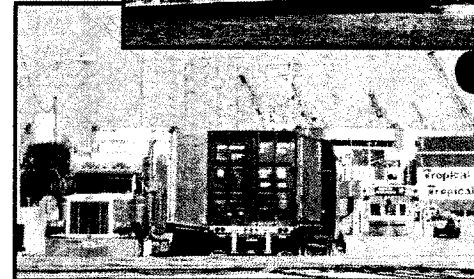
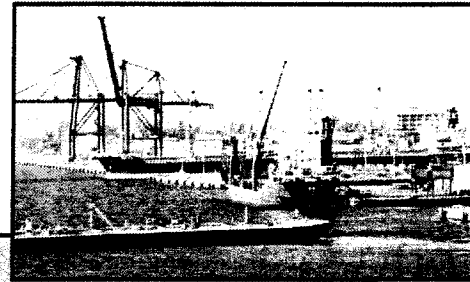
- **Market Review**
- **2008 Legislative Impact**
- **P3's and Private Activity Bonds**
- **Public Purpose**
- **Challenges**
- **Where Do We Go From Here?**



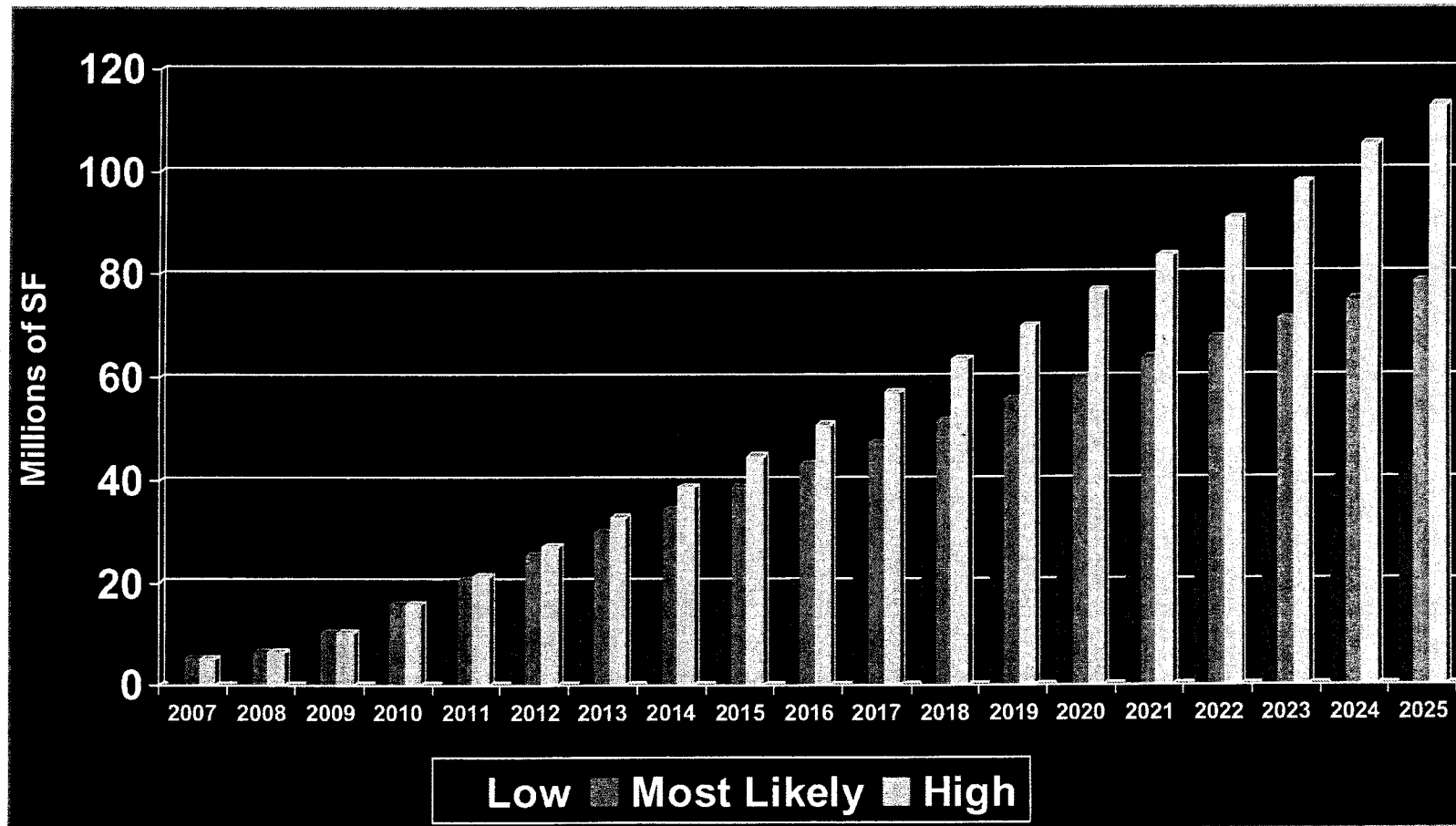


# Phase II Study: Market & Economic Analysis

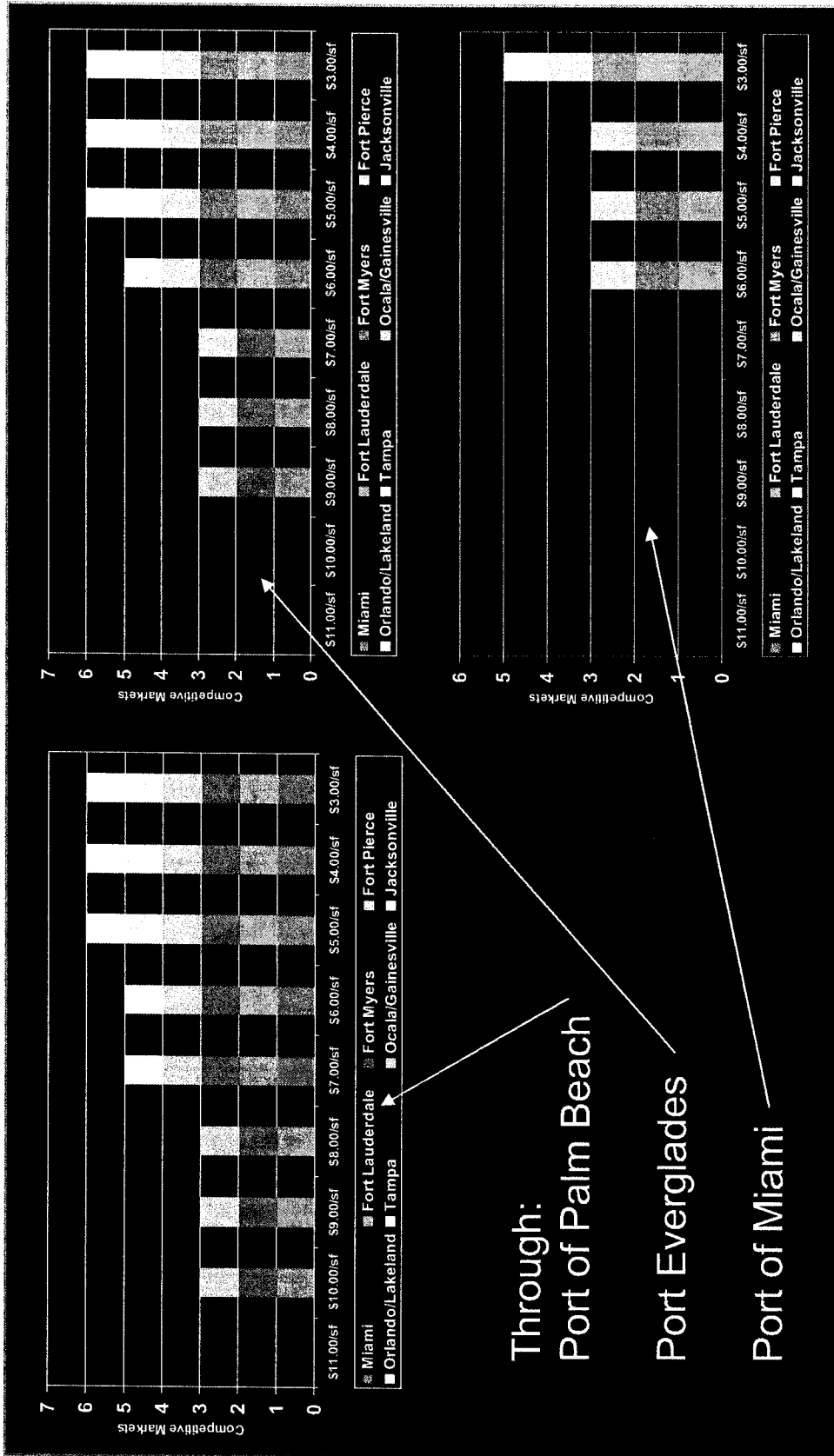
- Initial study paved the way for a “Market and Economic Analysis” known as the Phase II Study
- Phase II Objectives
  - 1) Market Assessment
  - 2) Facility Component Definition
  - 3) Economic Impact Assessment
  - 4) Identification of Investment Strategies



# Distribution Center demand for South Florida competitive hinterland is estimated between 45-110 million square feet through 2025



# Maximum gross lease rate needed to be competitive for a 250,000 sf facility



Through:  
Port of Palm Beach

Port Everglades

Port of Miami



Florida Department of Transportation

# How Much Can We Capture?

---

- **Market exists for 45 to 110 million square feet of warehousing/distribution demand in South Florida**
  - **600 jobs per million square feet depending on level of automation**
- **How much can be served by the ILC?**
  - **Logistics costs**
  - **Market access**
  - **Market competition**
  - **Centralized location**
- **How can we engage the private sector while creating a public benefit to South Florida?**



# Economic Impacts Created by ILC Activity

---

- **Jobs**

- **Direct** – On-site jobs that would vanish if activity ceased at ILC
- **Induced** – Jobs held within the region due to the spending by the direct jobholders
- **Indirect** – Jobs held in the region due to purchases made by firms operating at the ILC

- **Personal Income**

- **Direct, Induced, Indirect**

- **Business Revenue**

- **Taxes**

- **State, Local**



# Methodology and Assumptions for ILC Impact Model and Analysis

---

- **Market analysis indicates that by 2025 an additional 80 million square feet of warehousing and DC space will be needed that could effectively be served via an ILC in South Florida**
- **Average developed for direct jobs from interviews with developers and actual DC operators in Florida**
  - **Weighted average of 411 FTE (full-time equivalent) jobs per 1 million sf - adjusted for seasonal peaks**
  - **Truck driver employment calculated by average number of loads in/out of DC and trips per day per driver to hinterland**
- **Data supplemented by in-house data bases**
- **Impact scenarios modeled for 5-year increments based on the “Most Likely” scenario of DC space demand**
- **South Florida Demand Capture Scenarios for Impact Analysis:**
  - **Low Demand @ 50%**
  - **Most Likely Demand @ 75%**
  - **High Demand @ 80%**



# Estimated Economic Impact of South Florida DC Activity - Low Scenario

<b>ESTIMATED ECONOMIC ACTIVITY OF DISTRIBUTION CENTER LOW DEMAND SCENARIO</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>JOBS</b>				
DIRECT JOBS	2,024	4,573	7,376	11,030
INDUCED JOBS	921	2,082	3,358	5,021
INDIRECT JOBS	1,432	3,237	5,221	7,807
<b>TOTAL JOBS</b>	<b>4,377</b>	<b>9,892</b>	<b>15,955</b>	<b>23,858</b>
<b>PERSONAL INCOME (1,000)</b>				
DIRECT	\$65,766	\$148,637	\$239,729	\$358,473
INDUCED/RESPENDING	\$130,216	\$294,302	\$474,664	\$709,777
INDIRECT	\$48,686	\$110,036	\$177,472	\$265,378
<b>TOTAL INCOME</b>	<b>\$244,668</b>	<b>\$552,975</b>	<b>\$891,865</b>	<b>\$1,333,628</b>
<b>BUSINESS REVENUE (1,000)</b>	<b>\$158,932</b>	<b>\$359,203</b>	<b>\$579,340</b>	<b>\$866,301</b>
<b>STATE AND LOCAL TAXES (1,000)</b>				
STATE TAXES	\$12,830	\$28,998	\$46,769	\$69,935
LOCAL TAXES	\$9,679	\$21,876	\$35,282	\$52,758
<b>TOTAL TAXES</b>	<b>\$22,509</b>	<b>\$50,874</b>	<b>\$82,052</b>	<b>\$122,694</b>



# Estimated Economic Impact of South Florida DC Activity - Most Likely (Medium) Scenario

<b>ESTIMATED ECONOMIC ACTIVITY OF DISTRIBUTION CENTER MOST LIKELY DEMAND SCENARIO</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>JOBS</b>				
DIRECT JOBS	6,071	14,782	22,849	30,043
INDUCED JOBS	2,763	6,729	10,401	13,676
INDIRECT JOBS	4,297	10,463	16,173	21,264
<b>TOTAL JOBS</b>	<b>13,131</b>	<b>31,973</b>	<b>49,423</b>	<b>64,983</b>
<b>PERSONAL INCOME (1,000)</b>				
DIRECT	\$197,297	\$480,413	\$742,605	\$976,397
INDUCED/RESPENDING	\$390,648	\$951,218	\$1,470,357	\$1,933,265
INDIRECT	\$146,059	\$355,650	\$549,751	\$722,827
<b>TOTAL INCOME</b>	<b>\$734,005</b>	<b>\$1,787,282</b>	<b>\$2,762,712</b>	<b>\$3,632,489</b>
<b>BUSINESS REVENUE (1,000)</b>	<b>\$476,796</b>	<b>\$1,160,987</b>	<b>\$1,794,609</b>	<b>\$2,359,601</b>
<b>STATE AND LOCAL TAXES (1,000)</b>				
STATE TAXES	\$38,491	\$93,725	\$144,877	\$190,488
LOCAL TAXES	\$29,037	\$70,705	\$109,293	\$143,701
<b>TOTAL TAXES</b>	<b>\$67,528</b>	<b>\$164,430</b>	<b>\$254,170</b>	<b>\$334,189</b>





# Estimated Economic Impact of South Florida DC Activity - High Scenario

<b>ESTIMATED ECONOMIC ACTIVITY OF DISTRIBUTION CENTER HIGH DEMAND SCENARIO</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>JOBS</b>				
DIRECT JOBS	6,375	18,204	31,343	46,027
INDUCED JOBS	2,902	8,286	14,267	20,951
INDIRECT JOBS	4,512	12,885	22,184	32,578
<b>TOTAL JOBS</b>	<b>13,790</b>	<b>39,375</b>	<b>67,794</b>	<b>99,556</b>
<b>PERSONAL INCOME (1,000)</b>				
DIRECT	\$207,200	\$591,625	\$1,018,638	\$1,495,871
INDUCED/RESPENDING	\$410,256	\$1,171,418	\$2,016,903	\$2,961,824
INDIRECT	\$153,390	\$437,981	\$754,098	\$1,107,394
<b>TOTAL INCOME</b>	<b>\$770,847</b>	<b>\$2,201,025</b>	<b>\$3,789,639</b>	<b>\$5,565,089</b>
<b>BUSINESS REVENUE (1,000)</b>	<b>\$500,729</b>	<b>\$1,429,747</b>	<b>\$2,461,683</b>	<b>\$3,614,984</b>
<b>STATE AND LOCAL TAXES (1,000)</b>				
STATE TAXES	\$40,423	\$115,422	\$198,729	\$291,833
LOCAL TAXES	\$30,495	\$87,073	\$149,918	\$220,155
<b>TOTAL TAXES</b>	<b>\$70,918</b>	<b>\$202,494</b>	<b>\$348,647</b>	<b>\$511,988</b>



## 2008 Legislative Appropriations Act

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- ***“Rail Corridor Studies. From the funds in Specific Appropriation 2077, \$700,000 in non-recurring funds is provided for a study to determine the feasibility of a rail corridor along U.S. Highway 27 extending from western Miami-Dade to the City of South Bay and a study to determine the feasibility of a rail corridor in the Tampa Bay area, including Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties.”***
- **Development of a new rail corridor along US 27 from Miami to South Bay could improve rail access to several of the interested sites**



# 2008 Legislative Appropriations Act

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- ***"The Department of Transportation and the Port of Palm Beach are authorized to enter into a public-private partnership by October 1, 2008, which may result in the issuance of private activity bonds in an amount not to exceed the revenues generated by the private development. It is the Legislature's intent that the partnership shall fund improvements that achieve a public purpose by maximizing the use of the Strategic Intermodal Highway System to relieve traffic congestion and promote economic development."***
- **Authorization could provide the Port and FDOT with leverage in the development of a P3 through enhanced funding options**



# Public Private Partnerships

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- **Partnership, really just a fancy way of saying using other people's money**
- **P3's have been used for years in Europe and Australia, America is catching up**
- **P3's are an agreement between the public and private sector that allows private capital to be used beyond what is normal (e.g. design-build)**
- **Private sector may design, construct, finance, operate, maintain and manage a facility**



# Types of Public Private Partnerships

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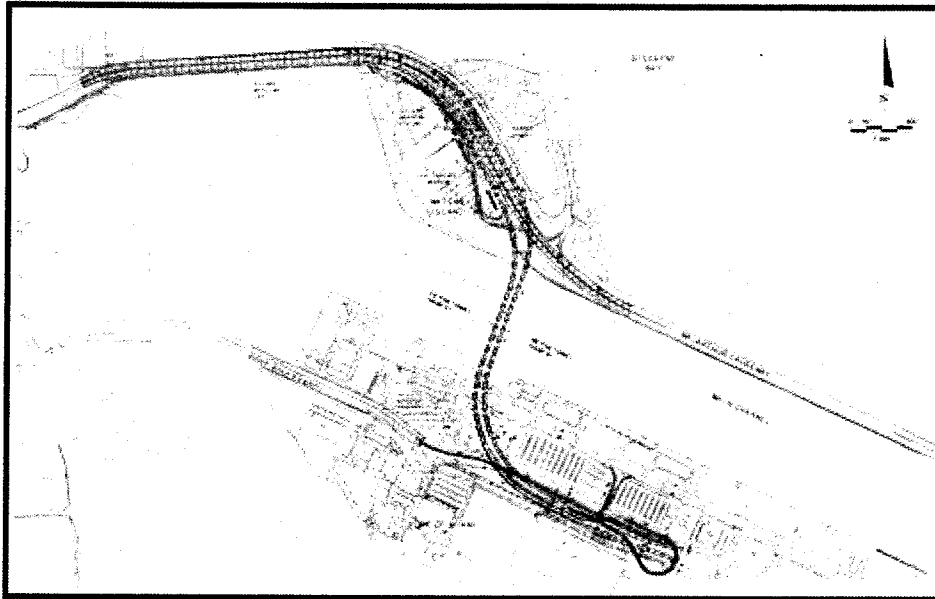
- **America has been doing some of this for years**
  - **Design-Build**
  - **Design-Build-Operate-Maintain**
  
- **This is the new stuff**
  - **Design-Build-Finance-Operate**
  - **Concession (lease) of New or Existing Asset**
  - **Asset Sale**



# Port of Miami Tunnel Update

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- **Winning team negotiating with FDOT**
- **Will use Private Activity Bonds**
- **Also financed thru FDOT Availability Payments**
- **Scheduled to open in late 2012**



# Private Activity Bonds

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- **SAFTEA-LU amended the Internal Revenue Code, Section 142; to allow Private Activity Bonds to be issued for highway and freight transfer facilities**
- **A "public purpose" must be established**
- **Project must also receive Federal assistance under Title 23 or Title 49**



# Private Activity Bonds

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- **Bonds can only be issued by governmental entity (known as the “conduit issuer”)**
- **Private entities purchasing the bonds are the “conduit borrower”**
- **ALL financial risk associated with the bond issuance is on the “conduit borrower”**





# What are the Potential Public Benefits?

---

- **Expanded economic development (jobs, taxes, revenues)**
- **Improved intermodal access to South Florida markets**
- **Enhanced congestion mitigation/capacity expansion**
- **Additional growth management tool**
- **Increased competitiveness for regional ports**
- **Development of new freight service facilities**



# What is the Preferred Arrangement?

---

- **Port of Palm Beach offers advantages such as free trade zone status and tax breaks**
- **Palm Beach County can offer economic incentives and workforce development**
- **FDOT can offer highway and rail access, funding options, and ongoing support with the state**
- **Land owners can provide the land**
- **Industrial developers can provide facility design and marketing support**
- **Investors can provide capital**
- **Carriers (rail and truck) will serve market demands**



# Who are the Players?

---

- **U.S. DOT**
- **Port of Palm Beach**
- **Florida DOT**
- **Palm Beach Department of Economic Development**
- **Other South Florida Ports**
  - **Port of Miami**
  - **Port Everglades**
- **Railroads**
- **Private land owners/developers**





# Challenges

---

- **Timeframe**
  - **October 1<sup>st</sup> deadline if legislation passes**
- **Leveraging**
  - **Defining business model that serves public sector interests**
- **Building Interest**
  - **Defining business model that interests private sector**
- **Zoning and Land Use Changes**
  - **Modifying plans to allow for industrial developments**
- **Environmental Issues**
  - **Selected site will have to complete an environmental assessment**



# Where Do We Go From Here?

---

- **Monitor legislative status – Governor’s signature**
- **Determine private sector interest**
  - **Develop general project description material**
  - **Issue Request for Information (RFI)**
- **Evaluate options based on level of interest**
  - **Types of partnerships**
  - **Definition of expectations**
- **If appropriate, move forward with Request for Qualifications (RFQ)**
- **Enter into agreement with selected partner(s)**



# Public Partnership

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- **Public partners**
  - **FDOT**
  - **Port of Palm Beach**
  - **Palm Beach Department of Economic Development**
- **Whose procurement protocols will be used?**
- **What are the agency-specific roles and responsibilities?**
- **What are the key decision points?**



# Development of RFI/RFQ

---

- **Definition of project**
  - **Intermodal transfer facility**
  - **Freight services**
  - **Industrial park**
- **Definition of submittal requirements**
  - **Land**
  - **Services/Infrastructure**
  - **Funding alternatives**





## **Next Steps and Schedule**

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- **Development of solicitation material**
- **Private sector forum**
- **Advertisement of RFI**
- **Evaluation and shortlisting**
- **Advertisement of RFQ**
- **Selection and negotiation of partnership**
- **How can we get this accomplished and by when?**



ATTACHMENT 2

**South Florida  
Inland Logistics Center  
Preliminary Market Analysis  
*FINAL Technical Memo***

Prepared for:  
Florida Department of Transportation and  
The Port of Palm Beach

**May 29, 2008**

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(717) 295-2428

## TABLE OF CONTENTS

<b>I. INTRODUCTION, OVERVIEW AND SUMMARY OF RESULTS .....</b>	<b>1</b>
<b>II. OVERVIEW OF CONTAINERIZED CARGO ACTIVITY .....</b>	<b>4</b>
1. THE UNITED STATES CONTAINER MARKET.....	4
2. THE SOUTHEAST ATLANTIC AND FLORIDA CONTAINER MARKET .....	8
3. COMPETITIVE ASSESSMENT OF SOUTHEAST PORTS.....	10
4. GROWTH IN PORT-RELATED DISTRIBUTION CENTER ACTIVITY .....	16
5. DEVELOPMENT OF CONTAINER TERMINAL CAPACITY AND DENSIFICATION .....	17
6. IMPLICATIONS FOR FLORIDA PORTS .....	18
7. FLORIDA PORTS CONTAINER CARGO FORECAST .....	19
<b>III. FLORIDA DISTRIBUTION CENTER MARKET ASSESSMENT.....</b>	<b>21</b>
1. OVERVIEW OF FLORIDA DISTRIBUTION CENTER ACTIVITY .....	21
2. DISTRIBUTION CENTER DEMAND ANALYSIS .....	22
3. PORT OF PALM BEACH ILC DISTRIBUTION CENTER POTENTIAL .....	25
4. DISTRIBUTION CENTER LOCATION SENSITIVITY ANALYSIS .....	31
<b>IV. BULK AND BREAKBULK MARKET ASSESSMENT.....</b>	<b>39</b>
1. HISTORICAL MARKET CONDITIONS .....	39
<i>1.1 Aggregate and Cement Activity .....</i>	<i>39</i>
<i>1.2 Breakbulk Lumber and Steel Activity.....</i>	<i>40</i>
2. BULK AND BREAKBULK MARKET OUTLOOK AND FORECAST.....	41
3. PORT OF PALM BEACH IC BULK AND BREAKBULK COMPETITIVE ASSESSMENT .....	44
<b>V. ETHANOL AND BIO-DIESEL PRODUCTION MARKET ASSESSMENT .....</b>	<b>46</b>
1. CURRENT MARKET ASSESSMENT .....	46
2. ETHANOL AND BIODIESEL PRODUCTION/CONSUMPTION OUTLOOK .....	49
3. PORT OF PALM BEACH IC ETHANOL AND BIODIESEL COMPETITIVE ASSESSMENT .....	50
<b>VI. SUMMARY OF PALM BEACH ILC POTENTIAL OPPORTUNITY .....</b>	<b>52</b>
<b>APPENDIX A - LOCATION OF DISTRIBUTION CENTER ACTIVITY IN FLORIDA BY INDUSTRY: .....</b>	<b>54</b>
<b>APPENDIX B - LEASE RATE SENSITIVITY ANALYSIS DETAIL .....</b>	<b>55</b>

## I. Introduction, Overview and Summary of Results

Martin Associates was retained by the Florida Department of Transportation (FDOT) and the Port of Palm Beach to investigate the market potential of developing an Inland Logistic Center (ILC) within the Port's immediate hinterland. The market analysis builds off of the *South Florida Inland Port Feasibility Study*, which led to this more robust market assessment. This analysis is not a market analysis solely for the Port of Palm Beach, but rather an assessment of key markets in Florida that would benefit from the Port of Palm Beach ILC concept. These markets include containerized cargo trends, distribution center (DC) activity trends, as well as bulk/breakbulk cargoes such as construction materials and ethanol production. A potential ILC facility would not only directly support operations at the Port of Palm Beach, but also benefit other South Florida ports, specifically Port Everglades and Port of Miami.

This market assessment is based on interviews as well as published data. Over 70 interviews were conducted with (but not limited to) key shipping lines calling Florida and Atlantic Coast ports, Florida terminal operators - both containerized and bulk, rail service providers, trucking/drayage companies, industrial/commercial real estate developers, land owners, Port of Palm Beach tenants, freight consolidators, distribution center operators and Florida shippers/consignees. In addition to the interview process, data was also collected from Martin Associates' in-house data bases, American Association of Port Authorities (AAPA), US Army Corps of Engineers Waterborne Commerce Statistics Center, Florida Department of Transportation (FDOT), individual port statistics/port websites, Chain Store Guide, Moody's economy.com, US Department of Commerce, US Department of Energy, US Maritime Administration and Florida's Agency for Workforce Innovation Labor Market Information.

Key findings of this analysis include:

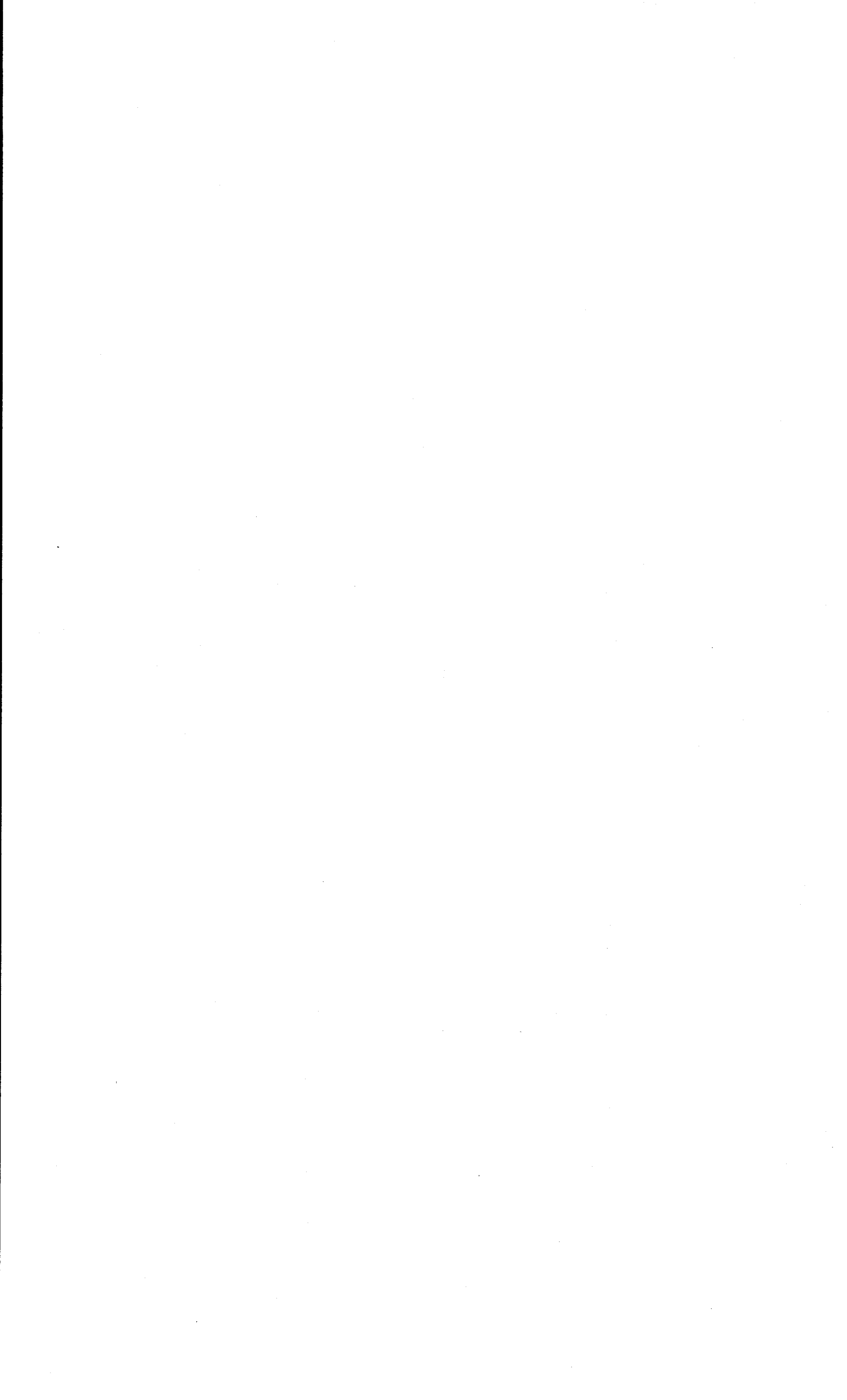
- **Future growth in South Florida will create new demand for distribution capacity.** The region will most likely demand or absorb 80 million sf of additional distribution center space in the Southern Florida effective hinterland. The types of facilities that will be most likely in demand are those in the 50,000 to 300,000 sf range, and these sites will most likely serve as satellite DC's to the larger sites that will be developed in Central and Northern Florida, where land prices/lease rates are less expensive. This ILC development opportunity is for a distribution center complex serving primarily (although not exclusively) import/inbound freight. The facility would offer modern warehouse structures and storage areas, along with efficient truck (and in the longer-term potentially rail access).
- **Competitive markets will be dependent on the combination of transportation costs and lease rates.** ILC operations potentially could be related to cargo moving through any Florida gateway (not just the Port of Palm Beach), and serving any market area in South Florida (not just the Palm Beach region). However, with increasing distances between the gateways and the ILC, and with increasing distances between the ILC and the markets served, transportation costs rise compared to other service options. The key variable in this equation is the "all in" lease rate per square foot that an ILC customer would

pay. The lower the lease rate, the more gateway-market pairs for which the ILC can be competitive.

- **Land prices and potential "all in" lease rates for an ILC in western Palm Beach County cannot be established from available information.** Findings are presented in the form of a matrix, showing competitive market opportunities at different "all in" lease rates that might be obtained. The sensitivity analysis illustrates that the markets that show the strongest potential to be served via a South Florida ILC include Fort Lauderdale, Fort Myers and Fort Pierce. Market penetrations that appear to be more competitive include Miami, Tampa and Orlando. The analysis also suggests that serving Ocala/Gainesville and Jacksonville from a South Florida ILC does not appear feasible.
- **Due to draft limitations and terminal capacity constraints, it does not appear likely that the Port of Palm Beach will participate in the growing Asian import container trade in the foreseeable future.** Thus, the Ports of Miami, Jacksonville and Port Everglades will be the ports of entry for the Asian retail cargo destined for South Florida. The Port of Palm Beach will be able to continue to compete for South and Central American markets as its capital program is realized.
- **The ability to use a South Florida ILC for export Caribbean/Latin America cargo appears limited, at least in the near term,** due to established cultural and business relationships in the Miami area, proximity to the Miami-Dade County International Airport (which provides significant cargo lift capacity to serve the Caribbean/Latin America markets), and adequate warehouse space. As availability of warehouse space in Miami-Dade and Broward counties declines over the long term, points further North may become more attractive.
- **Having the option of a remote container facility does not appear to enhance the competitiveness of the Port of Palm Beach for container handling.** Although it could increase on-port terminal effectiveness by providing an off-dock storage area, it would do so at the cost of significantly increased labor and transportation associated with extra handling and drayage. The current container operator, Tropical, is unlikely to rework its established logistics to utilize remote space; and this operational prospect is not attractive for other potential operators, compared to other ports that could offer traditional dockside storage.
- **Effective use of an ILC by bulk and break bulk shippers is limited.** Smaller bulk and break bulk vessels currently call at POPB. The port maintains a market presence with respect to steel, lumber and cement, and should continue to do so. Given that drayage between the wharf and off-site storage would be considerably more expensive and logistically challenging than the current practice, it is not an advantage for these cargos.
- **Biodiesel production in Palm Beach County and investments at the Port of Palm Beach may provide new opportunities.** With respect to an ethanol and biodiesel production facility in Palm Beach County, the analysis suggests a growing demand for ethanol facilities in Florida. While future harbor improvements will provide the Port of Palm Beach with a more competitive position, the ports of Tampa and Port Everglades would have the advantage for

blending with gasoline, as these two ports dominate the Florida ports in the inbound water receipts of gasoline. The expanding biodiesel market in Florida is evidenced by the fact that three more facilities are under construction. State and county initiatives will bolster the demand for biodiesel. Researchers are currently examining alternative feedstock options that can be made available on a commercial scale.

Ultimately, the key factors of a successful ILC are: land price, labor availability, port of entry drayage costs, rail and highway access to key consumption markets, and appropriate timing (near, mid, or long-term).



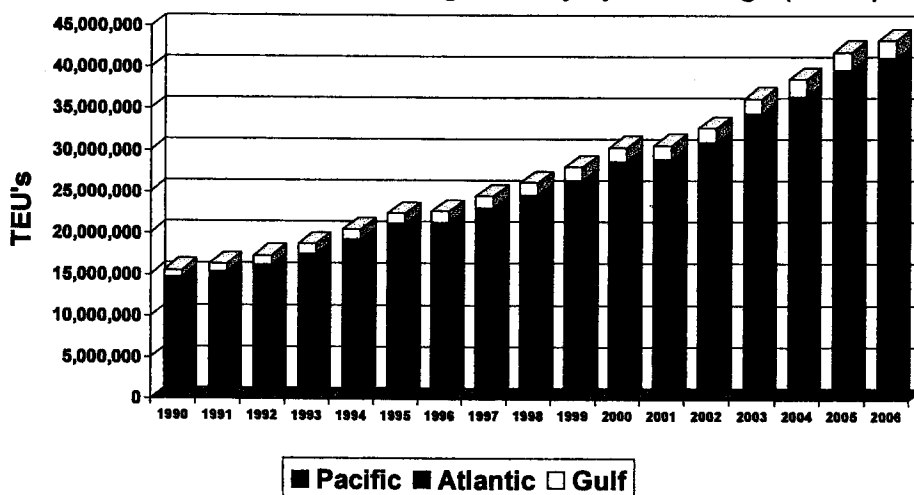
## II. Overview of Containerized Cargo Activity

Due to the recent trends and shifts in the import container trade, and the accompanying growth in port development, specifically on the Atlantic Coast, an analysis of the US, Southeast Atlantic and Florida container markets are presented.

### 1. The United States Container Market

Since 1990, containerized cargo handled at the US ports increased from 15.6 million TEU's to nearly 43.4 million TEU's in 2006. This accounts for an average annual growth rate of 6.6% annually over the period. Exhibit 1 shows the growth in containerized cargo at the key port ranges in the United States—the Pacific Coast Port Range, the Atlantic Coast Port Range and the Gulf Coast Port Range. The Pacific Coast Ports have shown slightly higher growth over the 16 year period, with a 7.0% growth.

Exhibit 1 - Total Containerized Cargo Activity by Port Range (TEU's)



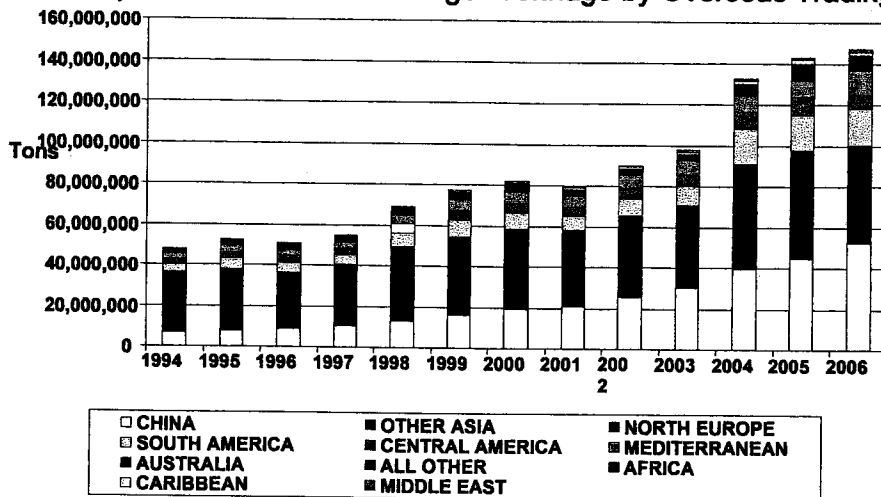
Source: American Association of Port Authorities

The growth in container trade has been driven by imported cargo, which has shown a 9.8% annual growth rate since 1994, and since 2003, the growth rate of containerized imported tonnage has averaged 14.7% annually. Imported containerized cargo tonnage is shown in Exhibit 2, which also presents the growth in container tonnage into the US by World Trade Area<sup>1</sup>. As this Exhibit also shows, the growth in imported containers has been driven by the growth in trade with China.

<sup>1</sup> It is to be emphasized that the containerized activity by trade lane is expressed in terms of tonnage rather than container moves or TEU's, since the international trade data only focuses on containerized tonnage and does not include empty container moves.

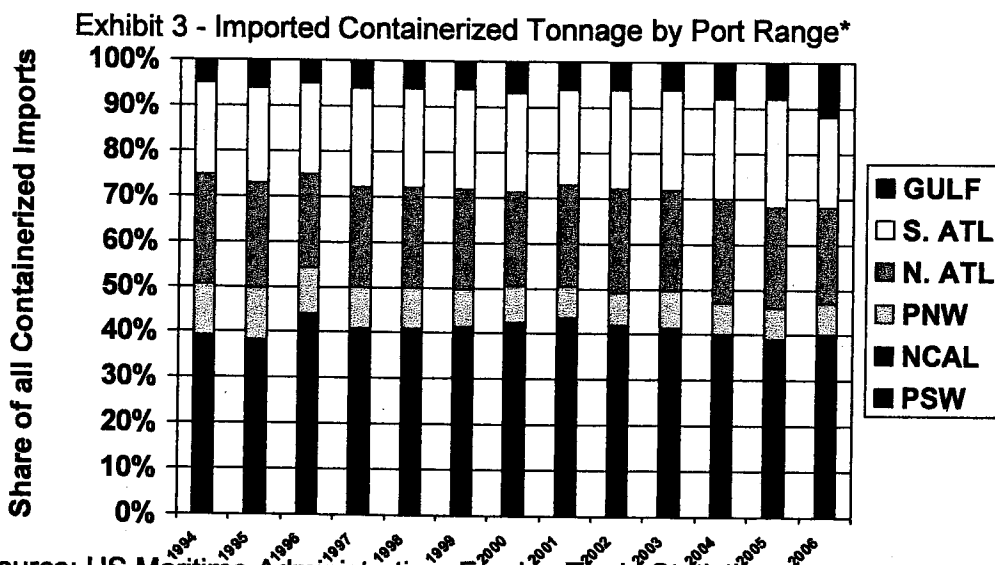


Exhibit 2 - Imported Containerized Cargo\* Tonnage by Overseas Trading Area



Source: US Maritime Administration (MARAD), Foreign Trade Statistics  
 \* 2006 data reflects new data base reported by MARAD

The West Coast ports have handled about 46% of all imports into the United States, followed by the South Atlantic ports (from Norfolk to Miami) which handled 24% of total containerized imported tonnage. The North Atlantic Ports handled about 22% of total imported containerized tonnage. Exhibit 3 shows the distribution of the imported containerized cargo tonnage by port range.



Source: US Maritime Administration, Foreign Trade Statistics  
 \* 2006 data reflects new data base by MARAD

Within the West Coast Ports, the San Pedro Bay Ports of Los Angeles and Long Beach handle about 35% of the imported Asian containerized cargo. This dominance of the Asian trade by the West Coast Ports, and in particular the Ports of Los Angeles and Long Beach, particularly in the late 1990's through 2002, was driven by the fact that importers viewed these ports as the major port linkage in the supply chain of imported cargo.

Prior the mid to late 1990's, the steamship lines determined the port routings and importers were essentially "port blind" as they selected an ocean carrier, and the carrier decided which port the cargo would be discharged and how the cargo would be delivered to the customer. However, as the concentration of large importers such as Wal\*Mart, Target, Cost Plus, etc. increased in the late 1990's, these importers invested in large distribution centers in the Los Angeles/Long Beach area to serve as points in the importers' logistic supply chains. As these importers gained bargaining power in terms of contract negotiations with the ocean carriers, they were able to "demand" a San Pedro Bay port routing from the carriers. Hence, with the development of the distribution centers and cross dock operations<sup>2</sup> in the San Pedro Bay region, the concentration of imported Asian containers at the Ports of Los Angeles and Long Beach increased. Furthermore, the railroads providing intermodal services at the San Pedro Ports further increased investment in rail trackage and intermodal yards to facilitate the flow of containers from the Los Angeles area to the key Midwestern and Eastern consumption centers such as Chicago, Memphis, St. Louis, New York, Atlanta, Columbus, etc. This concentration of containerized cargo import activity continued to increase until several events occurred.

These events are the impact of 9/11 on the distribution supply chain, the 2002 West Coast Port shutdown, and major congestion issues that arose in 2004 due to rail meltdowns at the San Pedro Bay ports. As a result of these events, there has been an increased focus on diversification of containerized cargo via various US Ports. This is evident by the growth in container volume at the North Atlantic, South Atlantic and Gulf Coast ports.

The growth of all water service from Asia to the East Coast and Gulf Coast ports has been increasing significantly since 2002. There are two all water routings that are available for all water services – the Panama Canal and the Suez Canal. Each of the routings provides advantages and disadvantages to the use of the intermodal cargo (railed from the West Coast ports). For example, the current dimensions of the Panama Canal limit the size (width and depth) of the vessels that can transit the Canal, and also the transit time using an all water service to an East Coast port and then a rail move to a Midwestern consumption point is longer than using an intermodal move via a West Coast Port. This longer transit time from Asia results in increased inventory carrying costs, and is more pronounced for higher value cargo than for lower value cargo. In addition, ocean carriers prefer to internalize the revenue for the entire trip from Asia to the East Coast rather than sharing the revenue with a rail carrier from the West Coast to an East Coast consumption point. However, changes are in play to improve the current negatives of using the Panama Canal. The Canal will be enlarged within the next 10 years, allowing for the transit of much larger container vessels, which in turn tend to have a lower per unit operating cost than smaller container vessels. In addition, the ocean carriers are introducing more direct all-water services that are improving the transit times using all water routings from Asia. Underscoring the focus on all water container services via the Panama Canal is the fact that during the first quarter of 2007, container vessel transits via the Panama Canal were nearly 13% higher than for the

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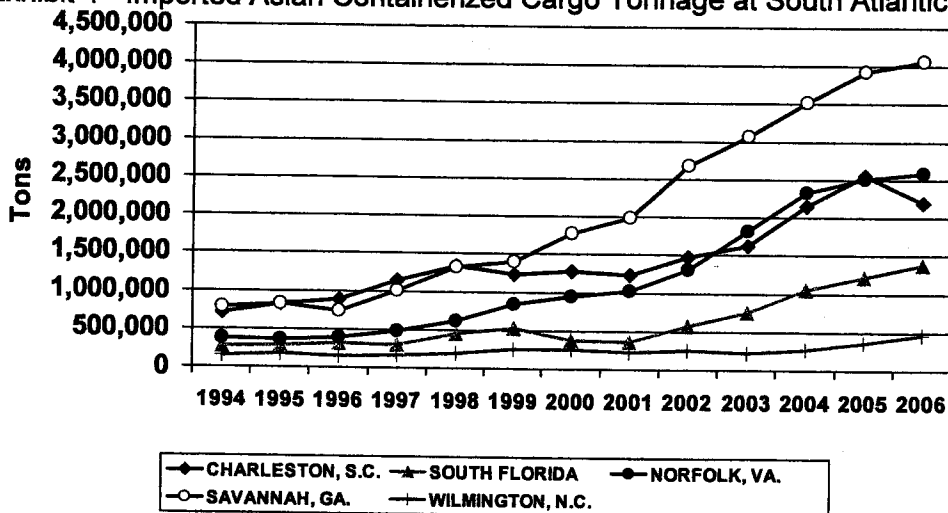
<sup>2</sup> Cross-dock or transload operations refer to the activity whereby marine containers are stripped and the contents are loaded into larger 45 and 53 ft. domestic trailers as the Asian cargo tends to cube out rather than weight out. The use of the domestic containers reduces the effective surface transportation cost per ton or unit, as more cargo can be placed into these large trailers without causing the trucks to be in an overweight situation.

same period in 2006. This is in contrast to the less than 3% annualized growth rate realized by the San Pedro Bay Ports in 2007.

With respect to the Suez Canal, the dimensions of this canal do not limit the size of the container ships that can transit, but there is some concern over political instability in the region. The Suez routing from Asia to the East Coast is longer than via the Panama Canal, but as production centers shift to South Asia and India, this routing can in some cases provide very competitive transit times to the use of the trans-pacific routings and the use of intermodal moves from the West Coast to the East Coast. In addition, ocean carriers are increasing India-Europe express services, with the use of Mediterranean ports for transshipment centers for cargo destined further to the US and Europe. The Suez routing is becoming particularly attractive as the production centers are shifting into India and Vietnam. Supporting this growth in production centers in India is the fact that the Indian Government, along with private sector interests, are investing heavily in port infrastructure to accommodate the growth in India. Indian Government investment is estimated at \$12.5 billion and private sector investment is estimated at another \$8.5 billion. Between April 2006 and June, 2007, containerized cargo moving via the Suez Canal has grown at an annual rate of 18%.

Exhibit 4 presents Asian container imported tonnage throughput at key South Atlantic Ports. The Port of Savannah is the dominant port in terms of imported Asian containerized cargo, and Norfolk has overtaken the Port of Charleston in Asian containerized imports. This growth in containerized cargo reflects the change in logistics patterns after 2002, and the accompanying growth in distribution centers at these two ports. South Florida ports of Port Everglades and Miami handling Asian imports have increased steadily since 2001.

Exhibit 4 - Imported Asian Containerized Cargo Tonnage at South Atlantic Ports\*

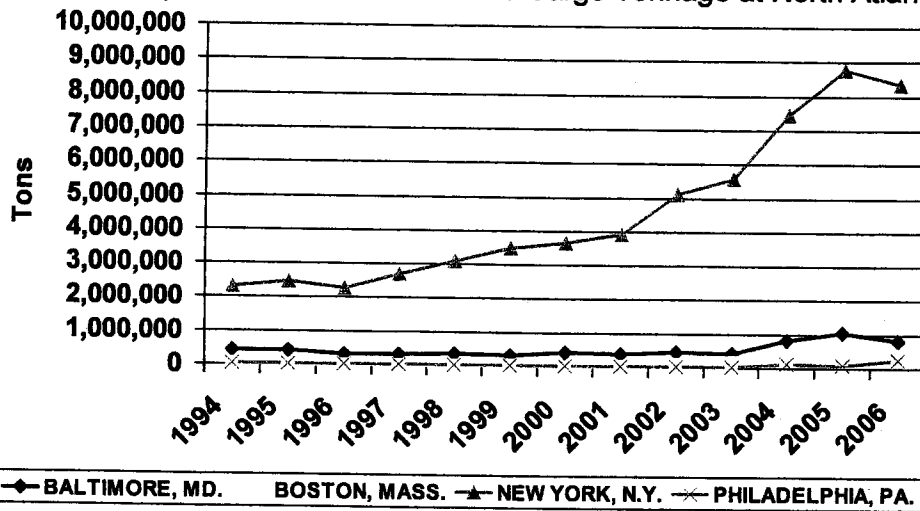


Source: US Maritime Administration

\* 2006 data reflects new data base reported by MARAD

Exhibit 5 shows the growth in Asian container import tonnage at the North Atlantic ports, and documents the dominance of the Port Authority of New York and New Jersey.

Exhibit 5 - Imported Asian Containerized Cargo Tonnage at North Atlantic Ports\*

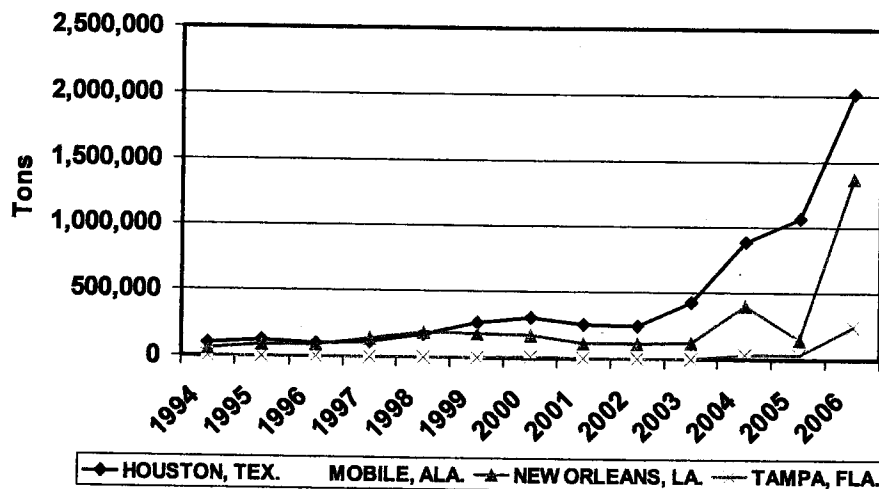


Source: US Maritime Administration

\* 2006 data reflects new data base reported by MARAD

Exhibit 6 presents the growth in Asian imported containerized cargo at the Gulf Coast Ports, and demonstrates the strong growth in the all water services at the Port of Houston as well as the Port of New Orleans, and the recovery of this port from the impact of Katrina.

Exhibit 6 - Imported Asian Containerized Cargo Tonnage at Gulf Coast Ports\*



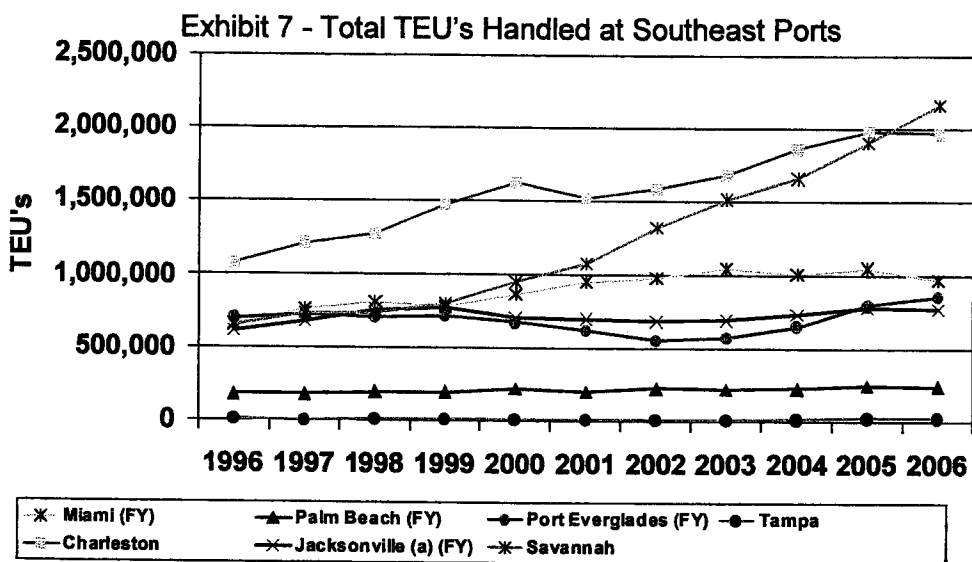
Source: US Maritime Administration

\* 2006 data reflects new data base reported by MARAD

## 2. The Southeast Atlantic and Florida Container Market

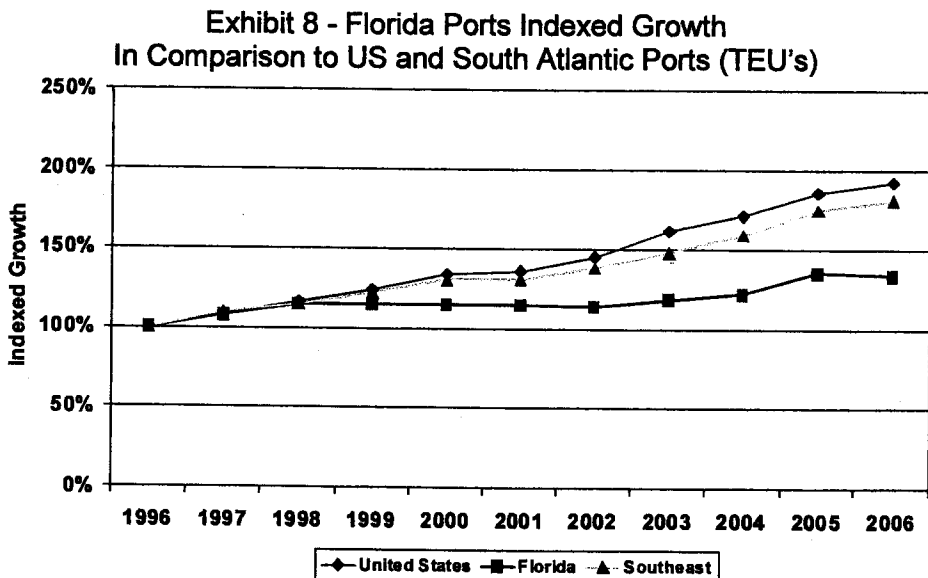
While the growth in the US market has been documented, it is necessary to focus on the Southeast and Florida container market to assess the feasibility of an ILC in South Florida.

The ports of Savannah and Charleston have dominated the South Atlantic in terms of containerized cargo as shown in Exhibit 7.



Source: American Association of Port Authorities

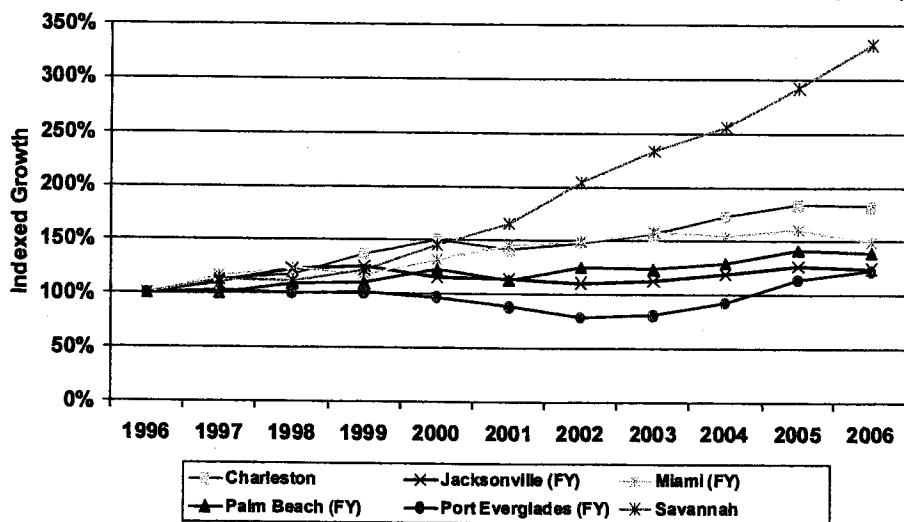
Exhibit 8 illustrates that the Florida ports have lagged behind the growth of the Southeast range as well as the United States as a whole. This is attributed to the fact that the niche markets of Latin America and the Caribbean, in which Florida container ports are heavily vested, have not kept pace with the growth demonstrated by Asian and European trade lanes.



Source: American Association of Port Authorities

The port that has exhibited the most growth in containerized traffic in the Southeast is clearly Savannah at roughly 340% above 1996 levels; Charleston ranks a distant second with 180% over the same period. Exhibit 9 details the indexed growth of TEU's by each key Southeast Port.

Exhibit 9 - Comparison of Indexed Growth of Southeast Ports (TEU)



Source: American Association of Port Authorities

### 3. Competitive Assessment of Southeast Ports

The development of the Port of Palm Beach ILC will not only support the Port of Palm Beach, but will also benefit the two major South Florida Ports, specifically Port Everglades and Port of Miami, as a regional distribution center. Therefore, it is necessary to document key port infrastructure developments that will affect near and long-term capacities within the competitive Southeast port range. A port-specific discussion of recent improvements and future strategies of South Florida's competition follows.

**Port of Charleston** Through 2005, the Port of Charleston led the South Atlantic in container moves, experiencing a 5.8 percent annual growth over the 1990-2006 period. Since 2001, however, the Port has not recorded the explosive growth experienced at Norfolk and Savannah. Container moves via Charleston since 2001 have grown at an average annual rate of 5.2 percent. One key reason Charleston has not shown double-digit annual growth in the more recent years is that it has not increased its share of the Asian import cargo market as have Norfolk and Savannah, but rather has grown in market share of European cargo.

The port has approximately 395 acres of dedicated container terminal operations. To accommodate the larger container ships serving world trade, the Charleston Harbor channels leading to all container terminals are now dredged to -45 feet at mean low water (5- to 6-foot tidal lift), while the entrance channel has been deepened to -47 feet.

In addition, Charleston's new real-time, RF-based container inventory network, yard management system (YMS), is now operational at all Charleston container terminals. YMS has allowed the port to handle a much larger cargo volume, with the same staff all while cutting turn times.

Finally, the Port of Charleston's plan includes the development of a new three-berth, 280-acre container terminal on the former Charleston Naval Complex. The \$600-million project, supported by South Carolina law, will boost capacity by 1.4 million TEU's.

In December 2007, the approval was granted by both South Carolina and Georgia to create a bi-state port office to proceed with the planning and development of the Jasper Ocean Terminal. The parcel is approximately 1,400 acres that lies on the South Carolina side of the Savannah River in Jasper County.

In addition, the port has adopted a two-year, \$129 million Capital Plan FY08 which will boost capacity at current facilities by 400,000 container moves.

To attract additional Asian container service, the South Carolina Ports Authority has been pursuing a distribution strategy. To date, several distribution centers have located near the port or on port property. These distribution center developments include:

- Wal\*Mart DC operated by American Port Services on port property;
- Sam's Club distribution center near Wando Welch Terminal;
- Fruit of the Loom 350,000 sf distribution center under construction;
- 1.3 million sf of distribution center capacity in mid-South Carolina; and
- 10,000 acres of developable within a 1-hour drive of Charleston.

Over the long-term, an average annual growth rate of 3 percent to 6 percent is most likely to be achieved.

**Port of Savannah** The Port of Savannah has exhibited strong growth in container moves, averaging an 11 percent annual growth over the 1990-2006 period. The most explosive growth has, however, occurred since 2000, with container moves via the Port of Savannah more than doubling between 2000 and 2006. This growth in the last five years reflects the continued development of distribution centers in the Savannah area and the growth in all-water Asian container services.

The Port of Savannah is the fastest growing port in the South Atlantic with respect to trade with Asia and China. It currently handles 1.9 million TEU's. By increasing terminal density and throughput capacity, the port can expand capacity to about 3 million TEU's.

The Port of Savannah is home to the largest single-terminal container facility of its kind on the US East and Gulf Coasts; the facility comprises two modern deepwater terminals, Garden City Terminal – the key container terminal –and Ocean Terminal – a mixed-use facility for break-bulk, container, and RO/RO cargo. The Garden City Terminal is a 1,200-acre facility that features 9,693 linear feet of continuous berthing and more than 1.3 million square feet of covered storage. The terminal is equipped with fifteen high-speed container cranes (4 super post-Panamax and 11 post-Panamax) as well as an extensive inventory of yard-handling equipment. The port plans to spend \$1.2 billion over the next ten years on terminal densification efforts, including the addition of 2 post-Panamax cranes every 18 months. In addition, Garden City Terminal is within 6.3 miles of I-16 (east/west) and 5.6 miles of I-95 (north/south), with access to more than 100 trucking companies.

CSX Transportation (CSXT) and Norfolk Southern Railroad (NS) provide Class I rail service. As a key intermodal advantage, the "James D. Mason" on-terminal intermodal container transfer facility (ICTF), or "Mason" ICTF, provides overnight rail service to Atlanta. Two- to four-day delivery via the ICTF is also available to inland destinations such as Charlotte, Chicago, Dallas, and Memphis.

In addition to increasing throughput by increasing densification, the port has additional land for future container terminal development. The GPA can add another 80 to 90 acres to Garden City in the short to medium term, plus another 150 acres in the longer term. An additional 500 acres are available in the long-term for terminal development on Kings Island.

As the volume of cargo moving through the Port of Savannah escalates and the ships carrying that cargo grow even larger, plans call for Savannah's channel to be deepened from its present depth of -42 feet to -48 feet at mean low water to accommodate the next generation of deep-draft vessels. Completion of this project is projected for 2010.

The Port of Savannah has set the standard for distribution center development on the East Coast, beginning with K-Mart in the early 1980s. These developments reflect Savannah's proximity to Atlanta and other Southeastern markets. The GPA has attracted over 20 distribution centers, totaling nearly 15 million square feet.

In addition to land available for future container growth, 350 acres are still available at the former BASF property (now owned by GPA). This acreage has been targeted for distribution center and industrial development use. Finally, in Chatham County, suitable land has been identified for 10 million square feet of distribution center development. With the rapid growth in container movements in the last five years, and the aggressive distribution center strategy, the Port of Savannah will likely be able to sustain an annual growth rate in the 7 to 10 percent range.

**Jacksonville Port Authority (JAXPORT)** JAXPORT has not been a key player in the container markets, with the exception of its Puerto Rico and Caribbean trade. The port controls about 73 percent of the US-Puerto Rican trade.

However, Mitsui OSK Lines (MOL), along with Trapac, has signed a long-term lease to develop a 130-acre (200-acre at full build-out) dedicated container terminal at Dames Point. This development will add capacity of nearly a 1 million TEUs to the port. In addition, the recently announced plans for an additional container terminal development by Hanjin, JAXPORT is poised to become a dominant player in the South Atlantic container market. In addition to these developments, interest by other terminals and ocean carriers continues at the Port of Jacksonville. This interest is driven by the excellent transportation infrastructure at the Port of Jacksonville, the development of distribution centers and industrial parks in Jacksonville and the market reach of the Port of Jacksonville into the major consumption centers in Orlando, Central Florida and Southern Florida.

Jaxport's Blount Island and Dames Point Terminals (15 miles from mouth of St. John's River) are now dredged to a maintained depth of -40 ft. The Talleyrand terminal is maintained to -38 ft. The Port is undergoing the authorization process to deepen to -45 ft.

JAXPORT's transportation infrastructure consists of the following:

- Excellent north-south rail access to Southern Florida via Florida East Coast Railroad (FEC);



- Access via CSX into Central Florida and the Winterhaven industrial distribution center currently under development by CSX;
- East-west rail service via CSX and NS and good northbound service as well into the Midwestern US;
- Excellent highway access to key Southeastern markets; and
- The ability to take advantage of the large number of empty domestic trucks (empty backhauls) that are returning northbound from the Central and South Florida consumer markets which will reduce outbound trucking costs from the Port of Jacksonville, as these empty backhauls are searching for return cargo, particularly northbound and into the Midwestern US.

Accompanying the container terminal development at Jacksonville, there has been significant actual development and interest in the development of distribution centers in the area. Currently BJ's and Wal\*Mart have distribution centers near the Port, and these are primarily used for export activity to the Caribbean. The Westside Industrial Park consists of a 960 acre master planned development with 4 million sf of space, while the Northpoint Industrial Park consists of ten, 150 acre sites. The City of Jacksonville is also pursuing a distribution center development strategy and is in full support of the Port of Jacksonville's growth. Given these factors, it is likely that containerized cargo throughput will grow strongly in the short- to medium-term.

**Port of Palm Beach** With respect to containerized cargo, the Port of Palm Beach primarily competes in the Caribbean market, which accounts for approximately 93% of the port's container volume. In FY 2007, the port handled over 257,500 TEU's and since 1990, the port has steadily grown at 4.7% annual growth rate. This has been attributed to the growth and success of the Port's key container carrier, Tropical Shipping, who serves ports throughout the Caribbean including the Bahamas, US Virgin Islands and Dominican Republic.

The Port's primary container carrier, Tropical Shipping operates one of the most efficient terminals on the East Coast averaging over 5,500 TEU/acre, while the US East Coast average is approximately 3,100 TEU/acre. The infrastructure to create this capacity and the resulting efficiencies are largely due to the Port's \$80M investment over the last decade with an additional berth and elevating US Highway 1 over the port.

While it is expected that the Port of Palm Beach will continue to exhibit growth in the Caribbean, specifically the Bahamas trade, it is unlikely that the port will compete for Asia, India Sub-Continent (ISC) and European cargoes. This is due to the fact of the limited draft of -32' at High Water that prohibits vessels in excess of 700' LOA to enter the port. Urban development and recreational marine industries nearby severely constrain any major port expansion.

In 2005, the Port embarked on a 10-year capital improvement program estimated at \$122M. ([http://www.portofpalmbeach.com/master\\_plan.htm](http://www.portofpalmbeach.com/master_plan.htm)) To address the navigational safety and depth/length, the US Army Corps of Engineers kicked off the Palm Beach Harbor Feasibility Study in October 2007 with the report scheduled for an authorization in the 2010 WRDA Bill. Ship simulations the summer of 2008 are expected to reveal a recommended project depth from -37' to -42', and the possible length of vessels up to 825' LOA.

Land and current infrastructure constraints are being dealt with by redeveloping and improving the port with three major construction projects which began in 2007, while the Port is targeting markets for Central and South American cargoes.

One of the Port of Palm Beach's promising assets is its on-dock rail, which served Cuban trade in the 1950s, and the Port operates its own switching operations and interchanges with Florida East Coast Railway (FEC) bordering the Port to the west. In FY 2007, the Port Railroad switched out nearly that 11,000 cars, an 8.6% increase over 2004, and the trend continues. FEC's revenues for 2006 were up over 19% for intermodal cargo. Their marketing focus of building intermodal freight is exacerbated by the July, 2007 Miami federal judge's ruling closing aggregate mines in the Lake Belt Region. The ruling forced the immediate closure of approximately 35% of the Lake Belt production equating to 19 million tons annually. In 2006, the Lake Belt aggregate accounted for 27% of FEC's business. In addition, there is a potential to connect to CSX which is less than 3 miles to the west of the Port, and the development of the Winter Haven complex, which, at full build-out, will encompass more than 1200 acres, may provide access opportunities for port-related cargoes in Palm Beach and South Florida.

The Port recently has improved its on-dock rail, redeveloped land for cargo laydown and will open a second truck gate off of US Highway 1 in mid-2008. The Port has thus far received commitments of over \$35M in grants from the Florida Department of Transportation, which has recognized the importance of augmenting capacity to the Southeast Florida ports.

**Port Everglades** In FY 2006, Port Everglades handled nearly 5.7 million tons or 864,000 TEU's of waterborne containerized cargo. Since 1996, containerized cargo handled at the Port has grown at 2.1 percent annually. Over the past 4 years, however, the Port has experienced growth in container traffic of 14.9 percent annually, primarily due to the relocation of carriers from Miami such as Mediterranean Shipping Company (MSC), and Antillean Marine. Recently however, terminal operator A.P. Moller-Maersk requested to be released for its lease at Port Everglades.

About 85 percent of the cargo handled at Port Everglades is dedicated to the Latin America and Caribbean regions. The remaining 15 percent primarily comprises Asian/Indian Sub-Continent and European cargoes. The Port's large share of Latin American/Caribbean cargo is attributed to the strong presence of Latin American-related businesses and shippers in South Florida.

The Port is in the final stages of adopting a Vision Plan that will include new berthing configurations as well as an ICTF that will serve the FEC Railroad. While the berthing depths range from -38 to -44 ft., the port does have an issue regarding the channel width leading to the Southport terminals.

**Port of Miami** The Port of Miami's primary cargo markets are Latin America and the Caribbean, accounting for 56 percent of the Port's cargo. Miami has traditionally been a regional port, serving South Florida and trading partners to the south. The port has experienced a 6.2 percent annual growth rate in container throughput over the 1990 to 2006 period. Historically, this growth has been driven by the port's proximity to a major consumption market and the connections to the Latin American markets. In recent years, Miami has experienced a decline in regional market activity which has been partially offset by increased Far East trade.

While the port is land-constrained, a \$540 million capital improvement program is in place to increase capacity through yard densification as well as a phased dredging plan. Recently the Port of Miami completed Wharves 6 and 7, at a cost of \$13.8 million. The two wharves were designed to accommodate post-Panamax vessels, those too large to transit through the Panama Canal. The addition of 1,145 feet to the gantry docks brought the total length of the wharf to approximately 6,120 feet. The combination of an expanded gantry crane area and two new container cranes allows the Port of Miami to continue its aggressive marketing efforts to attract more cargo carriers and pursue new markets. Also completed was the resurfacing of the Port of Miami Terminal Operating Company's (POMTOC) and Seaboard Marine's container yards, and improvements to the drainage system. These enhancements will contribute to greater operating efficiencies and allow the terminal operators to boost their container-marshalling capacity by increasing the vertical density at their respective yards.

In December, 2007, the Miami city commission voted to proceed with the tunnel project that will link the Port of Miami terminals to I-395 and I-95 and therefore relieving truck congestion through the City. The cost of this long-term project is estimates at \$914 million.

Phase II of the Port of Miami harbor-dredging project was completed in 2005. The second phase of the project involved the deepening of the South Channel and the Central Turning Basin from -34 feet to -42 feet. Maintenance dredging of all berthing areas is also part of the project. The completion of Phase II provides four additional berths to handle the deeper-draft vessels, placing the Port of Miami in a more competitive standing in relation to other deepwater seaports.

Phase III of the port's harbor-dredging project involves deepening the South Channel and the Central Turning Basin to -50 feet and the Entrance Channel and Government Cut to -52 feet, and widening the South Channel by 100 feet. This large-scale dredging project, expected to take up to six years, has a price tag estimated at more than \$170 million.

Overall, it is likely that the Port of Miami will continue to be a regional port serving South Florida and will continually have to compete with an aggressive pricing situation at Port Everglades. There is some possibility that more of the Miami market can be served from Jacksonville due to advantageous north-south truck backhaul rates, as well as the use of the FEC. This possibility will increase as the level-of-service increases at Jacksonville.

**Port of Tampa** Historically, the Port of Tampa has not participated heavily in the containerized market. The addition of Zim Container Line has boosted throughput in recent years. Although, historically, trade in containers has been in the Latin American and Caribbean markets, diversification of world markets has increased in recent years.

Tampa currently has 25 acres dedicated to container development; however there is an additional +/-80 adjacent to the terminal that can be developed in the near-term if necessary. It is likely that the Port of Tampa's container volume will continue to grow, if the port expands its container-handling capacity. The port has various sites available for container development which include Port Redwing, Hookers Point, and Pendola Point; however, significant capital investments would need to be made to

develop these sites. With capital development in container operations, the Port of Tampa has the potential to serve the growing consumer market in Central Florida's I-4 Corridor as well as Southwest Florida.

#### **4. Growth in Port-Related Distribution Center Activity**

A key driver in the growth of Asian trade at East Coast ports (using the Panama Canal and the Suez Canal) is the increased focus on the development of distribution centers by major importers. This trend toward distribution center development has resulted from the desire of the importers to diversify the logistics systems, particularly in light of the 2002 West Coast Port Shutdown, which caused major supply chain disruptions on the key importers and exporters supply chains. Specific examples of near-port Distribution Center development are documented below:

The Georgia Port Authority (Port of Savannah) has attracted 19 distribution centers totaling 15 million SF including:

- Advanced Auto Parts;
- Target (2.1 Million SF);
- IKEA (1.7 Million SF);
- Bass Pro Shops;
- Best Buy;
- Pirelli Tires NA;
- Federal Express;
- Lowes;
- The Home Depot (1.4 million SF);
- Wal\*Mart (Savannah & Statesboro = 3.3 million SF); and
- Oneida.

The Virginia Port Authority has also been aggressively pursuing the development of distribution centers. Current distribution centers in the Hampton Roads area and the Front Royal area (which is the location of the Virginia Port Authority's inland port) include:

- Target (1.5 million SF and expanding);
- Wal\*Mart Distribution center – 1 million SF initially and expanded to 3 million SF;
- Cost Plus expanded to 1.1 million SF;
- Dollar Tree;
- QVC;
- Home Depot at Front Royal; and
- Family Dollar at Front Royal.

Similar distribution center development is also occurring in Houston, fueling growth in Asian cargo imports at the Port of Houston. These developments include:

- Cedar Crossing area site of 4 million SF distribution center for Wal\*Mart;
- Home Depot potential development; and
- 8,000 acres of land available for DC and industrial development.

Other ports including Charleston, Wilmington (NC), Baltimore and New York are also aggressively pursuing distribution center development.

With respect to Florida, such development is also occurring in the Jacksonville area with the recent announcement of Asian carriers such as MOL and Hanjin to begin service in Jaxport.

### 5. Development of Container Terminal Capacity and Densification

In response to the distribution center development and the growth in all water service, new container terminal capacity is being developed on the Atlantic and Gulf Coasts. For example, at the Port of Mobile, AP Moeller and CGM/CMA have developed the Choctaw Point Container Terminal. The Port of Houston is developing the Bayport Container Terminal, while the Port of Charleston is developing a new 286-acre container terminal at the Charleston Navy Base. The North Carolina State Ports Authority is developing a 600-acre container complex near Wilmington, NC, and A.P. Moller-Maersk has developed a nearly 300-acre terminal at Portsmouth, Virginia, and the Virginia Port Authority is developing a 600 plus-acre facility at Craney Island. Other terminal development is planned along the Delaware River.

In addition to these noted terminal development plans, the ports on the East Coast operate at approximately 3,100 TEU's per acre – well below the current level of 5,500 TEU's per acre at the container terminals in the Ports of Los Angeles and Long Beach. Furthermore, the development of new terminals will aim for densification well above that benchmark. For example, the APM facility at Portsmouth, VA has been designed with the potential to attain 13,000-15,000 TEU's per acre.

Exhibit 10 depicts the 2006 East Coast densifications by Port, while Exhibit 11 presents the significant capacity enhancements planned for the Atlantic Coast. The column labeled "*Current Capacity with Densification*" assumes 5,500 TEU's per acre are achieved and "*Current Densified + Planned Potential*" column represents the near, medium and long term development plans.

Exhibit 10 - Current Densification of Atlantic Coast Ports

PORT	2006 TEU'S	ACREAGE	TEU/ACRE*
BOSTON	200,113	101	1,981
NEW YORK/NEW JERSEY	5,320,143	1,261	4,219
PHILADELPHIA	247,211	228	1,084
BALTIMORE	627,951	354	1,774
NORFOLK	2,092,799	619	3,381
WILMINGTON, NC	177,634	100	1,776
CHARLESTON	1,968,474	395	4,983
SAVANNAH	2,160,168	1,200	1,800
JACKSONVILLE	768,239	215	3,573
PALM BEACH	244,002	46	5,304
PORT EVERGLADES	864,030	275	3,142
MIAMI	976,514	261	3,741
<b>TOTAL US EAST COAST</b>	<b>15,647,278</b>	<b>5,055</b>	<b>3,095</b>
<b>*BASED ON GROSS ACREAGE</b>			

Source: AAPA, Martin Associates and port interviews

Exhibit 11 - Planned Container Capacity Excluding South Florida (TEU'S)

PORT	2006 TEU HANDLED	CURRENT CAPACITY WITH DENSIFICATION	CURRENT DENSIFIED+ PLANNED POTENTIAL
MASSPORT	200,113	555,500	720,500
FOUNU	5,320,143	6,965,500	7,990,500
PHILADELPHIA	247,211	1,254,000	1,941,500
WILMINGTON, DE	262,856	300,000	1,362,856
BALTIMORE	627,951	1,947,000	4,147,000
NORFOLK	2,092,799	3,404,500	9,012,500
WILMINGTON, NC	177,634	327,634	2,550,000
CHARLESTON	1,968,474	2,172,500	8,922,500
SAVANNAH	2,160,168	6,600,000	6,600,000
JACKSONVILLE	768,239	1,182,500	2,282,500
<b>TOTAL EAST COAST</b>	<b>13,825,588</b>	<b>24,679,134</b>	<b>45,469,856</b>

Source: AAPA, Martin Associates and port interviews

These two exhibits demonstrate that the vast majority of East Coast ports are able to increase densification by terminal improvements and the near and long-term planned capacities indicate that East Coast ports will not likely become capacity constrained in the long term. Assuming a robust 6% CAGR, the total East Coast TEU's handled in 2025 would be estimated at 41.8 million, about 3.5 million less than the potential planned 45.4 million TEU capacity of the ports.

Accompanying the development of new container capacity is the growth of private sector investments in marine terminal capacity. Historically, port investment in the United States has been from the public sector, mostly by port authorities issuing bonds to fund the developments. However, recently, private entities have become a force in terminal development. For example, A.P. Moller-Maersk has developed its own terminal at Portsmouth, VA and has invested in the Mobile Choctaw Point Terminal. Stevedoring Services of America, (SSA) has invested in a proprietary terminal at the Port of Tacoma, and has recently been purchased by Goldman Sachs. AIG has purchased the Dubai Ports US Holdings for over \$1 billion, as well as AMPORTS (a major car import processing operation) and Marine Terminal Corporation. The Ontario Teachers Pension Fund has invested in several container terminals in New York, as well as in Vancouver, BC. Deutsch Bank has purchased Maher Terminals, which in turn has developed a terminal at Prince Rupert, BC. Other key investors in port infrastructure include Morgan Stanley, Macquarie Bank, Babcock & Brown and Goldman Sachs.

## 6. Implications for Florida Ports

Given the analysis in the previous sections of this chapter as well as the niche markets served by the Florida ports, interviews were conducted with key ocean carriers calling the Florida and East and Gulf Coasts to determine how the Florida ports will fair in light of port developments and liner operations of in the future. Martin Associates combined the findings of the interviews with in-house data to assess the potential implications of the South Atlantic range, and, specifically the South Florida ports. The results of the findings are summarized below:

As the Suez and Panama Canal liner services become more prevalent, larger vessels in excess of 10,000-12,000+ TEU's will be put into service on these routings.

There are two distinct services in which carriers will deploy vessels of this size. First, while terminal infrastructure and dredging projects are planned or under way at virtually every Atlantic Coast port, there are few ports that can accommodate this larger class of vessel. Charleston, Savannah, Norfolk and New York will emerge as the key participants in this market in the near-term. Savannah and Charleston can serve the Southeast hinterland, while Norfolk will serve the Mid-Atlantic and Midwest with the completion of the Norfolk Southern Heartland Corridor Project and New York will serve metro New York and the Northeast market. With respect to vessel rotations in Florida, Jacksonville is also well positioned due to the fact that it will go to a maintained channel depth of -45 ft. Jacksonville will also be used as a first port of call with slightly smaller vessels. The Port of Miami will complete dredging to the depth of -50/-52 ft., and boxes discharged will be destined for local consumption. Port Everglades, however, will need to address channel width and turning basin size issues to bring in a large TEU capacity vessel. Even with anticipated landside improvements, Palm Beach's depth will most likely limit its participation in this market, while the Port of Tampa is at a disadvantage due to its depth as well as its Gulf Coast location.

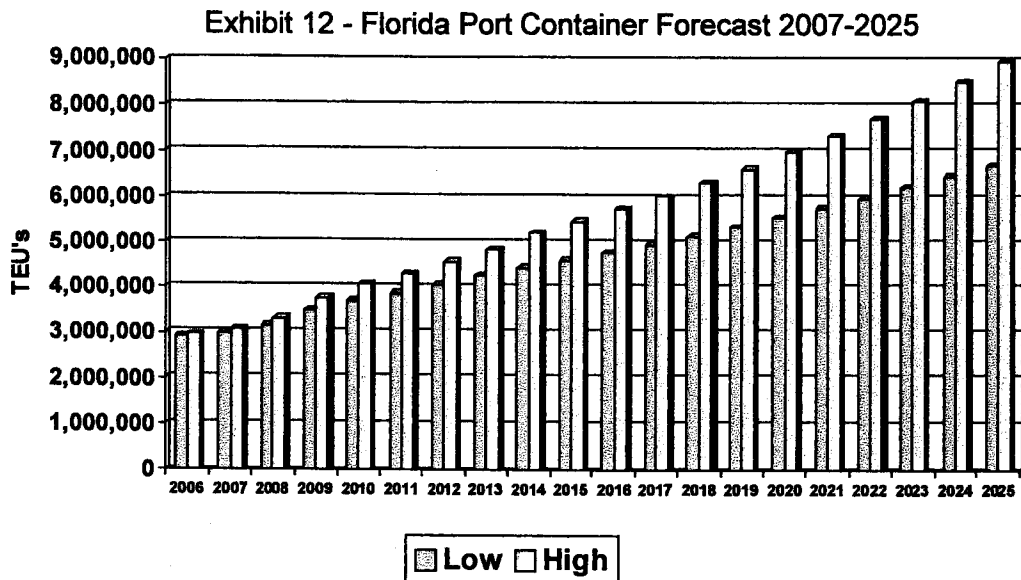
The other potential for these vessels is that the Suez and Panama trade lanes will discharge Asian and Indian Sub Continent cargo at transshipment ports in the Caribbean. Transshipment activity at US ports has diminished over the past decade due to strict US governmental regulations (including post-9/11 security as well as USDA APHIS/PPQ policies) and the development of other key transshipment facilities in the Caribbean. Capacity developments at key Caribbean transshipment hubs such as Colon (Panama), Kingston (Jamaica), Freeport (Bahamas), Caucedo (Dominican Republic) and Port of the Americas (Puerto Rico) will compete for east-west traffic. Furthermore, offshore labor rates are more conducive to transshipment operations than US labor structures. The carriers will consolidate cargo at these hubs and then deploy feeder vessels to the Gulf and Atlantic Coasts.

While the ports of Miami, Port Everglades and Tampa will benefit from these increased feeder operations, the South Florida ports will continue to serve the "local" market. The carrier's perception is that South Florida ports will not be able to serve north of Central Florida. This is exacerbated by the fact that the Port of Miami does not provide on-dock rail access. Without direct on-dock access a dray is required to the rail head. Trucking rates for a local dray within Miami-Dade County are estimated at \$175 per one way move. Port Everglades will become more attractive on the north-south rail move with the completion of the ICTF as set forth in the newly adopted Master Plan; however the majority this cargo will be comprised a mix of domestic and Latin American/Caribbean traffic.

## **7. Florida Ports Container Cargo Forecast**

As part of the demand forecast for Distribution Center potential in South Florida, it is first necessary to develop long-term cargo forecasts for containerized cargo. Martin Associates developed container forecasts through Florida ports based on the following methodology. Each trade lane serving the Florida ports was assigned a specific growth rate by trade route based on a breakdown of routes in 2006. Factors influencing the annual growth rates include historical performance of the Florida container ports, near-term forecasted performance of trading partners and increased all-water service through the Suez Canal. In addition to the applied annual growth rate, additional step-wise

increases were assumed for ports in anticipation of new services due and longer-term improvements such as the Panama Canal expansion. Also, estimations of discretionary land bridge cargo from the West Coast as well as Savannah were also incorporated. The annual growth rates, step-wise increases and land bridge potential cargo were then aggregated to include all Florida ports. Exhibit 12 illustrates the container forecast for all Florida ports.



Source: Martin Associates

Assuming the low scenario, Florida ports achieve a 4.6% annual growth rate, while under the high scenario an annual growth rate of 6.1% is achieved.



### **III. Florida Distribution Center Market Assessment**

Due to the recent trends in the growth in Asian imports via East Coast ports, and the accompanying growth in distribution centers, the potential for distribution center development in South Florida is assessed in this section.

#### **1. Overview of Florida Distribution Center Activity**

The Distribution Center (DC) market in Florida has historically served not only retail and wholesale industries that serve the key consumption markets throughout the state with import and domestic shipments, but also the freight consolidators primarily located in South Florida and Jacksonville to serve the export Caribbean Island and Latin American trade as well as supply cruise vessels calling the Florida ports.

The majority of DC growth has occurred in three regions:

- **Miami-Dade/Broward Counties:** Serves the South Florida retail and wholesale markets; food wholesalers near the Port of Palm Beach, Port of Miami and Port Everglades infrastructure serve cruise and island export markets; consolidators focus on near-airport facilities to also serve air cargo market at Miami International Airport (MIA).
- **I-4 Corridor (Tampa-Lakeland-Orlando):** Serve growing population and tourism in Central Florida; also ability to serve South Florida retail and wholesale markets; excellent highway and rail access from hinterland.
- **Greater Jacksonville Area:** Ability to serve into North/Central Florida as well as westbound; inexpensive land, low congestion; excellent highway and rail access that can also access South Florida; high interest by Asian steamship lines to develop container terminals in Jaxport.

*Maps of Distribution Center activity by key retail/wholesale industry can be found in Appendix A.*

As part of this analysis, interviews were conducted with numerous commercial and industrial real estate developers and DC operators to determine the key factors and trends for development in Florida. The results of the interviews are summarized below:

- Key factors driving decision making include lease/land rate, labor force and transportation costs (both ocean and inland);
- Majority of DC development is still occurring in Central Florida (I-4 corridor) specifically Polk County as well as Northern Florida – Greater Jacksonville Area;
- East-west accessibility is critical, I-4, and I-75;
- Geographic population center is in Polk County;
- Less expensive land and lease rates in Central and Northern Florida more attractive than South Florida;
- Dillards located an 800,000 sf DC in Valdosta, GA primarily due to competitive lease rates;
- Samsonite expanding to 800,000 sf in Jacksonville due to favorable lease rates and availability of labor force – closing Denver, CO DC;

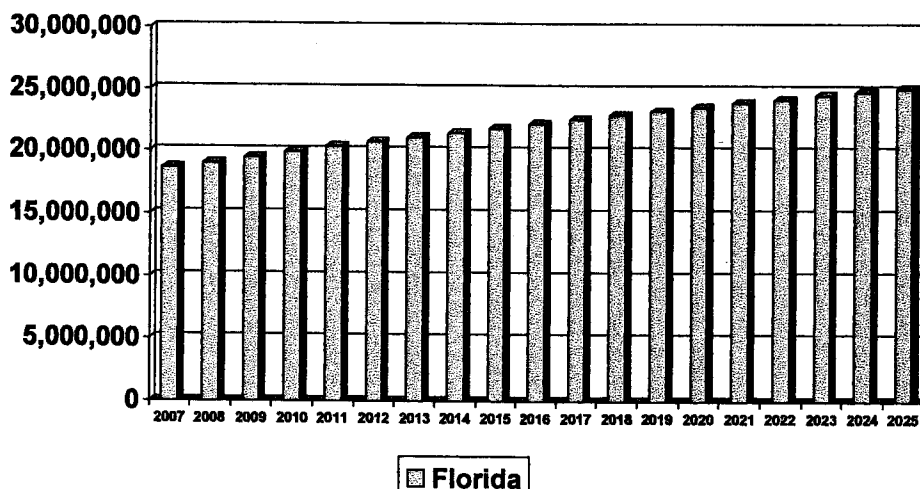
- New Wal\*Mart DC in Alachua – 1.2 million sf;
- Best Buy recently relocated its South Florida DC to Davenport, FL due to less expensive rates;
- Large DC facilities targeted for Central Florida – 500,000 to 1 million-plus sf;
- One developer has approximately 3 million sf in Tampa/Lake County region and is closing on 85 acres in St. Lucie County;
- South Florida market is being targeted to serve smaller parcels in the 50,000 – 300,000 sf range – these may act as “satellite” operations in conjunction with the larger DC developments in Central and Northern Florida;
- 1 million sf of DC space typically serves about 90 retail stores;
- 1 million sf of DC employs approximately 300-900 FTE depending on level of automation;
- 25 acres of land yields about 400,000 sf of DC space;
- Multiple-location DC’s tend to serve smaller radii and relocation or consolidation to more expensive South Florida not attractive; and
- Perception that the Port of Palm Beach, Port of Miami and Port Everglades still serving a local market, difficult to reach past Central Florida into the Southeast hinterland.

## 2. Distribution Center Demand Analysis

Given the implications for development of distribution center space in South Florida, the following analysis will project the total demand of DC space needed in Florida and the potential capture of a Palm Beach ILC.

Distribution Center demand is directly linked to population and consumption. According to the Demographic Estimating Conference Database, Florida’s population is anticipated to grow to 25 million people by 2025, which equates to a 1.7% annual growth rate as shown in Exhibit 13.

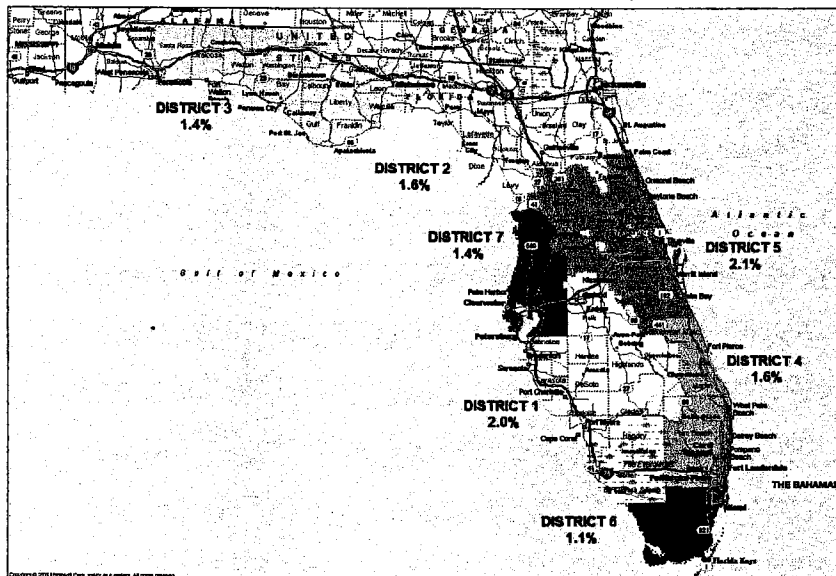
Exhibit 13 - Florida Population Forecast 2007-2025



Source: Demographic Estimating Conference Database, updated August, 2007

The same source also illustrates that FDOT Planning District 5 demonstrates the highest annual growth rate at 2.1% followed by District 1 at 2.0%. Palm Beach's District 4 is anticipated to grow at 1.6 % as illustrated below.

Exhibit 14 - Population Growth by FDOT Planning District 2007-2025



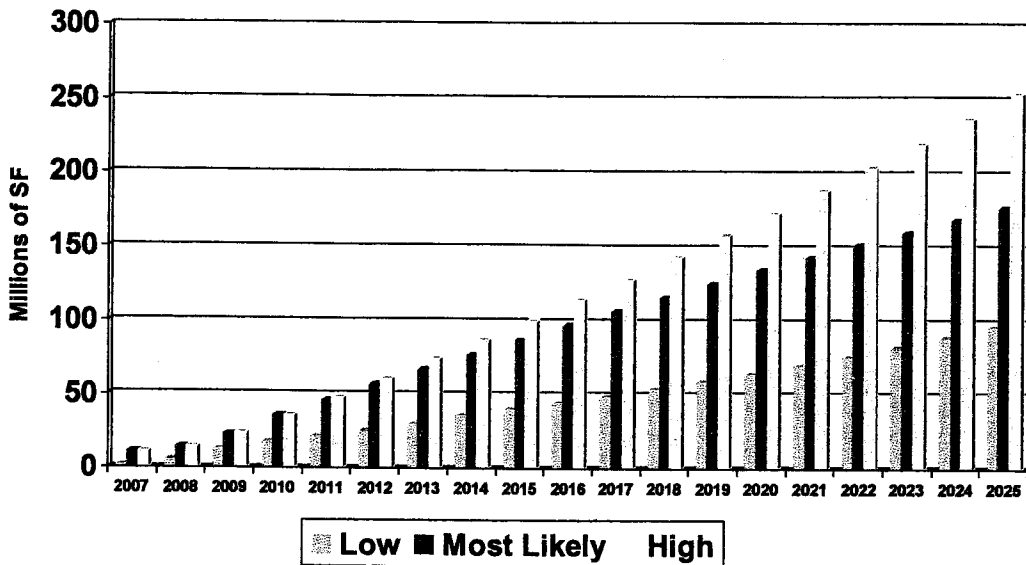
Source: Demographic estimating Conference Database, updated August, 2007

The demand forecast for DC square footage was generated by developing relationships between population and imported container activity as well as current industrial distribution space in Florida. Currently, the CB Richard Ellis MarketView Reports identify 515 million square feet of warehousing and distribution square footage in Florida key markets. To estimate the future demand for warehouse and distribution center space, the following relationships were developed.

- Projections of loaded inbound containers were developed, as previously described in the container market analysis;
- Historical Gross Domestic Product and Consumer Price Indices were examined;
- The number of loaded containers to DC square footage was developed from interviews with DC operators that identified throughput to square footage;
- The relationship of current Florida DC space to Florida population was estimated;
- Using these relationships, the low, most likely and high demand for additional DC square footage in Florida was estimated through 2025; and
- Finally, the ratio of South Florida population to total Florida population was estimated and used to identify the low and high additional DC space need to serve South Florida and Palm Beach's effective hinterland through 2025.

The incremental demand for new retail DC square footage that will be absorbed in Florida is estimated from the current base of 515 million SF, as estimated by CB Richard Ellis statistics. The high and low demand forecast for distribution center square footage is shown in Exhibit 15.

Exhibit 15 – Florida Distribution Center Demand/Absorption Forecast 2007-2025

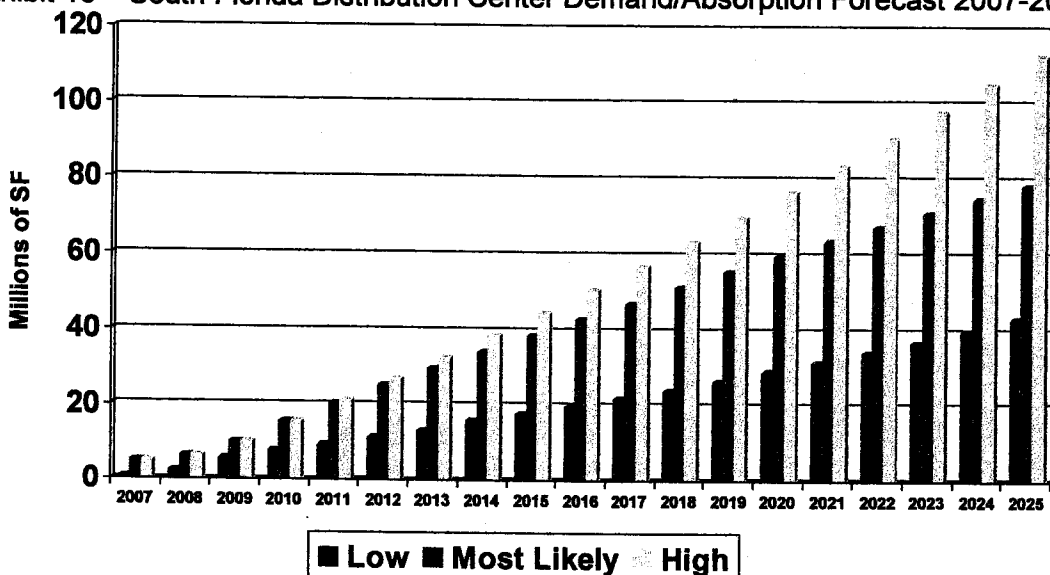


Source: Martin Associates

Based on the fact that the key target market for South Florida is the development of small to mid-size DC parcels of 50,000-300,000 sf, the effective region served would include FDOT Planning Districts 4 and 6 and potentially portions of Districts 1 and 5, depending on a case-by-case basis of the DC operator.

In 2025, the Tri-County's population is anticipated to reach 7 million, or 27.9% of the state total. The larger region of FDOT Districts 4, 6, and portions of 1 and 5, including the Treasure Coast, are expected to grow to 11.1 million people and encompass 44.3% of the state's population. By applying these percentages to the total demand forecast presented above, Exhibit 16 depicts the range of DC square footage that could potentially be absorbed in South Florida by 2025.

Exhibit 16 – South Florida Distribution Center Demand/Absorption Forecast 2007-2025



Source: Martin Associates

This analysis suggests that there is a demand of approximately 80 million square feet of retail distribution center space in South Florida through the forecast period. While the retail consumption markets associated with this square footage can be served by Central and Northern Florida DC locations, there is evidence that it can also be effectively absorbed by sites in the South Florida Tri-County area. It is apparent that over time, as Miami-Dade and Broward Counties become more densified and constrained that a progression northbound movement of development will prevail, and counties such as Palm Beach, Martin, St. Lucie and Indian River will benefit. At this time, it is difficult to speculate the amount of square footage that will be absorbed by future Palm Beach County sites as location decisions will be made on a case-by-case basis by DC operators/retailers based on current and future distribution and logistics plans. The location of these DC's will be influenced by the cost of available land and lease rates, transportation infrastructure and transportation costs to key consuming markets. The private sector developers, combined with the availability of land parcels will determine optimal site location.

### **3. Port of Palm Beach ILC Distribution Center Potential**

With approximately 30% of the state population residing in South Florida Tri-County area, there may be potential for the development of a distribution center complex as part of an Inland Logistics Complex in Palm Beach County. Such a facility could have the potential to serve the South Florida and Treasure Coast markets of Palm Beach, Martin, St. Lucie, Broward and Miami-Dade Counties, as well as the growing region of Southwestern Florida including Hendry and Collier Counties.

The assessment of the potential market size considered two distinct markets: 1) retail and wholesale distribution to serve the South Florida market; and 2) the export consolidator market that supports the export trade to the Caribbean and Latin America served via the Port of Palm Beach, Port Everglades and the Port of Miami. Martin Associates examined the potential of new distribution centers to the region as well as the concept of consolidation of DC operators that currently operate multiple facilities throughout Florida to take advantage of economies of scale that would be found at a distribution complex.

Interviews conducted by Martin Associates with the national and regional industrial developers indicated that the cost of operating the facility ranks as the most important factor in site selection, and the more expensive lease rates and land prices in Miami-Dade, Broward and Palm Beach could act as a deterrent for development in the near-term. However, these same developers further unanimously agreed that retailers will not "turn their backs on" developing facilities in South Florida despite the relative high land prices, and that demand for industrial space still exists due to the strong consumer base.

Current NNN asking lease rates in Palm Beach are approximately \$3.00/sf more than Orlando and \$4.00/sf more than Jacksonville. Furthermore, Palm Beach County has the highest asking rate of the three South Florida Counties. This point is further underscored by the fact that Palm Beach County boasts the highest vacancy rate of all areas examined. Exhibit 13 presents the vacancy rates, asking lease rates and square footage under construction available in key consumption markets.

Figures presented in Exhibit 17 are aggregated by county-wide or city-wide averages of all parcels, and there are market rate fluctuations depending on the actual site location within the geographic parameters. Exhibit 18 details the same data by key Palm Beach County areas. It is anticipated that asking rates for industrial land in Western Palm Beach County or Martin County would most likely be less than the current Palm Beach County average, and therefore more competitive with Jacksonville, Orlando and Tampa markets however published data is not available to that level of detail at this time. Interviews were conducted with developers land appraisers to determine the potential asking rate, however due to the lack of development in the Western portion of county, a range could not be quoted.

Exhibit 17 – Comparison of Industrial Lease Rates\* in Key Florida Consumption Markets

Market	Vacancy Rate Percent	Asking Lease Rate SF/YR	Under Construction SF
Palm Beach County*	6.0%	\$8.45 - NNN	633,863
Miami*	4.5%	\$8.28 - Ind. Gross	3,699,594
Broward County*	5.0%	\$8.42 - NNN	2,016,986
Tampa Bay Total	3.7%	\$7.28 - NNN	2,614,013
Orlando Total	5.7%	\$5.49 - NNN	1,313,380
Jacksonville Total	5.0%	\$4.54 - NNN	1,458,800
2007(Q3) CB Richard Ellis, MarketView Report			
* Palm Beach, Miami and Broward figures do not include flex space			

\* NNN lease rates do not include operating expenses insurance and taxes which is estimated about \$2.50/sf in South Florida and \$1.50/sf in Central and Northern Florida markets

Source: CB Richard Ellis

Exhibit 18 – Palm Beach County Industrial Lease Detail by Key Area

Palm Beach County Detail*	Vacancy Rate Percent	Asking Lease Rate SF/YR - NNN	Under Construction SF
Boca Raton	2.9%	\$9.50	24,000
Delray Beach	10.7%	\$8.50	52,922
Boynton Beach/Lantana	9.2%	\$8.25	16,456
Lake Worth/Wellington	5.2%	\$7.58	0
West Palm Beach	4.1%	\$8.50	200,779
Riveria Beach	6.7%	\$7.53	136,706
Jupiter	3.4%	\$9.05	203,000
Palm Beach County Total	6.0%	\$8.45	633,863
2007(Q3) CB Richard Ellis, MarketView Report			
* Palm Beach figures do not include flex space			

Source: CB Richard Ellis

As more industrial warehouse space is absorbed in Miami-Dade and Broward counties and available parcels are depleted, the natural shift would likely move toward Palm Beach and Martin Counties to the north. One developer indicated that Broward

County is nearly "built-out" from an industrial development perspective. If "clean" industrial land is not available, the developers who typically build-to-suit for their wholesale and retail clients, must target already built-up sites and, therefore, tear down and rebuild existing infrastructure; this is much more costly and most likely financially not feasible. However it is important to note that a number of speculative buildings were constructed in St. Lucie County in anticipation of a shift in DC operations to that region. CVS located in Vero Beach and Wal\*Mart constructed a facility in Fort Pierce, but few have followed.

Another key factor in determining the location of a DC is the proximity to the inland market and the transportation cost associated with moving the merchandise to the retail outlet location. It is anticipated that Port of Palm Beach, Port Everglades and Miami will compete for the cargo destined for South Florida, and JAXPORT, with the development of new Asian services coming online in 2009, will most likely control the Northern Florida market.

While portions of the Asian cargo consumed in these Florida consumption centers has historically moved via the South Florida container ports of Miami and to a lesser extent Port Everglades, much of this imported Asian cargo consumed in these regions has moved by rail from the Port of Savannah and the San Pedro Bay Ports of Los Angeles and Long Beach.

The current growth in the development of container terminals at Jacksonville by the Asian carriers such as MOL and Hanjin reflects the fact that these carriers now intend to serve the Florida markets via all water services calling at Jacksonville. Furthermore, Jacksonville can serve as a load center port to move cargo by rail westbound to such areas as Memphis, St. Louis, Columbus, and Chicago, as well as to move auto parts into the Southeastern US to serve the transplanted foreign auto manufactures that have established production facilities in this region. As express all water services are established via the Panama Canal and via the Suez Canal, the transit time to use this "reverse land-bridge" will approach the transit times to serve these same areas via the West Coast ports.

JAXPORT will most likely be in a position to serve the South Florida consumption market via the FEC Rail through direct JAXPORT ramp-to-door. Similarly northbound intermodal traffic originating in Port Everglades and Miami will move via the FEC to Jacksonville and then potentially CSX or NS to the points further north and west. The CSX Winter Haven complex could influence a connection to a Palm Beach ILC. However the necessary volumes to build intermodal trains out of South Florida ports may be difficult to achieve given the carriers and shippers disposition of South Florida ports servicing a local market. Therefore, the key competitive region is Central Florida's I-4 Corridor, and the South Florida ports - both Port Everglades and the Port of Miami -- will compete against JAXPORT for this cargo. The lack of current global container service and container-handling facilities at the Port of Tampa currently limits Tampa's ability to control the I-4 Corridor market, although the Port shares a significant inland transportation advantage. Plans are being considered to expand terminal container capacity at Tampa and, if adequate container facilities are developed, the Tampa could possibly become a key competitor in this market by the development of Gulf express feeder services.

Exhibit 19 illustrates the distance from key ports to key consumption centers in Florida. It is to be emphasized that Jacksonville and Palm Beach appear to be competitive in terms of serving Lakeland, Orlando and Central Florida consumption and distribution center markets. Furthermore, the Port of Jacksonville can reach into these Florida markets via the CSX and the Florida East Coast (FEC) railroads.

Exhibit 19 – Distance from Key Ports to Florida Consumption Areas  
(Least Mileage Highlighted in Yellow)

DISTANCE IN MILES FROM KEY PORTS TO KEY FLORIDA MARKETS CONSUMPTION AREAS								
	Palm Beach	Miami	FEC/	Tampa	Central	Jaxport	Savannah	Charleston
Miami	75	0	27	279	214	340	400	591
Milbourne	108	180	155	128	33	177	317	418
Orlando	165	228	205	84	55	141	281	382
Tampa	197	249	237	0	129	226	331	432
Sarasota	200	231	214	58	172	289	408	509
Fort Myers	131	157	140	126	198	295	435	536
Naples	152	125	107	166	239	335	475	576
Lakeland	168	220	208	33	97	194	334	435
Vero Beach	67	140	114	163	76	212	352	453
Daytona Beach	194	267	241	137	74	89	229	330

Source: PC Miller, confidential trucking company interview

In the near-term it is assumed that the Asian consumer cargo destined for the potential ILC will not move over the docks at the Port of Palm Beach, but rather via Port Everglades or Port of Miami. Without access to on-dock rail at the Port of Miami, a dray to the ILC is required. A wide range of local drayage rates from South Florida ports were obtained from interviews conducted with trucking companies and terminal operators in South Florida. For consistency and modeling purposes, Martin Associates averaged rates from seven interview sources, Martin Associates in-house trucking model and industry average cost per mile. Adjustments were also made to reflect a discount assuming a backhaul move. The resulting average drayage rates are depicted in Exhibit 20.

Exhibit 20– South Florida Drayage Rates

Estimated Local One-Way Drayage Rates	
Port of Palm Beach - ILC Destination	\$125
Port Everglades - Palm Beach ILC	\$156
Port of Miami - Palm Beach ILC	\$250
Port of Miami - Local Miami-Dade Destination	\$175

Source: Martin Associates, confidential trucking source

One way trucking rates to key consumption areas are presented in Exhibit 21. It is to be emphasized that the north-south trade imbalance significantly varies rates depending on the direction - southbound rates are priced as a head haul move, while the northbound return is the backhaul rate. For example, a container moving from Orlando to Palm Beach would be priced at \$632; a loaded northbound rate from Palm Beach to Orlando is estimated at \$387.



Exhibit 21 - Trucking Rates\* to Selected Consumption Markets

Trucking Rates		Miles	Northbound	Southbound
Origin	Destination		Rate	Rate
West Palm Beach	Jacksonville	277	\$355	\$877
	Ocala	233	\$516	\$774
	Orlando	165	\$387	\$632
	Tampa	197	\$452	\$710
	Lakeland	168	\$387	\$632
	Ft. Myers	129	\$548	\$548
	Ft. Pierce	56	\$387	\$387
Fort Lauderdale	Jacksonville	317	\$387	\$955
	Ocala	273	\$516	\$877
	Orlando	205	\$387	\$729
	Tampa	237	\$452	\$793
	Lakeland	208	\$387	\$729
	Ft. Myers	134	\$568	\$568
	Ft. Pierce	97	\$484	\$484
Miami	Jacksonville	340	\$452	\$1,019
	Ocala	296	\$548	\$897
	Orlando	228	\$419	\$774
	Tampa	249	\$484	\$813
	Lakeland	220	\$419	\$748
	Ft. Myers	146	\$587	\$587
	Ft. Pierce	121	\$548	\$548
Jacksonville	Lakeland	194	\$475	\$691
	Tampa	226	\$510	\$766
	Orlando	141	\$450	\$566
	Palm Beach	277	\$355	\$877
	Fort Lauderdale	317	\$387	\$955
	Miami	340	\$452	\$1,019

Source: confidential trucking company interview

\*Rates are based on one-way trips including a 29% fuel surcharge.

In order for the Port of Palm Beach ILC to be a success, the drayage, loading and any additional gate charges would need to be minimized. Interviews with the shippers and terminal operators indicated the additional cost of a move to an inland location is of paramount concern. As noted, this dray is estimated at about \$250 from the Port of Miami. Once the container is broken down and reloaded onto a domestic van for ultimate delivery to retail centers, the truck will need to return southbound to serve the South Florida retail outlets, adding additional costs to serve these markets, as trucking costs are essentially doubled – from the South Florida port of entry to a distribution center and the from the distribution center back to the South Florida retail consumer.

Developers indicate that the South Florida market, with respect to the import retail distribution market, attract accounts in the range of 50,000-300,000 sf. The developers maintain that the larger 1 million-plus facilities will continue to develop in Central and Northern Florida to take advantage of less expensive land costs/lease rates and access from the Port of Jacksonville. Large retailers/wholesalers are more likely to

use a South Florida location for "satellite" DC development, which is in the 50,000-300,000 sf range. Competitive sites are also being developed in Palm Beach, Martin and St. Lucie counties.

In addition to the lease and inland transportation costs previously described, the developers and DC operators interviewed also cite that labor availability is a key factor in site selection. The rural environment of the Western Palm Beach County may present a challenge to potential operators in terms of a labor pool. It is necessary for state and local agencies, such as the Palm Beach Economic Development Office, Business Development Board, Economic Council of Palm Beach County and South Florida Regional Business Alliance to work in conjunction with the Port of Palm Beach and developers to ensure that programs and incentives are in place to maintain a qualified labor pool to perspective tenants.

In terms of exports, Port of Palm Beach, Port Everglades and Port of Miami also compete for the export market that serves Latin America and the Caribbean. The South Florida ports have been (and will continue to be) successful due to the large Latin American business community in South Florida. Interviews were conducted with Latin American carriers, freight consolidators and terminal operators to investigate the potential to relocate or expand operations at the proposed Palm Beach ILC.

Interviews were also conducted with cold storage operators to determine the need for additional cold storage capacity in the county. The Port of Palm Beach's primary cold storage operator, Port of Palm Beach Cold Storage currently operates about 100,000 square feet of space which includes refrigerated cargo handled by Tropical Shipping and Princess Cruise Lines. While utilization of the current facility may indicate the need for additional storage, the operator leases additional property at the Port of Palm Beach that can be made available for an expansion of 50,000-75,000 sf in the near-term. Also, a large retail grocery chain indicates that the majority of the investment in Broward and Miami-Dade counties is off of the I-75 corridor in an effort to serve east-west markets. While there appears to be a need from time to time for additional capacity in Palm Beach County, there needs to be a steady user driving the investment of a new facility. The current trend from an industry perspective as a whole is to develop "reefer drop yards" typically 300,000 sf facilities that can serve numerous end users.

The close-knit community of suppliers to the Caribbean and Latin America are strongly rooted in Miami-Dade County, and relocation to Palm Beach County does not appear feasible. The key concern of the consolidators is the additional trucking cost and additional lead time that would be incurred if operations were relocated to the north. Also, many of these consolidators also handle air freight, so proximity to the Miami International Airport (MIA) in areas such as Medley is critical. This is evidenced by the fact that Eagle Global Logistics is developing a facility near MIA. However in the longer term, increased cargo volumes may create space constraints in Miami-Dade and Broward counties and alternatives may need to be re-examined.

With respect to air freight, the relocation of air cargo related services from MIA to a Port of Palm Beach ILC are not feasible due to the fact that successful all-cargo airports are anchored by integrated carriers such as FEDEX, UPS or DHL. The North American markets for these integrators are in a mature stage as the hub-and-spoke operations have been developed over decades. Furthermore, Fort Worth Alliance

International Airport in Texas, probably the most successful all-cargo facility in the US, has not been able to attract cargo away from Dallas-Fort Worth International Airport (DFW).

#### **4. Distribution Center Location Sensitivity Analysis**

Due to the fact that lease rate comparables are not currently available for rural Western Palm Beach County, Martin Associates developed a sensitivity analysis that will identify lease rates needed to compete with other key distribution center locations to serve key Florida markets. The sensitivity analysis factors into account and allows for changes in variables and key decision making factors such as Florida port of entry, location of DC, size/square footage of facility, port to DC/ILC drayage costs, lease rates, operating costs, potential gate charges and storage/demurrage fees, and final transportation costs to deliver to ultimate consumption markets.

Sensitivity model assumptions are based on data collected from interviews with current Florida DC operators, industrial and commercial developers, published CB Richard Ellis asking lease rates, interviews with Florida terminal operators and commercial trucking companies. In addition, certain industry and Martin Associate in-house assumptions were used.

Data assumptions used in the model include the following:

- 1,000,000 SF of DC space generates 75 loads in/75 loads out per day;
- 500,000 SF of DC space generates 40 loads in/40 loads out per day;
- 250,000 SF of DC space generates 25 loads in/25 loads out per day;
- DC operations are based on 312 operating days per year;
- South Florida NNN lease rates identified by CB Richard Ellis are combined with a \$2.50/SF operating cost where applicable;
- Central and Northern Florida NNN lease rates are combined with a \$1.50/SF operating cost where applicable;
- Truck rates include a 29% fuel surcharge;
- Truck drays and inland moves assume backhaul;
- Headhaul/backhaul rates assume total round trip with discount divided by two to simulate a more balanced north-south trade;
- Port charges are equalized; and
- Lease rates needed are based on competing with the lowest cost routing identified.

The analysis focused on cargo imported through Florida ports, specifically the Port of Palm Beach, Miami, Port Everglades and JAXPORT. The analysis examined the least cost truck routing to serve eight key consumption markets in Florida, including Miami, Fort Lauderdale, Fort Myers, Fort Pierce, Orlando/Lakeland, Tampa, Ocala/Gainesville and Jacksonville. Separate model runs were completed for 1,000,000, 500,000 and 250,000 square foot facilities.

The complete sensitivity matrices are located in Appendix B, while summaries of the sensitivity model are presented in the following Exhibits 22A, 22B and 22C. The summary includes the port of entry, location of the DC/ILC and the gross industrial lease rate needed to compete for the market identified. Negative numbers reflect that the market is not competitive due to high transportation cost that would result in a negative

lease rate. The highlighted yellow column represents the least cost routing to serve that market. While it is not anticipated that the Port of Palm Beach would handle this cargo, a column representing a Port of Palm Beach port of entry and Port of Palm ILC is examined for comparative purposes. Moreover, while it has not been determined by the Port of Palm Beach, the summary analysis also presents for comparative purposes the gross lease rate needed if a one-way gate charge of \$50 was applied.

**Exhibit 22A – Port of Palm Beach ILC Gross Lease Rate Needed  
To Compete Against Least Cost Routing for DC of 1,000,000 SF**

<b>Estimated Cost to Serve Miami Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$7.70	\$4.77	\$6.97	(\$0.92)	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$6.53	\$3.60	\$5.80	(\$2.09)	
<b>Estimated Cost to Serve Fort Lauderdale Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$9.89	\$6.97	\$9.17	\$1.28	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$8.72	\$5.80	\$8.00	\$0.11	
<b>Estimated Cost to Serve Fort Myers Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$10.14	\$7.21	\$9.41	\$1.52	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$8.97	\$6.04	\$8.24	\$0.35	
<b>Estimated Cost to Serve Fort Pierce Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$9.55	\$6.63	\$8.82	\$0.94	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$8.38	\$5.46	\$7.65	(\$0.23)	
<b>Estimated Cost to Serve Orlando/Lakeland Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$5.99	\$3.07	\$5.27	(\$2.62)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$4.82	\$1.90	\$4.10	(\$3.79)	
<b>Estimated Cost to Serve Tampa Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$7.12	\$4.19	\$6.39	(\$1.49)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$5.95	\$3.02	\$5.22	(\$2.66)	
<b>Estimated Cost to Serve Ocala/Gainesville Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$2.62	(\$0.30)	\$1.90	(\$5.99)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$1.45	(\$1.47)	\$0.73	(\$7.16)	
<b>Estimated Cost to Serve Jacksonville Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	(\$2.57)	(\$5.50)	(\$3.30)	(\$11.18)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	(\$3.74)	(\$6.67)	(\$4.47)	(\$12.35)	

**Exhibit 22B – Port of Palm Beach ILC Gross Lease Rate Needed  
To Compete Against Least Cost Routing for DC of 500,000 SF**

<b>Estimated Cost to Serve Miami Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$7.66	\$4.54	\$6.88	(\$1.53)	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$6.41	\$3.29	\$5.63	(\$2.78)	
<b>Estimated Cost to Serve Fort Lauderdale Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$10.00	\$6.88	\$9.23	\$0.82	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$8.75	\$5.63	\$7.98	(\$0.43)	
<b>Estimated Cost to Serve Fort Myers Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$10.30	\$7.18	\$9.53	\$1.12	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$9.05	\$5.93	\$8.28	(\$0.13)	
<b>Estimated Cost to Serve Fort Pierce Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$9.78	\$6.66	\$9.01	\$0.60	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$8.54	\$5.42	\$7.76	(\$0.65)	
<b>Estimated Cost to Serve Orlando/Lakeland Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Orlando
Gross Lease Rate/SF Needed	\$5.99	\$2.87	\$5.22	(\$3.20)	\$5.42
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$4.74	\$1.62	\$3.97	(\$4.44)	
<b>Estimated Cost to Serve Tampa Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$7.19	\$4.07	\$6.41	(\$2.00)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$5.94	\$2.82	\$5.17	(\$3.25)	
<b>Estimated Cost to Serve Ocala/Gainesville Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$2.40	(\$0.72)	\$1.62	(\$6.79)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$1.15	(\$1.97)	\$0.37	(\$8.04)	
<b>Estimated Cost to Serve Jacksonville Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	(\$3.15)	(\$6.27)	(\$3.92)	(\$12.33)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	(\$4.39)	(\$7.51)	(\$5.17)	(\$13.58)	

**Exhibit 22C – Port of Palm Beach ILC Gross Lease Rate Needed  
To Compete Against a Least Cost Routing for DC of 250,000 SF**

<b>Estimated Cost to Serve Miami Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$7.50	\$3.60	\$6.53	(\$3.98)	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$5.94	\$2.04	\$4.97	(\$5.54)	
<b>Estimated Cost to Serve Fort Lauderdale Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$10.43	\$6.53	\$9.47	(\$1.05)	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$8.87	\$4.97	\$7.91	(\$2.61)	
<b>Estimated Cost to Serve Fort Myers Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Miami
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Miami
Gross Lease Rate/SF Needed	\$10.81	\$6.91	\$9.84	(\$0.67)	\$8.28
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$9.25	\$5.35	\$8.28	(\$2.23)	
<b>Estimated Cost to Serve Fort Pierce Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$10.72	\$6.82	\$9.75	(\$0.76)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$9.16	\$5.26	\$8.19	(\$2.32)	
<b>Estimated Cost to Serve Orlando/Lakeland Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Orlando
Gross Lease Rate/SF Needed	\$5.98	\$2.08	\$5.01	(\$5.50)	\$5.26
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$4.42	\$0.52	\$3.45	(\$7.06)	
<b>Estimated Cost to Serve Tampa Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$7.48	\$3.58	\$6.51	(\$4.01)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	\$5.92	\$2.02	\$4.95	(\$5.57)	
<b>Estimated Cost to Serve Ocala/Gainesville Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	\$1.48	(\$2.42)	\$0.52	(\$10.00)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	(\$0.08)	(\$3.98)	(\$1.04)	(\$11.56)	
<b>Estimated Cost to Serve Jacksonville Retail Consumption Market:</b>					
Port of Entry	Palm Beach	Miami	Port Everglades	Jacksonville	Jacksonville
Location of DC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville
Gross Lease Rate/SF Needed	(\$5.44)	(\$9.34)	(\$6.41)	(\$16.92)	\$6.04
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Asses	(\$7.00)	(\$10.90)	(\$7.97)	(\$18.48)	

As shown in these previous exhibits, the greater the asking rate needed the greater the potential for a Palm Beach ILC facility to compete for a specific market. It appears a Port of Palm Beach ILC could effectively compete in the Fort Lauderdale, Fort Myers and Fort Pierce retail consumption markets. Since it is assumed that the Port of Palm Beach will not participate in the Asian import trade, at least in the near-term, the best case scenario to compete in these markets would be for a Port Everglades port of entry.

The analysis suggests that a Port of Palm Beach ILC would not be as competitive to serve the Miami consumption market. The limiting factor is the fact that a dray from the port of entry – either Port Everglades or Port of Miami to the ILC and a return move back into the Miami retail market essentially doubles the inland rate.

To compete in the Orlando/Lakeland and Tampa markets, an asking lease rate would need to be in the range of \$6.00-\$7.50. This rate is less than current asking rates in South Florida and may be more of a challenge to attain at a Palm Beach ILC. The sensitivity analysis also suggests that a Port of Palm Beach ILC would not be competitive in the Ocala/Gainesville and Jacksonville markets.

Exhibit 23 illustrates a summary of asking rates needed by key consumption area while Exhibits 24A, 24B and 24C present the maximum gross asking lease rates for potential market penetration of a Port of Palm Beach ILC.

Exhibit 23 – Summary of Gross Lease Rates Needed at a Palm Beach ILC to Match the Least Cost Truck Routing to Selected Florida Markets

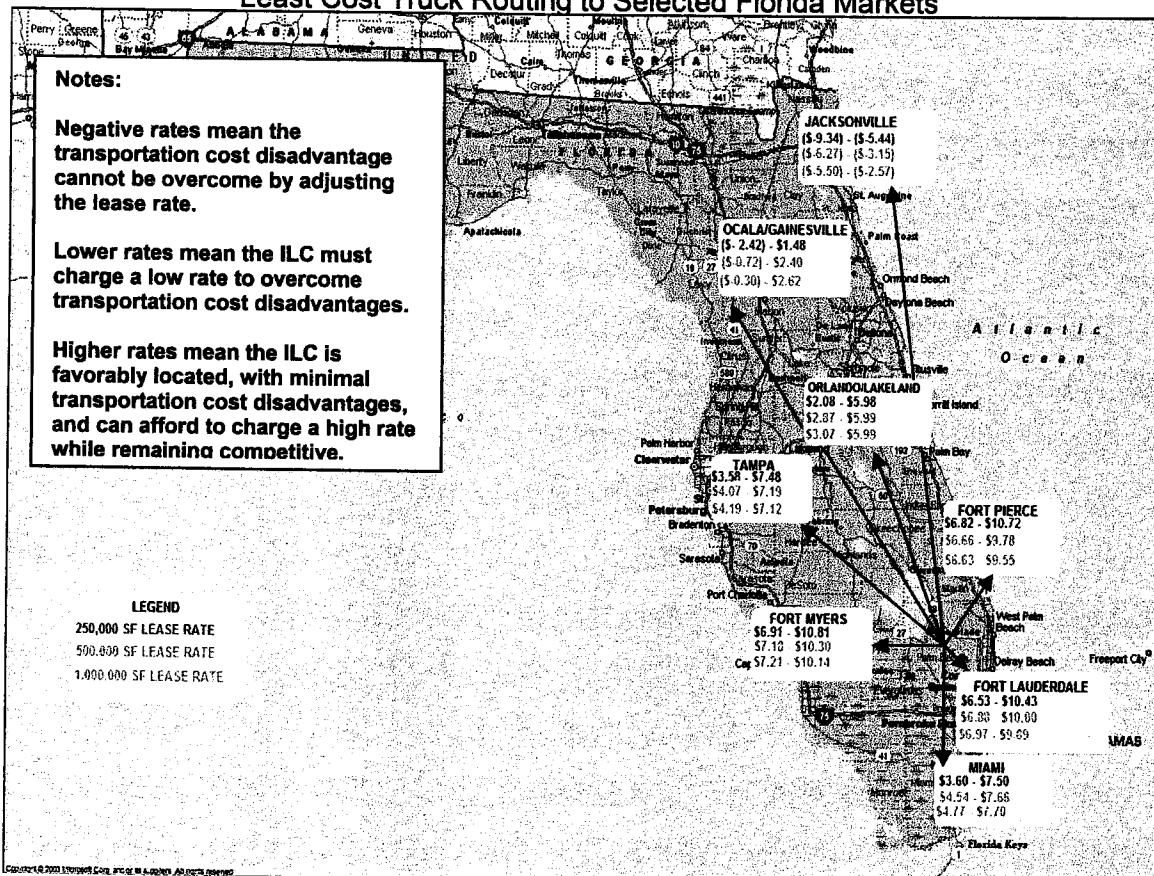




Exhibit 24A – Potential Market Penetration by Maximum Gross Asking Lease Rate  
Port of Palm Beach Port of Entry 250,000 SF Distribution Center

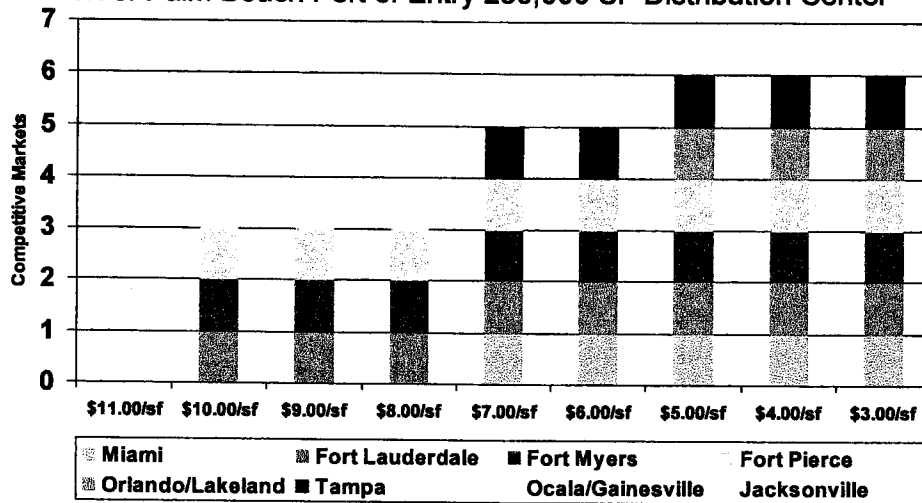


Exhibit 24B – Potential Market Penetration by Maximum Gross Asking Lease Rate  
Port Everglades Port of Entry 250,000 SF Distribution Center

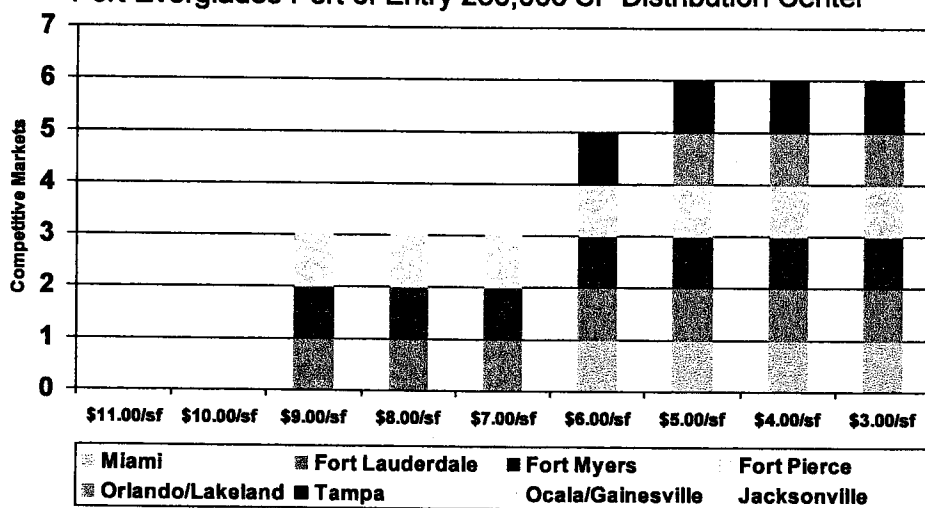
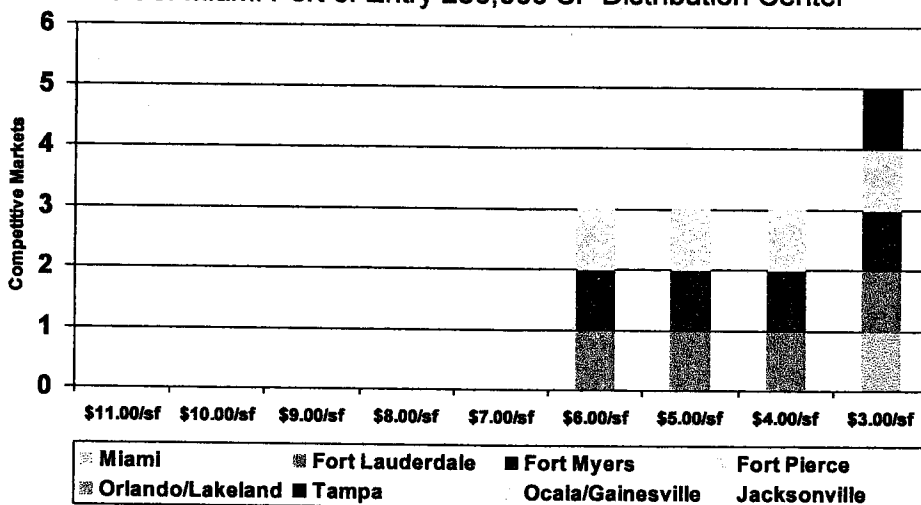


Exhibit 24C – Potential Market Penetration by Maximum Gross Asking Lease Rate  
Port of Miami Port of Entry 250,000 SF Distribution Center



Exhibits 24A, B and C identify the potential market penetration thresholds for a Port of Palm Beach ILC to compete with the current least cost routing to key markets. The markets of greatest potential to be served from a Palm Beach ILC include Fort Lauderdale, Fort Myers and Fort Pierce. While it appears that a Port of Palm Beach port of entry (26A) offers the most advantageous market penetration rates, it must again be emphasized that the Port of Palm Beach will not be a key player in this import market, at least in the near-term. Therefore, Port Everglades becomes the most suitable pairing to the Palm Beach ILC. The Port of Miami to Palm Beach ILC relationship is strained due to higher drayage rates. It should be noted that if drayage rates between all Tri-County points were stabilized and more uniform, the Port of Miami would become more of a suitable pairing for the Palm Beach ILC.

This lease rate analysis provides the base framework to use in a cash flow analysis to test the cost of development versus rate of return for building industrial distribution space in Palm Beach County. While lease rates in the western portion of Palm Beach County will be less expensive than current coastal parcels, the cost of construction will need to be determined prior to establishing a base asking rate.

With respect to intermodal routings, a separate limited sensitivity analysis was conducted and is presented in Appendix B. The imbalance of north-south trade creates similar rate structure pricing akin to the trucking rates described in the previous section. Confidential contracted rates are typically negotiated between the carrier and customer, and while these detailed contract rates were not disclosed by the parties, Martin Associates was able to attain rate estimates to develop a "southbound" sensitivity analysis to be used as an order of magnitude comparison to the identified truck market. Sources indicate that a southbound rate from the Jacksonville FEC ramp to a Miami-Dade or Broward County distribution center rate is estimated at \$650, including the current FEC fuel surcharge of 29.5%. To serve the Miami retail consumption market, the \$650 intermodal rate would be combined with the local dray of \$175 for a total of \$825. In comparison, a ramp to ramp intermodal rate (including fuel surcharge) from Jacksonville to a Palm Beach County ILC is estimated at \$325. After adding in the estimated drayage (\$250) from the ILC to serve the Miami market, the final delivery to a consumption point is approximately \$575. These rates are both less than the one-way southbound truck rate of \$1019 as shown in previous Exhibit 21.

However, the range in size of the potential DC's that would locate at the Palm Beach ILC support a market that would efficiently be served via truck. Furthermore, the current key users of the intermodal services at South Florida ports include regional carriers such as Tropical Shipping, Crowley Liner Services and Seaboard Marine that do not participate in the Asian import market and have noted that an ILC operation would most likely not benefit their business. Therefore, it appears that intermodal capability will not be the driving factor in the development of the potential ILC market. The benefit may come to fruition in the longer-term where significant volumes are built up to support intermodal train service.

## IV. Bulk and Breakbulk Market Assessment

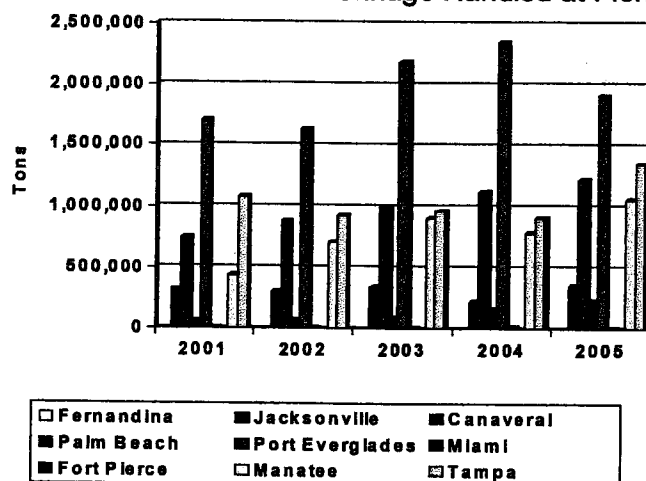
The conceptual Palm Beach ILC would not only facilitate consumer retail and wholesale distribution, but also potentially facilitate the movement and storage of bulk and breakbulk materials, in particular construction bulks such as cement and aggregate as well as other materials such as lumber. The following analysis focuses on such material and their forecasted demand for the South and Central Florida Regions.

### 1. Historical Market Conditions

#### 1.1 Aggregate and Cement Activity

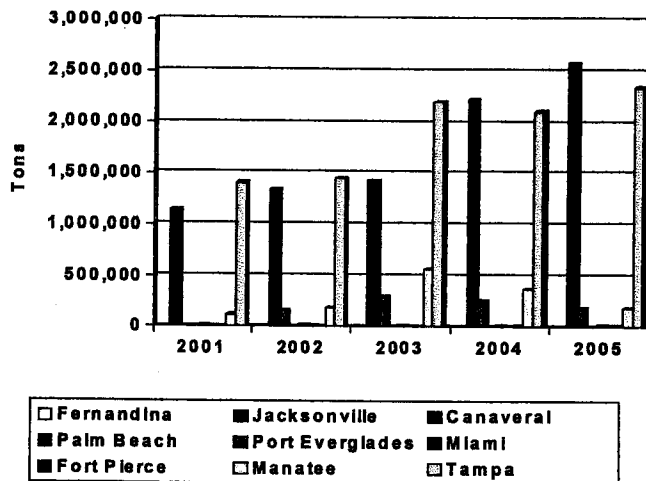
The Florida market for aggregates and cement is primarily to serve the construction projects within the state. The cement and aggregate used throughout the state is sourced domestically as well as internationally through Florida's ports. In recent years, cement production in Florida has maintained levels of 4-5 million tons per year, and has averaged about a 3.5% growth rate over the past decade. Port Everglades has historically been the key player in the Florida market in terms of imports. Over recent years, however, Canaveral, Manatee and Tampa have gained market share. With respect to waterborne aggregates, Tampa and Jacksonville have been the principle ports used. Over the 2001 to 2005 period, cement tonnage grew by 9% while aggregates grew by 18.4%. This significant growth is attributed to the boom in construction during the period. However, the weak economic conditions over the past year have hampered construction activity, and future imports remain uncertain in the near term. Exhibits 25 and 26 illustrate the historical tonnages handled by the Florida ports for both cement and aggregate material.

Exhibit 25 - Historical Cement Tonnage Handled at Florida Ports



Source: Waterborne Commerce Statistics

Exhibit 26 - Historical Aggregate Tonnage Handled at Florida Ports

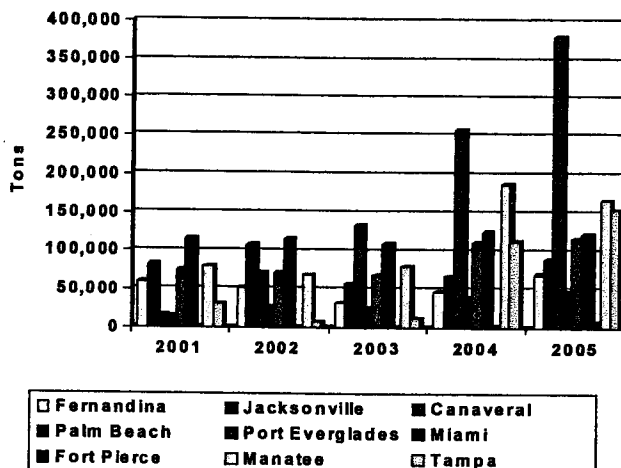


Source: Waterborne Commerce Statistics

### 1.2 Breakbulk Lumber and Steel Activity

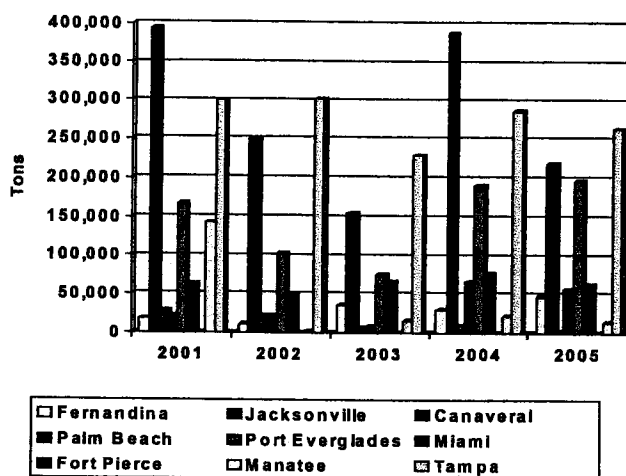
Breakbulk cargoes of interest to the development of the Palm Beach ILC include lumber and steel. These import markets are also primarily tied to the state's construction activity. Lumber and steel shipments are typically smaller in terms of tonnage and tend to be more sporadic in nature. This is exemplified in Exhibit 27 which shows dramatic swings from year to year for individual ports. From 2001 through 2005, lumber grew by 25% per annum. This is largely due to the increase in shipments through Canaveral. Conversely, the import steel market was significantly affected by the Section 201 sanctions imposed on certain steel imported products in 2001-2003 period, and therefore only grew by 0.94% per year over the 5-year period as shown in Exhibit 28. Economic conditions in Caribbean and Latin American nations, as well as hurricane rebuilding efforts also contribute to the sporadic nature of these markets. The import market for lumber and steel again tend to serve a local market, and therefore particular attention should be paid to Port Everglades and Miami in terms of ILC potential.

Exhibit 27 - Waterborne Lumber Tonnage Handled at Florida Ports



Source: Waterborne Commerce Statistics

Exhibit 28 - Waterborne Steel Tonnage Handled at Florida Ports

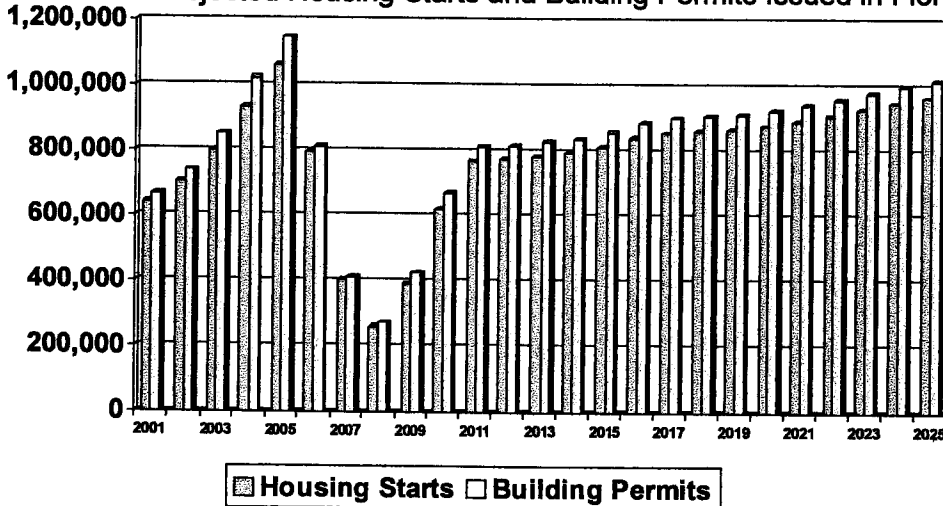


Source: Waterborne Commerce Statistics

## 2. Bulk and Breakbulk Market Outlook and Forecast

The Florida construction market will dictate the demand for the bulk aggregates, cement, lumber and steel handled at the Florida ports. Construction activity is off right now due to the weakened economy; however it is expected to rebound as shown in Exhibit 29. This exhibit presents the historical and forecasted demand for housing starts as well as building permits in Florida. Once the market stabilizes in 2007, the expected annual growth rate through 2025 is 1.62%.

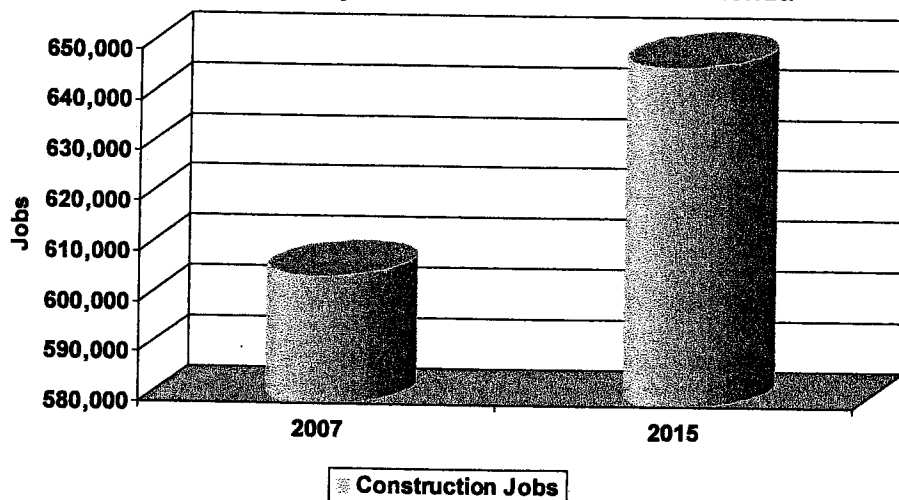
Exhibit 29 - Projected Housing Starts and Building Permits Issued in Florida



Source: Moody's, economy.com

Similarly, in the short-medium term Florida Construction jobs are expected to grow at a paltry 0.84% while the construction market recovers. Exhibit 30 illustrates the expected increase in Florida construction jobs.

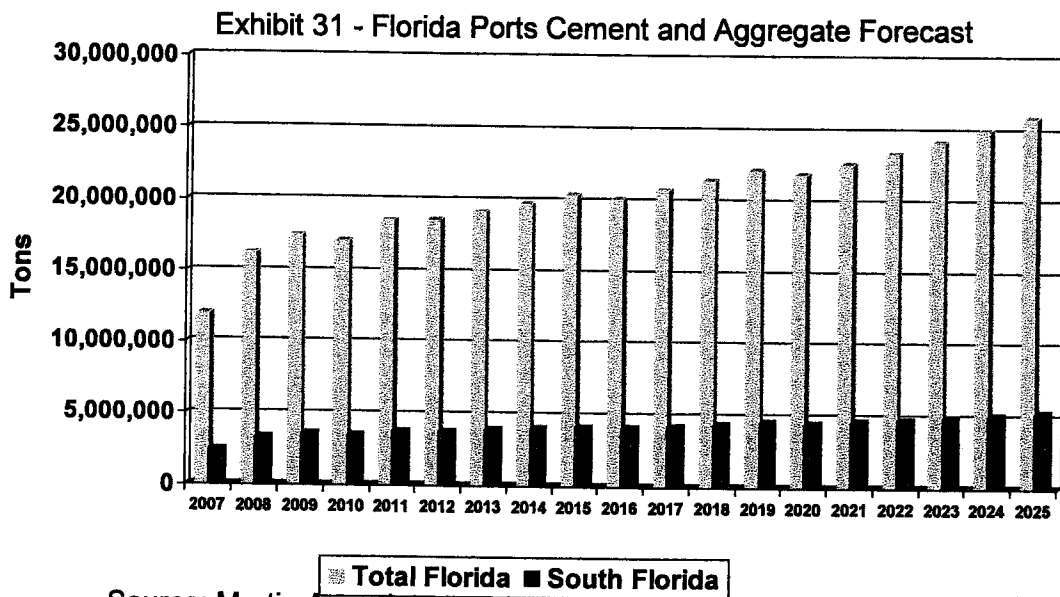
Exhibit 30 - Projected Construction Jobs in Florida



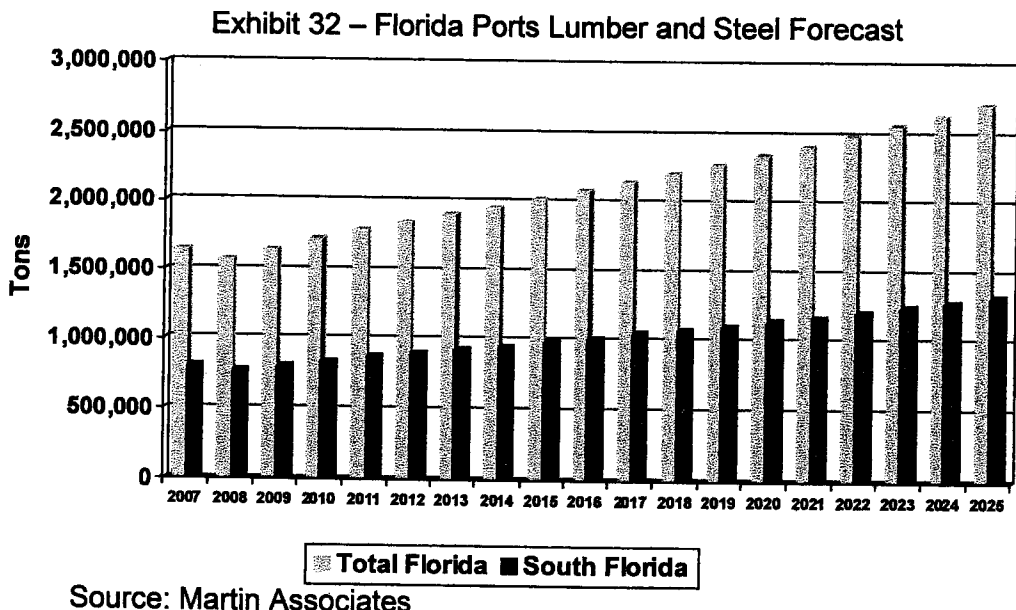
Source: Labor Market Information

The second factor that will impact the import bulk market is the July, 2007 Miami federal judge's ruling closing aggregate mines in the Lake Belt Region. The ruling forced the immediate closure of approximately 35% of the Lake Belt production. The State of Florida consumes approximately 150 million tons of aggregate annually. Of this, approximately 55 million tons are mined in the Lake Belt region resulting in a loss of 19 million tons of domestic supply annually. In order to make up the 19 million ton deficit, international and barge shipments as well as rail shipments will be required. At the time of this report, four other aggregate mines in South Florida (including Florida Rock Industries, Rinker Materials and Bergeron Sand, Rock and Aggregate) are seeking approval to obtain active mining status. While it is difficult to forecast the volumes due to the uncertainty of the timeframe of the approval process, anticipated volumes that will be mined immediately versus those that are kept for long-term reserves and current weak economic and industry conditions, these potential mining sites are factored into the forecast assumptions.

The most likely scenario will require that the inbound vessel and barge shipments will be discharged at the ports nearest to the key construction activity. Based on historical data, Jacksonville and Tampa will receive the majority of the waterborne cargo (as well as panhandle ports such as Mobile) to serve their respective regions. Based on harbor and terminal amenities, Port Everglades appears to be the strongest contender in the South Florida market, although its berth space is constrained. The forecast presented in Exhibit 31 is based a growth rate of 3% of existing base tonnage with a factor for incremental inbound aggregate to make up the deficit lost by the Lake Belt closures.



As noted, due to the sporadic nature of the market, it is difficult to forecast the lumber and steel tonnage handled at the Florida ports. Construction activity in Florida is expected to rebound in the near-term. Based on this assumption, a 3% growth figure is applied to the current Florida tonnage as shown in Exhibit 32.



### **3. Port of Palm Beach IC Bulk and Breakbulk Competitive Assessment**

With respect to bulk cargoes, the Port of Palm Beach has not maintained market share with competing ports in the region. The key factors that have contributed to this include the limited draft and on-dock space constraints at the Port.

Interviews with bulk terminal operators at the Port of Palm Beach indicate that they are currently bringing in bulk vessels loaded to 15,000-18,000 tons per call. Conversely, aggregate ships calling Port Everglades are loaded to 40,000 tons and vessels calling the Port of Tampa are loaded to 30,000 tons drawing a draft of 34' to 38'. World supply has shifted to growing demand in foreign countries including China, and has increased the freight rates of the vessels, which in turn increases the transportation cost of cement. Since the transportation cost has increased due to the demand for vessel capacity in the international market, vessel chartering rates are not conducive to light loading the vessels, and therefore limit the Port of Palm Beach market potential until navigational improvements are completed in its harbor.

Cemex has acquired Rinker Materials and the two have merged operations and the long term plan is to develop land at key ports around Florida to serve local/regional ready-mix plants. Currently, Cemex/Rinker imports cement through Jacksonville, Tampa, Port Everglades and Canaveral. In addition, they manufacture cement in Miami and Brooksville. With this merger, Cemex/Rinker has essentially doubled their ready-mix facilities. This is key due to the fact that the average ready-mix plant can serve a local 70-mile radius.

While Cemex/Rinker currently operate on 3-4 acres at the Port of Palm Beach, more storage capacity and rail capacity is necessary for the Port to develop a stronger market position. It is anticipated that volumes will continue to grow at the port in which they are currently entrenched.

The Port of Tampa is signing new tenants to bolster their position in the aggregate market. The Port's Port Redwing is being targeted for bulk operations. Andino Cement has just been signed as a tenant. Other bulk operators such as Titan, Trinity/Votorantim and Cemex are increasing their operations in Tampa. The Tampa Port Authority is projecting an 8 million ton incremental increase in aggregate over the next 6 years from its current base of 2.3 million tons.

An Interview with Andino Cement confirmed the Tampa development (estimated at approximately 2 million tons within 5 years) and also indicated that they were planning on developing a Palm Beach facility, however the deal dissolved due to declining market conditions and improvement costs. Expected volumes and production levels of the potential Port of Palm Beach facility were not disclosed. Ultimately, it appears that they would prefer on-dock storage ship direct to a customer ready-mix plant rather than paying the additional charge on railing or trucking to an inland storage facility.

With respect to an ILC operation, a terminal operator at the port of Tampa operates a 100-acre inland terminal in Bartow (approximately 30-35 miles inland from the Port of Tampa) for bulk materials distribution. The primary focus is to move the bulk away from the costly port storage fees. Approximately 120,000 tons of material is



moved annually through this facility. Competitive trucking rates are the key to success of the inland facility. The terminal operator estimates that the trucking rate can run in the range of \$4-\$8 per ton depending on the commodity. An interview with another bulk distribution company in Florida suggests that there is an interest in developing this type of facility at Palm Beach; however it will serve a local market due to the transportation cost of the material to the end user.

The success of the Port of Palm Beach ILC remains with the cost of the inland transportation cost. Without adequate rail capacity on site at the Port, shippers will have to dray the material to the ILC and therefore handle the material twice. The estimated cost of drayage to a site 60 miles inland at \$8.00 per ton would be \$160-\$192 for a one way trip. Including loading and handling of \$2.50 per ton, this equates to \$10.50 per ton. Interviews with terminal operators suggest that this double handling would essentially price them out of the market.

In order for an ILC concept in Palm Beach to be successful, the additional handling and drayage rates need to be minimized either by subsidies or incentives to the customer. Without such cost reducing measures, this market appears limited from a regional distribution perspective.

With respect to breakbulk lumber and steel, Manatee, Jacksonville and Tampa have historically been the key players serving the Florida market. Canaveral and Port Everglades have increased throughput dramatically for lumber tonnage, while Port Everglades has grown strongly in steel products in recent years. Port of Palm beach has also gained market share in the lumber market. As noted in the historical exhibits, these markets are volatile to construction activity and international market fluctuations.

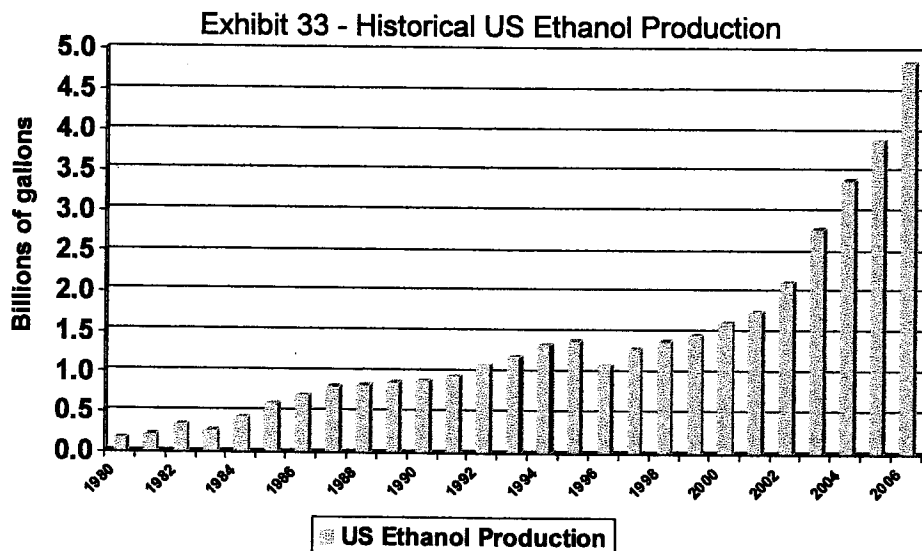
Furthermore, interviews with home center retailers/wholesalers indicate that a large portion of the lumber and plywood supply originates in domestic and Canadian markets and is transported via truck or rail to serve the Florida market.

The competitive advantage in these import markets is determined by the availability of on-dock storage and warehousing infrastructure and proximity to the end user markets. An inland port concept which would require additional handling and drayage costs is problematic and would once again need to address real estate price and lease rates, handling and drayage issues as previously described. Again, these markets will most likely serve local construction activity once the market and economy stabilize.

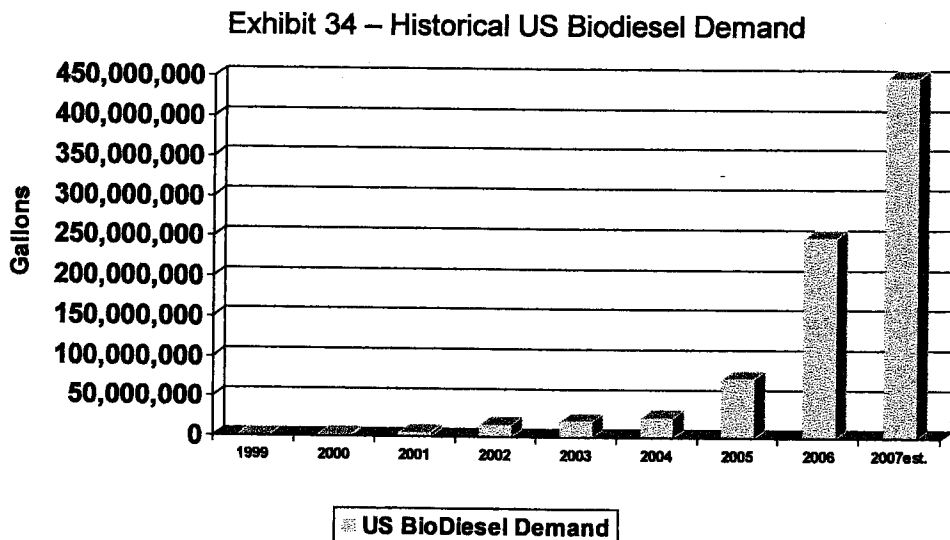
## V. Ethanol and Bio-Diesel Production Market Assessment

### 1. Current Market Assessment

The alternative fuels production industry including ethanol and biodiesel is another area of interest for the Palm Beach ILC. The alternative fuels market has begun to ramp up in recent years due to Federal and state legislation. Since 2000, ethanol production has increased 20% annually, while the Biodiesel Tax Incentive offered in 2005 has bolstered the demand for biodiesel in the United States. Exhibits 33 and 34 present the historical growth in ethanol production and biodiesel demand in the United States.



Source: Renewable Fuels Association

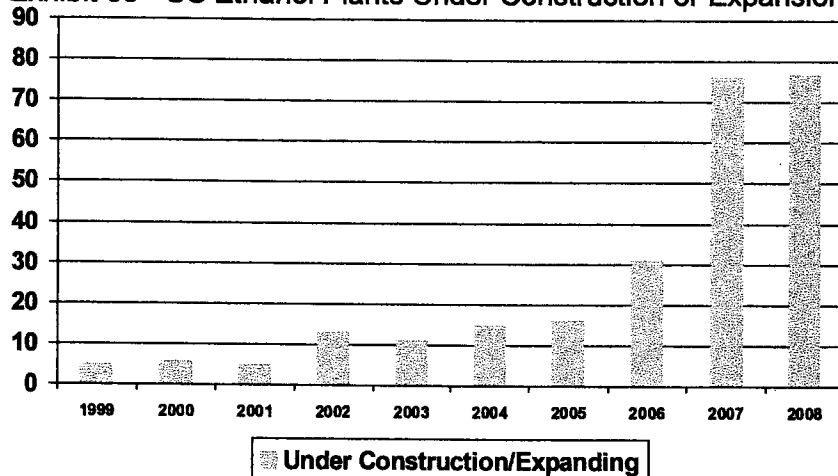


Source: National Biodiesel Board

Historically, ethanol production facilities were built near the primary feedstock, corn. However, in recent years, ethanol plants have been built on both the East and

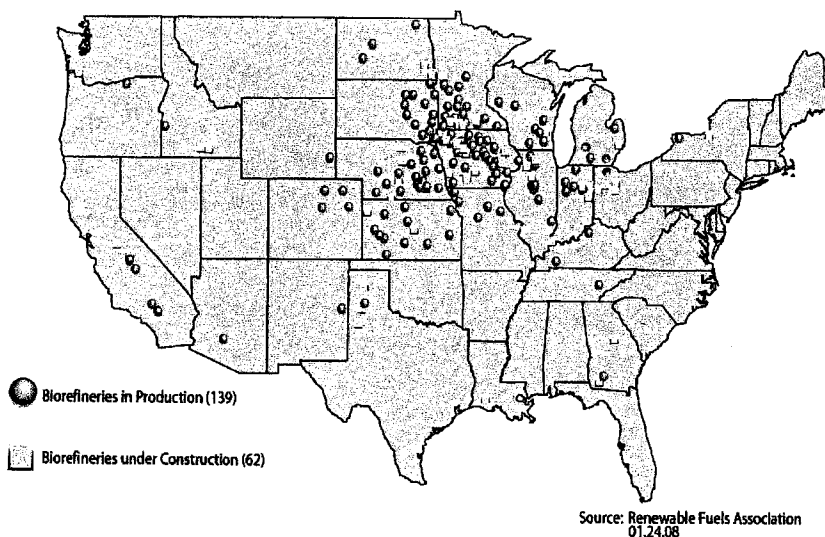
West Coasts. Currently there are 139 operating ethanol biorefineries with an additional 62 under construction. California, Idaho, Oregon, Georgia and Louisiana are some of the states removed from the Corn Belt that are expanding ethanol refinery operations. It is of interest to note that there are currently no existing ethanol plants in Florida. The increase in plants under construction and expansion is shown in Exhibit 35 while a map of current and under construction facilities is presented in Exhibit 36.

Exhibit 35 - US Ethanol Plants Under Construction or Expansion



Source: Renewable Fuels Association

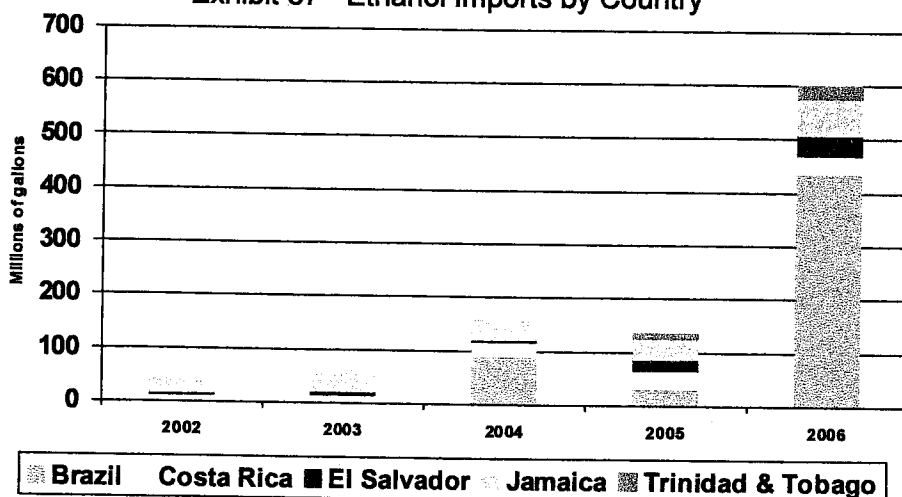
Exhibit 36 - US Ethanol Plants by State



Source: Renewable Fuels Association

In order to keep pace with demand, ethanol imports are increasing as well. Exhibit 37 depicts the recent historical imports and their country of origin. The dramatic increase in ethanol from Brazil is attributed to the lifting of a key tariff in 2006.

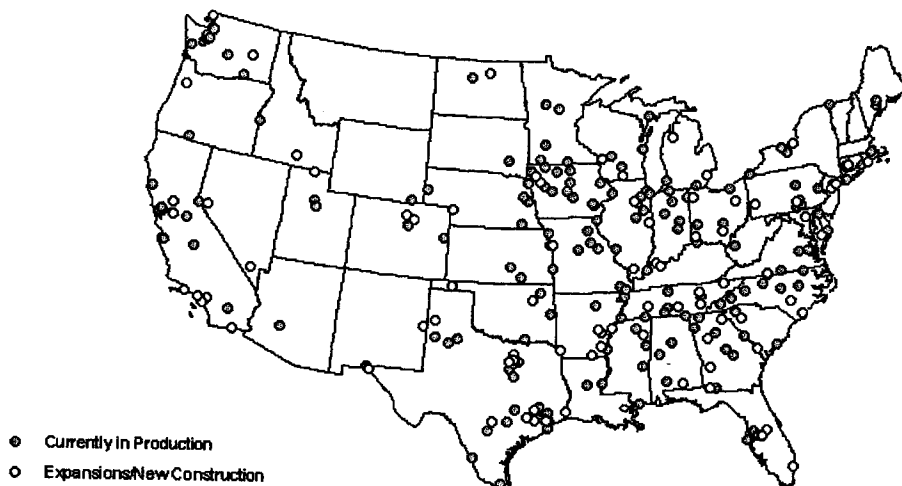
Exhibit 37 - Ethanol Imports by Country



Source: Renewable Fuels Association

In September, 2006 there were 86 biodiesel plants with a combined manufacturing capacity of 580 million gallons. In January, 2008, 164 plants represented nearly 2.2 billion gallons of capacity. In addition, there are 84 plant expansions and new facilities under construction. Exhibit 38 illustrates the location of these plants by state

Exhibit 38 – US Biodiesel Plants by State



Source: Center for Agricultural and Rural Development, IOWA State University, updated January 16, 2008

According to the Center for Agricultural and Rural Development, there are currently three operating biodiesel plants located in Florida with three more under construction. In addition, after this map data was updated, Vencenergy applied for Florida DEP grant to develop a biodiesel plant in Manatee County that will produce a capacity of 37.5 million gallons of biodiesel annually. Current plant location and capacities are presented in Exhibit 39.

Exhibit 39 – Florida Biodiesel Plant Locations and Annual Capacity

Company	Location	Feedstock	Current Capacity (million gal)	Expansions/ New Construction (million gal)
Agi-Source Fuels	Dade City	Multiple Feedstocks	30	
Biodiesel of America	Fort Lauderdale	Reycled Cooking Oil		3
Rural Processing LLC	Lakeland	Soybean Oil	18	
Renewable Energy Systems Inc.	Pinellas Park	Reycled Cooking Oil	05	
US Biodiesel	Winter Haven	NA		5
Xenega Inc.	Kissimmee	Multiple Feedstocks		5
<b>Current Florida Total</b>			<b>485</b>	<b>13</b>

Source: Center for Agricultural and Rural Development, Iowa State University, updated January 16, 2008

## 2. Ethanol and Biodiesel Production/Consumption Outlook

The potential to develop alternative fuels plants in Palm Beach County does exist. In order to develop production facilities, feedstock must be made readily available on a commercial level.

For an ethanol plant, the key factor is the development of cellulosic ethanol that is produced from plant cell walls. The process is more difficult to break down cellulose to the usable sugars for ethanol production. Currently, local proponents, engineers and Florida universities are attempting to find more cost effective measures to produce the enzymes needed for the cellulosic process.

Furthermore, potential ethanol plants are in the planning stage throughout the state. These include Hendry County, Port Sutton (Hillsborough County) and Highlands County and it is assumed that due to the demand needed, they can each serve specific regions of the State and coexist without cannibalization. These facilities are developing new technologies away from the traditional corn-based production method. For example, citrus peel, sweet sorghum and plant cell biomass are some of the feedstock that are being used in production. This is key due to the fact that the feedstock will not have to be transported to the production plant. Historically, this has been the deterrent in developing plants in the Southeast away from the Corn Belt. In recent years, companies were in contact with ports along the Florida panhandle to potentially barge corn-based feedstock to potential plants. Cost effective transportation was never realized, and therefore did not come to fruition.

Based on US Department of Commerce and US Department of Energy publications, it is estimated that the United States ethanol production is estimated at 30 billion gallons by 2020. The forecast consists of 10.5 billion gallons of corn based production along with 19.5 billion gallons of cellulosic production. This figure presumes that cellulosic ethanol will become commercially available.

The Renewable Fuels Association estimates the 2006 demand for ethanol was 5.37 billion gallons, and with the US population of approximately 300 million, the average ethanol demand per person is 18 gallons. Taking the 2006 Florida population of 18.35

million it is estimated that Floridians would have the potential to consume 331 million gallons of ethanol.

Similarly, Florida Department of Transportation estimates indicate that the Florida consumption for gasoline in 2006 was 8.6 billion gallons. Assuming that 10% of the vehicles on the road were alternative fuel compatible, and using the E10 formula of 10% ethanol per gallon of gasoline, it is estimated that Florida consumption of ethanol is 86 million gallons. Therefore the demand for ethanol consumption in Florida is estimated to range between about 100 million gallons to 300 million gallons annually. This suggests that demand for ethanol facilities exists within the state.

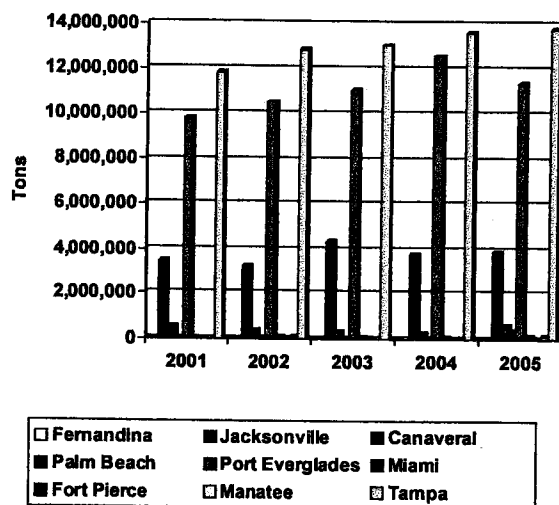
With respect to biodiesel, the key limiting factor is the cost of feedstock. Tariffs on feedstocks such as soybean oil from South American sources prohibit the cost effective shipment and use in domestic manufacturing plants. Currently, potential biodiesel plant operators, along with local Florida universities are researching perspective domestic feedstock alternatives including oils derived from jatropha, soybean, canola and sunflower seeds. Once a crop has been identified that will flourish in the Florida climate, commercial planting can begin.

The National Biodiesel Board estimates that the United States will consume 450 million gallons of biodiesel in 2007. Using the same methodology, Florida has the potential to consume approximately 27.75 million gallons of biodiesel. The new construction and expansion plans underway in Florida, indicate that the demand per capita will increase. Also, the introduction of statewide initiatives such as the implementation of large-scale alternative fuel research projects including the Central Florida Regional Transit Authority (LYNX) program to enhance statewide commercialization of alternative fuel research by converting traditional diesel fleets to a diesel-biodiesel blend. Once implemented, it will be the largest fuel infrastructure and distribution project in Florida resulting in a blend of more than 1 million gallons B100 and six million gallons of B20 annually. In addition, the Florida Farm to Fuel Initiative was created by the Florida Department of Agriculture and Consumer Services to enhance the market for and promote the production and distribution of renewable energy from Florida-grown crops, and other biomass and to enhance the value of agricultural products and agribusiness within the state.

### **3. Port of Palm Beach IC Ethanol and Biodiesel Competitive Assessment**

Interviews with the land owner of the potential Palm Beach ethanol production facility indicate that the initial production would be in the range of 2-3 million gallons, ramping up to 8-10 million gallons within the short-medium term. Again this is under the assumption that the cellulosic method would be cost effective to be distributed commercially. The ethanol produced would then be blended with gasoline at a port with significantly gasoline import quantities. Currently Tampa and Port Everglades control the inbound gasoline market as shown in Exhibit 40. Last year, the Port of Tampa began blending ethanol with petroleum based gasoline. To date, the Port of Palm Beach has not handled a significant level of gasoline imports.

Exhibit 40 - Inbound Waterborne Gasoline Tonnage through Florida Ports



Source: US Waterborne Commerce Statistics

It appears at the outset that the 2-3 million gallons produced at the Palm Beach ILC would be used to serve the local South and Central Florida markets. As the demand increases the production at the Palm Beach facility would increase, and the potential to serve a greater market could be realized. However, there will certainly be development of other ethanol facilities in Florida, and while their volumes cannot be estimated at this time, they will serve their local markets therefore decreasing the market penetration of a Palm Beach plant. Furthermore, based on the two demand scenarios previously discussed, it appears likely that the 10 million gallons of production would be between 3%-12% of the state's estimated potential demand, and thus serving a more localized market.

As mentioned, interviews conducted with biodiesel plant operators indicate that the potential does exist to develop sites in Palm Beach County. The limiting factor, however, for using the Port of Palm Beach for shipments is water depth. One user indicated that with a depth of -35 ft, volumes through the Port of Palm Beach could triple. Given this, a deeper channel would also enable the Port to potentially compete for more liquid bulk material currently moving through Port Everglades.

Another potential for the Port of Palm Beach may be to accept shipments of vegetable oil, provided tariffs were lifted, that would be used in the biodiesel manufacturing process. Shipments of the vegetable oil feedstock are typically shipped in smaller vessels, drawing less water. While it is difficult to determine the market reach of the proposed biodiesel plants, once they become operational, outbound shipments via barge also present an opportunity for the Port.

## **VI. Summary of Palm Beach ILC Potential Opportunity**

Based on this analysis, it appears that over the forecast period, there exists a demand or absorption for 80 million sf of additional distribution center space in the Palm Beach/Southern Florida effective hinterland. The types of facilities that will be most likely in demand are those in the 50,000 to 300,000 sf range, and these sites will most likely serve as satellite DC's to the larger sites that will be developed in Central and Northern Florida, where land prices are less expensive. The key factors that will drive the development of the DC space are:

- Land prices;
- Rental rates;
- Inland trucking costs;
- Rail and highway access;
- Availability of labor; and
- Availability of transportation equipment.

Despite the high average land prices in much of Palm Beach County, there exists the potential to develop an ILC in more remote rural land areas, where prices would most likely be lower and more competitive. The size and nature of the ultimate market opportunity will be a direct function of the land cost and resulting "all in" lease rate.

Port of Palm Beach ILC operations potentially could be related to cargo moving through any Florida gateway (not just the Port of Palm Beach), and serving any key consumption market in Florida (not just the Palm Beach region). However, with increasing distances between the gateways and the ILC, and with increasing distances between the ILC and the markets served, transportation costs rise compared to other service options. The key variable in this equation is the "all in" lease rate per square foot that an ILC customer would pay. The lower the lease rate, the more gateway-market pairs for which the ILC can be competitive.

Due to draft limitations and terminal capacity constraints, it does not appear likely that the Port of Palm Beach will participate in the growing Asian import container trade. Thus, the Port of Miami, and to a lesser extent Port Everglades will be the ports of entry for the Asian retail cargo destined for South Florida. The Port of Palm Beach will be able to continue to compete for South and Central American markets as their capital program is realized.

As shown in the sensitivity analysis, the markets that show the strongest potential to be served via a Port of Palm Beach ILC include Fort Lauderdale, Fort Myers and Fort Pierce. Market penetrations that appear to be more competitive include Miami, Tampa and Orlando. The analysis also suggests that serving Ocala/Gainesville and Jacksonville from a Port of Palm Beach ILC does not appear feasible.

The ability to use a Palm Beach ILC for export Caribbean/Latin America cargo also appears limited due to the cultural ties to the Miami area, as well as the proximity to the Miami International Airport, which provides significant cargo lift capacity to serve the Caribbean/Latin America markets. As the lack of new warehouse space in Miami-Dade and Broward counties and the Latin-American community moves slowly north, this



possibility seems more foreseeable. Similarly, it appears that it would be difficult to attract air cargo away from Miami International Airport for the same reasons.

With respect to the use of an ILC by bulk and breakbulk shippers, the Port of Palm Beach is at a disadvantage due to current water depth and channel restrictions that limit the draft of fully-laden bulk vessels to discharge at the Port until their harbor improvements are realized. However, smaller bulk and breakbulk vessels do call and the port maintains a market presence with respect to steel, lumber and cement and should continue to do so. The imposition of a drayage cost to/from an ILC and additional handling would erode the current market niche and measures, in terms of subsidies or incentives would need to be taken to ensure competitive rates are achieved.

Finally, with respect to an ethanol and biodiesel production facility in Palm Beach County, the analysis suggests a growing demand for ethanol facilities in Florida. However, the scale of operation that is currently being discussed is sized to serve a local, south and central Florida consumption market, thus limiting the potential for barge distribution. While future harbor improvements will provide the Port of Palm Beach with a more competitive position, the ports of Tampa and Port Everglades would have the advantage for blending with gasoline, as these two ports dominate the Florida ports in the inbound water receipts of gasoline

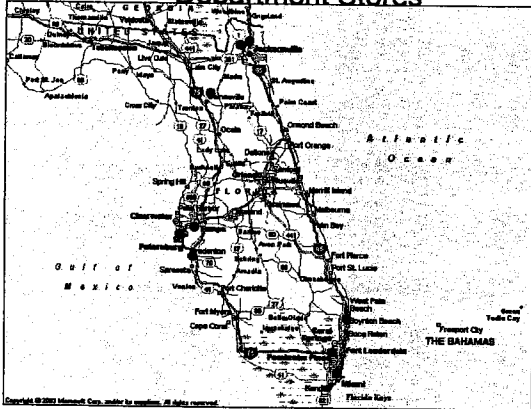
The expanding biodiesel market in Florida is evidenced by the fact that three more facilities are under construction as well as others that are applying for grant from Florida DEP. State and county initiatives will bolster the demand for biodiesel. Researchers are currently examining alternative feedstock options that can be made available on a commercial scale.

The Port of Palm Beach will potentially benefit from increased traffic in terms of both raw materials and finished product. The capital harbor deepening/dredging plan will play a tremendous role in facilitating these opportunities in the future.

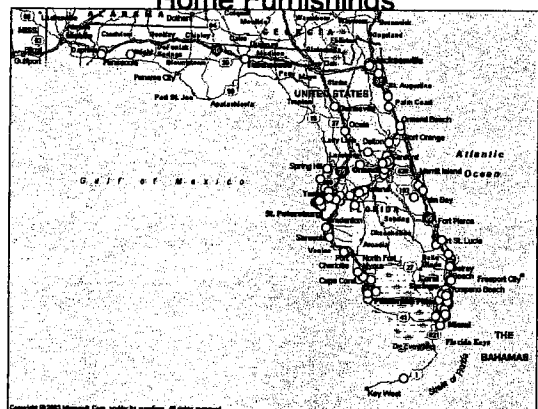
In conclusion, the development of an ILC in Palm Beach County will ultimately be driven by private sector investment, which will consider the land price, labor availability, port of entry drayage costs, and rail and highway access to key consumption markets. Opportunities to directly support Port of Palm Beach cargo activities, as integrated remote storage or operating space, do not appear viable for current Port tenants under existing Port conditions, and, until improvements are realized, do not provide any apparent advantage in attracting new Port tenants.

## Appendix A - Location of Distribution Center Activity in Florida by Industry:

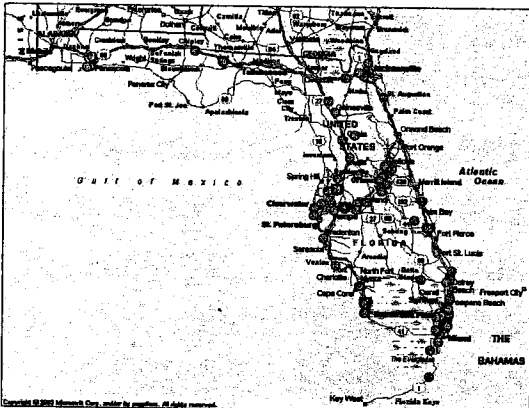
### Department Stores



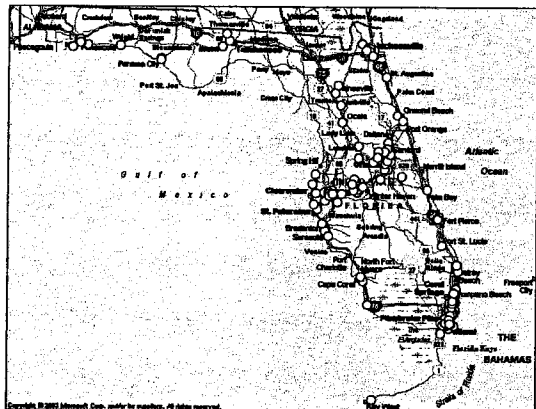
### Home Furnishings



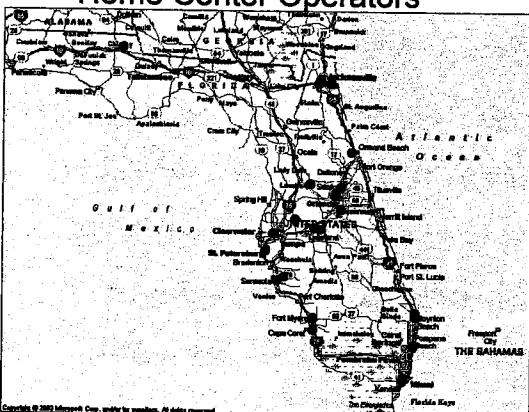
### Discount & General Merchandise



### Food Service



### Home Center Operators



**Estimated Cost to Serve Miami Retail Consumption Market**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	\$6.04	\$6.04	\$6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$6,040,000	\$6,040,000	\$6,040,000	\$8,280,000	\$8,280,000	\$8,280,000
Cost/Inbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$258.12	\$258.12	\$258.12	\$353.85	\$353.85	\$353.85
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Miami Retail	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$823	\$823	\$823	\$250	\$250	\$250	\$250	\$588	\$588	\$588	\$175	\$175	\$588
Total Annual Lease and Truck Cost	\$22,323,600	\$22,323,600	\$22,323,600	\$18,725,000	\$18,725,000	\$18,725,000	\$18,725,000	\$22,724,200	\$22,724,200	\$22,724,200	\$18,470,000	\$18,470,000	\$26,134,200
Total Cost per Load	\$884	\$1,222	\$1,183	\$643	\$688	\$688	\$688	\$1,176	\$1,176	\$1,176	\$784	\$728	\$1,117
Difference to Total Least Cost	\$250.15	\$617.87	\$477.87	\$130.10	\$284.10	\$170.10	\$607.10	\$750.27	\$678.27	\$287.27	\$0.00	\$25.00	\$413.00
Lease Rate Differential per Load	(\$250.15)	(\$179.15)	(\$179.15)	\$328.85	\$297.85	\$297.85	(\$39.15)	(\$472.15)	(\$421.15)	(\$9.15)	\$353.85	\$328.85	(\$58.15)
Gross Lease Rate/SF Needed	(\$0.85)	(\$5.13)	(\$4.19)	\$7.70	\$4.77	\$6.97	(\$0.92)	(\$11.05)	(\$8.88)	(\$0.21)	\$3.28	\$7.70	(\$1.39)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$6.83	\$3.80	\$5.80	(\$2.98)						

**Estimated Cost to Serve Fort Lauderdale Retail Consumption Market**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$6,040,000	\$6,040,000	\$6,040,000	\$8,280,000	\$8,280,000	\$8,280,000
Cost/Inbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$258.12	\$258.12	\$258.12	\$353.85	\$353.85	\$353.85
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ft. Lauderdale Retail	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$823	\$823	\$823	\$250	\$250	\$250	\$250	\$588	\$588	\$588	\$175	\$175	\$588
Total Annual Lease and Truck Cost	\$28,588,200	\$27,882,800	\$26,828,800	\$17,525,400	\$20,450,400	\$18,250,800	\$26,138,600	\$32,365,000	\$31,171,600	\$21,830,800	\$18,470,000	\$17,065,000	\$26,134,200
Total Cost per container	\$1,222	\$1,181	\$1,181	\$748	\$874	\$780	\$1,117	\$1,383	\$1,313	\$889	\$728	\$728	\$1,117
Difference to Total Least Cost	\$617.87	\$486.87	\$448.87	\$46.10	\$170.10	\$76.10	\$413.10	\$678.27	\$628.27	\$216.27	\$0.00	\$75.00	\$413.00
Lease Rate Differential per Load	(\$219.15)	(\$188.15)	(\$148.15)	\$422.85	\$297.85	\$391.85	\$54.85	(\$421.15)	(\$370.15)	\$41.85	\$353.85	\$328.85	(\$58.15)
Gross Lease Rate/SF Needed	(\$5.13)	(\$4.40)	(\$3.47)	\$8.89	\$6.87	\$8.17	(\$8.88)	(\$8.88)	(\$8.88)	\$0.95	\$8.28	\$7.70	(\$1.39)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$8.72	\$5.80	\$8.00	\$0.11						

**Estimated Cost to Serve Fort Myers Retail Consumption Market**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$6,040,000	\$6,040,000	\$6,040,000	\$8,280,000	\$8,280,000	\$8,280,000
Cost/Inbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$258.12	\$258.12	\$258.12	\$353.85	\$353.85	\$353.85
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ft. Myers Retail	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$823	\$823	\$823	\$250	\$250	\$250	\$250	\$588	\$588	\$588	\$175	\$175	\$588
Total Annual Lease and Truck Cost	\$30,670,800	\$29,845,400	\$28,008,400	\$24,147,800	\$27,072,800	\$24,673,400	\$32,758,800	\$34,186,800	\$32,973,400	\$23,392,800	\$23,373,000	\$23,568,000	\$33,037,200
Total Cost per container	\$1,311	\$1,388	\$1,388	\$1,033	\$1,187	\$1,083	\$1,460	\$1,480	\$1,480	\$967	\$889	\$889	\$1,412
Difference to Total Least Cost	\$313.80	\$282.80	\$242.80	\$34.80	\$158.80	\$88.80	\$402.80	\$463.00	\$412.00	\$0.00	\$1.73	\$28.73	\$413.00
Lease Rate Differential per Load	(\$14.88)	(\$18.12)	(\$58.12)	\$433.12	\$308.12	\$208.12	\$402.80	(\$204.88)	(\$153.88)	\$258.12	\$352.12	\$327.12	(\$60.88)
Gross Lease Rate/SF Needed	(\$0.35)	\$0.38	\$1.31	\$10.14	\$7.21	\$8.41	\$11.63	(\$4.78)	(\$3.60)	\$6.04	\$8.24	\$7.85	(\$1.42)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$8.87	\$8.04	\$8.24	\$0.38						

**Estimated Cost to Serve Fort Pierce Retail Consumption Market**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$6,040,000	\$6,040,000	\$6,040,000	\$8,280,000	\$8,280,000	\$8,280,000
Cost/Inbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$258.12	\$258.12	\$258.12	\$353.85	\$353.85	\$353.85
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ft. Pierce Retail	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$823	\$823	\$823	\$250	\$250	\$250	\$250	\$588	\$588	\$588	\$175	\$175	\$588
Total Annual Lease and Truck Cost	\$27,898,000	\$28,873,800	\$28,037,800	\$21,129,000	\$24,054,000	\$21,854,000	\$28,740,200	\$30,583,200	\$29,740,200	\$19,728,000	\$22,847,800	\$23,232,000	\$32,311,800
Total Cost per container	\$1,184	\$1,183	\$1,113	\$893	\$934	\$834	\$1,211	\$1,308	\$1,288	\$843	\$888	\$883	\$1,381
Difference to Total Least Cost	\$340.80	\$308.80	\$268.80	\$58.80	\$184.80	\$90.80	\$427.80	\$483.00	\$412.00	\$0.00	\$124.73	\$148.73	\$537.73
Lease Rate Differential per Load	(\$41.88)	(\$10.88)	(\$28.12)	\$408.12	\$283.12	\$377.12	\$40.12	(\$204.88)	(\$153.88)	\$258.12	\$228.12	\$204.12	(\$183.88)
Gross Lease Rate/SF Needed	(\$0.88)	(\$0.25)	\$0.88	\$9.55	\$6.83	\$8.82	\$0.84	(\$4.78)	(\$3.60)	\$6.04	\$5.38	\$4.76	(\$4.30)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$8.38	\$5.46	\$7.85	(\$0.23)						

Based on 1,000,000 Square Feet Distribution Center

Appendix B - Lease Rate Sensitivity Analysis Detail

**Estimated Cost to Serve Orlando/Lakeland Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/Year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000
Contribbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$353.85	\$353.85	\$353.85
Truck Rate to Orlando/Lakeland Retail	\$150	\$150	\$150	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408
Truck Subtotal	\$627	\$593	\$559	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513
Total Annual Lease and Truck Cost	\$21,981,800	\$20,936,400	\$20,000,400	\$23,422,200	\$26,347,200	\$24,147,800	\$32,033,400	\$29,289,800	\$28,109,200	\$18,485,400	\$23,636,800	\$24,121,800	\$33,201,000
Total Cost per container	\$928	\$888	\$888	\$1,001	\$1,128	\$1,032	\$1,368	\$1,282	\$1,207	\$749	\$1,008	\$1,031	\$1,419
Difference to Total Least Cost	\$136.80	\$105.80	\$85.80	\$211.83	\$338.83	\$242.83	\$579.83	\$483.83	\$412.83	\$0.00	\$216.73	\$241.73	\$828.73
Lease Rate Differential per Load	\$162.12	\$193.12	\$233.12	\$258.12	\$393.12	\$275.12	\$611.88	\$504.88	\$425.12	\$0.00	\$261.12	\$291.12	\$933.88
Gross Lease Rate/SF Needed	\$3.79	\$4.62	\$5.46	\$6.99	\$10.95	\$7.27	\$15.62	\$13.27	\$11.27	\$8.04	\$11.27	\$12.12	\$17.58
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment	\$4.82	\$4.10	\$4.10	\$4.82	\$5.50	\$4.10	\$7.27	\$6.55	\$5.83	\$8.04	\$8.04	\$8.89	\$12.62

**Estimated Cost to Serve Tampa Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/Year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000
Contribbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$353.85	\$353.85	\$353.85
Truck Rate to Tampa Retail	\$322	\$322	\$322	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464
Truck Subtotal	\$799	\$756	\$722	\$589	\$589	\$589	\$589	\$589	\$589	\$589	\$589	\$589	\$589
Total Annual Lease and Truck Cost	\$25,686,800	\$24,961,200	\$24,025,200	\$24,732,000	\$27,867,800	\$25,456,000	\$33,343,800	\$31,733,200	\$30,639,800	\$20,889,800	\$24,519,800	\$25,104,800	\$34,183,800
Total Cost per container	\$1,068	\$1,087	\$1,027	\$1,087	\$1,278	\$1,048	\$1,338	\$1,268	\$1,238	\$849	\$1,048	\$1,073	\$1,481
Difference to Total Least Cost	\$204.80	\$173.80	\$133.80	\$163.83	\$288.83	\$194.83	\$531.83	\$443.83	\$412.83	\$0.00	\$154.73	\$179.73	\$587.73
Lease Rate Differential per Load	\$84.12	\$125.12	\$165.12	\$304.12	\$479.12	\$323.12	\$761.88	\$633.88	\$588.88	\$0.00	\$199.12	\$224.12	\$743.88
Gross Lease Rate/SF Needed	\$2.20	\$2.93	\$3.88	\$7.12	\$14.19	\$8.39	\$15.40	\$13.49	\$12.62	\$8.04	\$11.27	\$12.12	\$17.58
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment	\$3.22	\$2.93	\$2.93	\$3.22	\$3.71	\$2.93	\$5.22	\$4.79	\$4.36	\$8.04	\$8.04	\$8.89	\$12.62

**Estimated Cost to Serve Ocala/Gainesville Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/Year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000
Contribbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$353.85	\$353.85	\$353.85
Truck Rate to Ocala/Gainesville Retail	\$307	\$307	\$307	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464
Truck Subtotal	\$784	\$753	\$713	\$589	\$589	\$589	\$589	\$589	\$589	\$589	\$589	\$589	\$589
Total Annual Lease and Truck Cost	\$25,335,800	\$24,810,200	\$23,874,200	\$25,940,400	\$28,874,400	\$26,874,400	\$34,980,800	\$32,457,200	\$31,263,800	\$17,823,000	\$25,900,200	\$26,485,200	\$35,584,400
Total Cost per container	\$1,083	\$1,083	\$1,013	\$1,109	\$1,234	\$1,140	\$1,477	\$1,418	\$1,368	\$723	\$1,048	\$1,133	\$1,428
Difference to Total Least Cost	\$329.80	\$298.80	\$258.80	\$333.83	\$468.83	\$384.83	\$717.83	\$643.83	\$612.83	\$0.00	\$154.73	\$179.73	\$587.73
Lease Rate Differential per Load	\$130.88	\$125.12	\$108.12	\$141.12	\$193.12	\$153.12	\$323.88	\$293.88	\$288.88	\$0.00	\$199.12	\$224.12	\$743.88
Gross Lease Rate/SF Needed	\$0.72	\$0.94	\$1.21	\$2.62	\$5.22	\$3.30	\$6.55	\$5.83	\$5.49	\$8.04	\$8.04	\$8.89	\$12.62
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment	\$1.46	\$1.46	\$1.46	\$1.46	\$1.71	\$1.46	\$2.62	\$2.36	\$2.23	\$8.04	\$8.04	\$8.89	\$12.62

**Estimated Cost to Serve Jacksonville Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Rate/Year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95
Annual Lease Subtotal	\$6,990,000	\$6,990,000	\$6,990,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000	\$10,950,000
Contribbound load	\$298.72	\$298.72	\$298.72	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95	\$467.95
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$353.85	\$353.85	\$353.85
Truck Rate to Jacksonville Retail	\$408	\$408	\$408	\$493	\$493	\$493	\$493	\$493	\$493	\$493	\$493	\$493	\$493
Truck Subtotal	\$885	\$856	\$816	\$618	\$618	\$618	\$618	\$618	\$618	\$618	\$618	\$618	\$618
Total Annual Lease and Truck Cost	\$27,652,200	\$26,926,800	\$25,990,800	\$25,411,200	\$28,336,200	\$26,136,800	\$34,022,400	\$32,724,200	\$31,530,800	\$11,890,000	\$26,134,200	\$26,719,200	\$35,798,400
Total Cost per container	\$1,182	\$1,181	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$808	\$1,111	\$1,142	\$1,430
Difference to Total Least Cost	\$873.80	\$842.80	\$802.80	\$877.83	\$1,012.83	\$828.83	\$1,463.83	\$1,374.83	\$1,343.83	\$0.00	\$808.73	\$833.73	\$1,021.73
Lease Rate Differential per Load	\$374.88	\$363.88	\$353.88	\$393.88	\$468.88	\$384.88	\$763.88	\$717.88	\$703.88	\$0.00	\$324.88	\$338.88	\$413.88
Gross Lease Rate/SF Needed	\$6.77	\$6.05	\$5.61	\$6.88	\$8.04	\$6.55	\$15.40	\$14.49	\$14.00	\$8.04	\$11.27	\$12.12	\$17.58
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment	\$13.54	\$12.10	\$11.22	\$13.76	\$16.08	\$13.10	\$30.80	\$28.98	\$28.00	\$8.04	\$22.54	\$24.24	\$35.16

Based on 1,000,000 Square Feet Distribution Center (continued)

**Estimated Cost to Serve Miami Retail Consumption Market:**

Port of Entry	Orlando	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Miami	Miami
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	6.04	6.04	6.04
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000
Lease Cost/Inbound Load	\$280.05	\$280.05	\$280.05	\$233.97	\$233.97	\$233.97	\$233.97	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$537	\$125	\$175	\$331.73
Truck Rate to Miami Retail	\$954	\$923	\$883	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Truck Subtotal	\$954	\$923	\$883	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Total Annual Lease and Truck Cost	\$15,400,920	\$15,014,040	\$14,514,840	\$10,541,890	\$10,541,890	\$10,541,890	\$10,541,890	\$17,747,840	\$17,080,000	\$17,080,000	\$11,818,240	\$8,508,000	\$8,820,000
Total Cost per Load	\$1,234	\$1,203	\$1,163	\$868	\$868	\$868	\$868	\$1,162	\$1,162	\$1,162	\$868	\$868	\$868
Difference to Total Least Cost	\$552.32	\$521.32	\$481.32	(\$72.75)	(\$72.75)	(\$72.75)	(\$72.75)	\$182.97	\$182.97	\$182.97	\$685.26	\$685.26	\$685.26
Lease Rate Differential	(\$272.27)	(\$241.27)	(\$201.27)	\$308.73	\$308.73	\$308.73	\$308.73	(\$181.73)	(\$181.73)	(\$181.73)	(\$443.27)	(\$443.27)	(\$443.27)
Gross Lease Rate/SF Needed to Lease	(\$6.80)	(\$6.02)	(\$5.02)	\$7.66	\$4.64	\$6.58	\$6.58	(\$1.53)	(\$1.53)	(\$1.53)	(\$11.06)	(\$11.06)	(\$11.06)
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment				\$6.41	\$3.29	\$5.63	\$5.63	(\$2.70)	(\$2.70)	(\$2.70)	\$8.28	\$8.28	\$8.28

**Estimated Cost to Serve Fort Lauderdale Retail Consumption Market:**

Port of Entry	Orlando	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Miami	Miami
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	6.04	6.04	6.04
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000
Lease Cost/Inbound Load	\$280.05	\$280.05	\$280.05	\$233.97	\$233.97	\$233.97	\$233.97	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$537	\$125	\$175	\$331.73
Truck Rate to Ft. Lauderdale Retail	\$448	\$448	\$448	\$156	\$156	\$156	\$156	\$156	\$156	\$156	\$175	\$175	\$175
Truck Subtotal	\$923	\$882	\$852	\$281	\$408	\$312	\$848	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125
Total Annual Lease and Truck Cost	\$15,014,040	\$14,827,180	\$14,127,860	\$9,981,890	\$10,541,890	\$9,398,760	\$13,574,520	\$17,080,000	\$18,423,520	\$11,281,780	\$8,508,000	\$8,820,000	\$13,862,240
Total Cost per container	\$1,203	\$1,172	\$1,132	\$818	\$868	\$848	\$781	\$1,088	\$1,367	\$868	\$868	\$868	\$1,088
Difference to Total Least Cost	\$521.32	\$490.32	\$450.32	(\$166.76)	(\$166.76)	(\$166.76)	(\$166.76)	\$65.97	\$65.97	\$65.97	\$222.28	\$222.28	\$222.28
Lease Rate Differential	(\$241.27)	(\$210.27)	(\$170.27)	\$400.73	\$400.73	\$328.73	\$328.73	(\$181.73)	(\$181.73)	(\$181.73)	(\$443.27)	(\$443.27)	(\$443.27)
Gross Lease Rate/SF Needed	(\$6.02)	(\$5.25)	(\$4.25)	\$10.00	\$6.88	\$8.23	\$8.23	(\$1.06)	(\$1.06)	(\$1.06)	(\$9.79)	(\$9.79)	(\$9.79)
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment				\$8.73	\$5.63	\$7.98	\$7.98	(\$0.43)	(\$0.43)	(\$0.43)	\$8.28	\$8.28	\$8.28

**Estimated Cost to Serve Fort Myers Retail Consumption Market:**

Port of Entry	Orlando	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Miami	Miami
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	6.04	6.04	6.04
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000
Lease Cost/Inbound Load	\$280.05	\$280.05	\$280.05	\$233.97	\$233.97	\$233.97	\$233.97	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$537	\$125	\$175	\$331.73
Truck Rate to Ft. Myers Retail	\$635	\$635	\$635	\$125	\$250	\$158	\$438	\$438	\$438	\$438	\$470	\$470	\$470
Truck Subtotal	\$1,012	\$981	\$941	\$564	\$889	\$695	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202	\$1,202
Total Annual Lease and Truck Cost	\$16,124,760	\$15,737,860	\$15,238,860	\$12,513,720	\$14,073,720	\$12,900,800	\$17,106,360	\$18,020,360	\$17,304,480	\$12,242,720	\$12,186,800	\$12,501,800	\$17,343,840
Total Cost per container	\$1,292	\$1,261	\$1,221	\$798	\$1,138	\$1,034	\$1,371	\$1,444	\$1,444	\$1,383	\$1,383	\$1,383	\$1,383
Difference to Total Least Cost	\$315.32	\$284.32	\$244.32	(\$178.76)	(\$178.76)	(\$178.76)	(\$178.76)	\$65.97	\$65.97	\$65.97	\$222.28	\$222.28	\$222.28
Lease Rate Differential	(\$241.27)	(\$210.27)	(\$170.27)	\$412.73	\$412.73	\$328.73	\$328.73	(\$181.73)	(\$181.73)	(\$181.73)	(\$443.27)	(\$443.27)	(\$443.27)
Gross Lease Rate/SF Needed	(\$6.88)	(\$6.11)	(\$5.11)	\$10.30	\$7.18	\$8.53	\$8.53	(\$1.12)	(\$1.12)	(\$1.12)	(\$11.06)	(\$11.06)	(\$11.06)
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment				\$9.06	\$6.83	\$8.28	\$8.28	(\$0.13)	(\$0.13)	(\$0.13)	\$8.28	\$8.28	\$8.28

**Estimated Cost to Serve Fort Pierce Retail Consumption Market:**

Port of Entry	Orlando	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Miami	Miami
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	6.04	6.04	6.04
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000	3,020,000
Lease Cost/Inbound Load	\$280.05	\$280.05	\$280.05	\$233.97	\$233.97	\$233.97	\$233.97	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99	\$241.99
Draw from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$588	\$537	\$537	\$125	\$175	\$331.73
Truck Rate to Ft. Pierce Retail	\$854	\$854	\$854	\$310	\$310	\$310	\$310	\$310	\$310	\$310	\$310	\$310	\$310
Truck Subtotal	\$854	\$854	\$854	\$310	\$310	\$310	\$310	\$310	\$310	\$310	\$310	\$310	\$310
Total Annual Lease and Truck Cost	\$14,539,800	\$14,152,920	\$13,653,720	\$10,903,900	\$12,463,900	\$11,290,800	\$15,498,440	\$16,099,040	\$15,482,560	\$10,320,800	\$11,802,720	\$12,114,720	\$16,958,960
Total Cost per container	\$1,166	\$1,134	\$1,094	\$868	\$998	\$868	\$1,248	\$1,248	\$1,248	\$1,248	\$1,248	\$1,248	\$1,248
Difference to Total Least Cost	\$338.06	\$307.06	\$267.06	(\$156.01)	(\$156.01)	(\$156.01)	(\$156.01)	\$65.97	\$65.97	\$65.97	\$222.28	\$222.28	\$222.28
Lease Rate Differential	(\$241.27)	(\$210.27)	(\$170.27)	\$381.88	\$381.88	\$288.88	\$288.88	(\$170.01)	(\$170.01)	(\$170.01)	(\$443.27)	(\$443.27)	(\$443.27)
Gross Lease Rate/SF Needed	(\$1.45)	(\$0.67)	(\$0.32)	\$6.76	\$6.86	\$6.86	\$6.86	(\$0.60)	(\$0.60)	(\$0.60)	(\$11.06)	(\$11.06)	(\$11.06)
Gross Lease Rate/SF Needed w/50 ILC Gate Charge Assessment				\$6.54	\$5.42	\$7.76	\$7.76	(\$0.68)	(\$0.68)	(\$0.68)	\$8.28	\$8.28	\$8.28

Based on 500,000 Square Feet Distribution Center

**Estimated Cost to Serve Orlando/Lakeland Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3020000	3020000	3020000	4140000	4140000	4140000
Cost/inbound load	\$280.05	\$280.05	\$280.05	\$233.97	\$438.70	\$438.70	\$438.70	\$241.99	\$241.99	\$241.99	\$331.73	\$331.73	\$331.73
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$598	\$537	\$125	\$175	\$200	\$598
Truck Rate to Orlando/Lakeland Retail	\$150	\$150	\$150	\$408	\$408	\$408	\$408	408	408	408	\$175	\$200	\$598
Truck Subtotal	\$627	\$598	\$558	\$533	\$858	\$566	\$901	\$994	\$943	\$531	\$652	\$777	\$1,055
Total Annual Lease and Truck Cost	\$11,319,980	\$10,933,080	\$10,493,880	\$12,126,840	\$13,886,840	\$12,513,720	\$16,719,480	\$15,425,120	\$14,788,640	\$9,846,880	\$12,276,880	\$12,588,950	\$17,431,200
Total Cost per container	\$607	\$548	\$525	\$607	\$693	\$626	\$844	\$772	\$739	\$492	\$614	\$629	\$872
Difference to Total Least Cost	\$134.05	\$103.05	\$83.05	(\$5.01)	\$323.71	\$228.71	\$568.71	\$483.00	\$412.00	\$0.00	\$210.74	\$235.74	\$623.74
Lease Rate Differential	\$145.98	\$116.98	\$96.98	\$238.98	\$174.98	\$114.98	\$208.98	(\$128.01)	(\$221.01)	(\$170.01)	\$241.99	\$120.99	\$95.99
Gross Lease Rate/SF Needed	\$3.64	\$4.42	\$5.42	\$5.42	\$5.99	\$5.22	\$6.41	(\$3.20)	(\$4.24)	(\$3.04)	\$3.02	\$3.40	(\$2.29)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$4.74	\$1.82	\$3.97	(\$4.44)	(\$5.52)	(\$4.24)	\$6.04	\$3.02	\$2.40	(\$7.29)

**Estimated Cost to Serve Tampa Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3020000	3020000	3020000	4140000	4140000	4140000
Cost/inbound load	\$280.05	\$280.05	\$280.05	\$233.97	\$438.70	\$438.70	\$438.70	\$241.99	\$241.99	\$241.99	\$331.73	\$331.73	\$331.73
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$598	\$537	\$125	\$175	\$200	\$598
Truck Rate to Tampa Retail	\$322	\$322	\$322	\$464	\$464	\$464	\$464	510	510	510	\$175	\$200	\$598
Truck Subtotal	\$799	\$799	\$799	\$919	\$919	\$919	\$919	\$919	\$919	\$919	\$350	\$400	\$1,196
Total Annual Lease and Truck Cost	\$13,466,520	\$13,079,640	\$12,586,440	\$12,826,720	\$14,385,720	\$13,212,600	\$17,418,360	\$16,723,040	\$16,086,560	\$10,844,800	\$12,801,120	\$13,113,120	\$17,955,360
Total Cost per container	\$1,079	\$1,048	\$1,008	\$1,048	\$1,152	\$1,056	\$1,392	\$1,344	\$1,288	\$877	\$1,028	\$1,061	\$1,438
Difference to Total Least Cost	\$202.08	\$171.08	\$131.08	(\$4.01)	\$275.71	\$181.71	\$518.71	\$483.00	\$412.00	\$0.00	\$148.74	\$173.74	\$561.74
Lease Rate Differential	\$77.99	\$108.99	\$148.99	\$287.99	\$162.99	\$256.99	(\$80.01)	(\$221.01)	(\$170.01)	\$241.99	\$182.99	\$157.99	(\$230.01)
Gross Lease Rate/SF Needed	\$1.65	\$2.72	\$3.72	\$3.72	\$4.19	\$4.07	\$6.41	(\$3.20)	(\$4.24)	\$6.04	\$4.57	\$3.94	(\$5.74)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$3.94	\$2.82	\$3.17	(\$3.25)	(\$5.52)	(\$4.24)	\$6.04	\$4.57	\$3.94	(\$5.74)

**Estimated Cost to Serve Ocala/Gainesville Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3020000	3020000	3020000	4140000	4140000	4140000
Cost/inbound load	\$280.05	\$280.05	\$280.05	\$233.97	\$438.70	\$438.70	\$438.70	\$241.99	\$241.99	\$241.99	\$331.73	\$331.73	\$331.73
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$598	\$537	\$125	\$175	\$200	\$598
Truck Rate to Ocala/Gainesville Retail	\$307	\$307	\$307	\$518	\$518	\$518	\$518	598	598	598	\$175	\$200	\$598
Truck Subtotal	\$784	\$753	\$713	\$641	\$641	\$641	\$641	\$641	\$641	\$641	\$250	\$280	\$878
Total Annual Lease and Truck Cost	\$13,279,320	\$12,892,440	\$12,383,240	\$13,474,880	\$15,034,680	\$13,981,560	\$18,067,320	\$14,675,840	\$14,338,560	\$9,197,600	\$13,537,440	\$13,849,440	\$18,891,680
Total Cost per container	\$1,064	\$1,033	\$993	\$1,064	\$1,208	\$1,111	\$1,448	\$1,300	\$1,244	\$737	\$875	\$911	\$1,248
Difference to Total Least Cost	\$327.08	\$296.08	\$256.08	\$137.08	\$467.71	\$373.71	\$710.71	\$483.00	\$412.00	\$0.00	\$347.74	\$372.74	\$760.74
Lease Rate Differential	(\$41.01)	(\$16.01)	\$23.99	\$95.99	(\$28.01)	\$64.99	(\$272.01)	(\$221.01)	(\$170.01)	\$241.99	\$182.99	\$157.99	(\$230.01)
Gross Lease Rate/SF Needed	(\$1.17)	(\$0.40)	\$0.60	\$2.40	(\$0.72)	\$1.62	(\$6.79)	(\$5.52)	(\$4.24)	\$6.04	(\$0.40)	(\$1.02)	(\$10.71)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$1.15	(\$1.97)	\$0.37	(\$8.04)	(\$5.52)	(\$4.24)	\$6.04	(\$0.40)	(\$1.02)	(\$10.71)

**Estimated Cost to Serve Jacksonville Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$3,495,000	\$3,495,000	\$3,495,000	\$5,475,000	\$5,475,000	\$5,475,000	\$5,475,000	3020000	3020000	3020000	4140000	4140000	4140000
Cost/inbound load	\$280.05	\$280.05	\$280.05	\$233.97	\$438.70	\$438.70	\$438.70	\$241.99	\$241.99	\$241.99	\$331.73	\$331.73	\$331.73
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$158	\$493	\$598	\$537	\$125	\$175	\$200	\$598
Truck Rate to Jacksonville Retail	\$408	\$408	\$408	\$493	\$493	\$493	\$493	493	493	493	\$175	\$200	\$598
Truck Subtotal	\$885	\$852	\$812	\$618	\$618	\$618	\$618	\$618	\$618	\$618	\$225	\$260	\$858
Total Annual Lease and Truck Cost	\$14,514,840	\$14,127,960	\$13,628,760	\$13,187,840	\$14,747,840	\$13,574,520	\$17,780,280	\$11,919,240	\$11,281,760	\$6,140,000	\$13,652,240	\$13,874,240	\$18,816,480
Total Cost per container	\$1,183	\$1,152	\$1,112	\$1,062	\$1,182	\$1,085	\$1,428	\$1,244	\$1,188	\$504	\$912	\$942	\$1,248
Difference to Total Least Cost	\$671.06	\$640.06	\$600.06	\$356.06	\$699.71	\$595.71	\$932.71	\$483.00	\$412.00	\$0.00	\$602.74	\$627.74	\$1,015.74
Lease Rate Differential	(\$391.01)	(\$360.01)	(\$320.01)	(\$126.01)	(\$251.01)	(\$157.01)	(\$494.01)	(\$221.01)	(\$170.01)	\$241.99	(\$271.01)	(\$296.01)	(\$684.01)
Gross Lease Rate/SF Needed	(\$0.76)	(\$0.99)	(\$1.99)	(\$3.15)	(\$6.27)	(\$3.92)	(\$12.33)	(\$5.52)	(\$4.24)	\$6.04	(\$6.76)	(\$7.39)	(\$17.07)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				(\$4.39)	(\$7.81)	(\$5.17)	(\$13.56)	(\$5.52)	(\$4.24)	\$6.04	(\$6.76)	(\$7.39)	(\$17.07)

Based on 500,000 Square Feet Distribution Center (continued)

**Estimated Cost to Serve Miami Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$116.99	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Miami Retail	\$477	\$477	\$477	\$250	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$954	\$923	\$883	\$375	\$500	\$408	\$1,176	\$1,176	\$1,125	\$175	\$350	\$375	\$763
Total Annual Lease and Truck Cost	\$8,188,700	\$8,848,900	\$8,848,900	\$5,662,500	\$6,637,500	\$4,479,300	\$8,532,600	\$10,882,800	\$10,285,000	\$7,071,400	\$4,800,000	\$4,895,000	\$8,021,400
Total Cost per Load	\$1,178	\$1,147	\$1,107	\$482	\$881	\$874	\$1,094	\$1,370	\$907	\$818	\$640	\$640	\$1,028
Difference to Total Least Cost	\$592.85	\$531.85	\$491.85	(\$123.40)	\$235.58	(\$41.72)	\$478.58	\$754.21	\$703.21	\$291.21	\$0.00	\$25.00	\$413.00
Lease Rate Differential	(\$336.62)	(\$307.62)	(\$267.62)	\$240.38	\$115.38	\$209.38	(\$127.62)	(\$509.62)	(\$509.62)	(\$87.62)	\$265.38	\$240.38	(\$147.62)
Gross Lease Rate/SF Needed to Least	(\$10.56)	(\$9.60)	(\$8.35)	\$6.83	\$3.60	\$6.83	(\$3.98)	(\$17.49)	(\$15.90)	(\$3.05)	\$8.28	\$7.50	(\$4.61)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$5.94	\$2.04	\$4.97	(\$5.54)						

**Estimated Cost to Serve Fort Lauderdale Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$116.99	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ft. Lauderdale Retail	\$448	\$448	\$448	\$156	\$156	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$923	\$892	\$852	\$381	\$408	\$312	\$1,176	\$1,176	\$1,125	\$175	\$350	\$375	\$763
Total Annual Lease and Truck Cost	\$8,848,900	\$9,705,100	\$9,705,100	\$4,929,300	\$5,804,300	\$5,171,100	\$7,798,700	\$10,285,000	\$9,887,200	\$5,673,600	\$4,800,000	\$4,895,000	\$8,021,400
Total Cost per container	\$1,148	\$1,118	\$1,078	\$663	\$767	\$663	\$863	\$1,094	\$1,288	\$663	\$618	\$618	\$1,028
Difference to Total Least Cost	\$531.85	\$500.85	\$460.85	(\$217.40)	\$141.58	(\$14.72)	\$384.58	\$703.21	\$652.21	\$240.21	\$0.00	\$25.00	\$413.00
Lease Rate Differential	(\$307.62)	(\$278.62)	(\$238.62)	\$334.38	\$209.38	\$303.38	(\$33.62)	(\$509.62)	(\$509.62)	(\$46.62)	\$265.38	\$240.38	(\$147.62)
Gross Lease Rate/SF Needed	(\$9.60)	(\$8.63)	(\$7.38)	\$10.43	\$6.53	\$9.47	(\$1.06)	(\$15.90)	(\$14.31)	(\$1.45)	\$8.28	\$7.50	(\$4.61)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$8.87	\$4.97	\$7.91	(\$2.61)						

**Estimated Cost to Serve Fort Myers Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$116.99	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ft. Myers Retail	\$535	\$535	\$535	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$1,012	\$981	\$941	\$381	\$408	\$312	\$1,176	\$1,176	\$1,125	\$175	\$350	\$375	\$763
Total Annual Lease and Truck Cost	\$9,841,100	\$10,396,300	\$10,396,300	\$7,136,700	\$8,111,700	\$7,378,500	\$10,007,100	\$10,882,800	\$10,487,800	\$7,274,200	\$4,800,000	\$4,895,000	\$8,021,400
Total Cost per container	\$1,238	\$1,208	\$1,168	\$881	\$1,040	\$881	\$1,283	\$1,368	\$1,348	\$633	\$610	\$610	\$1,028
Difference to Total Least Cost	\$265.85	\$234.85	\$194.85	(\$229.40)	\$128.58	(\$35.72)	\$372.58	\$652.21	\$601.21	\$221.21	\$0.00	\$25.00	\$413.00
Lease Rate Differential	(\$101.62)	(\$70.62)	(\$30.62)	\$346.38	\$221.38	\$315.38	(\$21.62)	(\$509.62)	(\$509.62)	(\$171.62)	\$265.38	\$240.38	(\$147.62)
Gross Lease Rate/SF Needed	(\$3.17)	(\$2.20)	(\$0.95)	\$10.81	\$6.91	\$9.84	(\$0.67)	(\$10.10)	(\$8.51)	(\$7.51)	\$8.28	\$7.50	(\$4.61)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$9.25	\$5.35	\$8.28	(\$2.23)						

**Estimated Cost to Serve Fort Pierce Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Miami	Port Everglades	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/ft/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$116.99	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$448	\$408	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ft. Pierce Retail	\$408	\$408	\$408	\$310	\$310	\$310	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Subtotal	\$895	\$864	\$824	\$439	\$439	\$439	\$1,176	\$1,176	\$1,125	\$175	\$350	\$375	\$763
Total Annual Lease and Truck Cost	\$8,850,500	\$9,408,700	\$9,408,700	\$6,130,500	\$7,105,500	\$6,372,300	\$9,000,800	\$9,884,400	\$9,286,600	\$6,073,000	\$4,800,000	\$4,895,000	\$8,021,400
Total Cost per container	\$1,109	\$1,078	\$1,038	\$882	\$911	\$817	\$1,164	\$1,242	\$1,191	\$779	\$714	\$714	\$1,028
Difference to Total Least Cost	\$235.45	\$204.45	\$164.45	(\$226.60)	\$132.37	(\$38.73)	\$372.58	\$652.21	\$601.21	\$221.21	\$0.00	\$25.00	\$413.00
Lease Rate Differential	(\$106.41)	(\$75.41)	(\$35.41)	\$343.58	\$218.58	\$312.58	(\$24.41)	(\$509.62)	(\$509.62)	(\$181.62)	\$265.38	\$240.38	(\$147.62)
Gross Lease Rate/SF Needed	(\$3.32)	(\$2.35)	(\$1.10)	\$10.72	\$6.82	\$9.75	(\$0.78)	(\$8.41)	(\$6.81)	(\$5.81)	\$8.28	\$7.50	(\$4.61)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment				\$9.16	\$5.26	\$8.19	(\$2.32)						

Based on 250,000 Square Feet Distribution Center

Based on 250,000 Square Feet Distribution Center (continued)

**Estimated Cost to Serve Orlando/Lakeland Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/SF/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$350.98	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$446	\$406	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Orlando/Lakeland Retail	\$150	\$150	\$150	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408
Truck Subtotal	\$627	\$596	\$556	\$533	\$658	\$564	\$901	\$984	\$943	\$531	\$752	\$877	\$984
Total Annual Lease and Truck Cost	\$6,639,100	\$6,398,300	\$6,084,300	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900	\$8,894,900
Total Cost per container	\$481	\$482	\$480	\$880	\$1,006	\$918	\$1,282	\$1,168	\$1,137	\$728	\$617	\$642	\$1,065
Difference to Total Least Cost	\$128.45	\$95.45	\$55.45	(\$74.80)	\$294.37	\$190.37	\$527.37	\$483.00	\$412.00	\$0.00	\$192.79	\$217.79	\$605.79
Lease Rate Differential	\$29.59	\$29.59	\$29.59	\$181.99	\$66.59	\$160.59	(\$176.41)	(\$269.41)	(\$218.41)	\$193.59	\$72.59	\$47.59	(\$340.41)
Gross Lease Rate/SF Needed	\$3.04	\$4.01	\$5.26	\$4.42	\$0.52	\$3.45	(\$7.06)	(\$8.41)	(\$6.81)	\$6.04	\$2.26	\$1.48	(\$10.62)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment													

**Estimated Cost to Serve Tampa Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/SF/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$350.98	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$446	\$406	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Tampa Retail	\$322	\$322	\$322	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464
Truck Subtotal	\$799	\$788	\$788	\$888	\$714	\$620	\$957	\$1,096	\$1,047	\$838	\$984	\$719	\$1,107
Total Annual Lease and Truck Cost	\$7,679,700	\$7,379,700	\$7,425,900	\$7,331,700	\$8,306,700	\$8,306,700	\$8,306,700	\$8,306,700	\$8,306,700	\$8,306,700	\$8,306,700	\$8,306,700	\$8,306,700
Total Cost per container	\$542	\$542	\$542	\$706	\$1,065	\$971	\$1,308	\$1,292	\$1,241	\$829	\$684	\$684	\$1,372
Difference to Total Least Cost	\$184.45	\$183.45	\$123.45	(\$122.80)	\$298.37	\$142.37	\$476.37	\$483.00	\$412.00	\$0.00	\$130.79	\$155.79	\$543.79
Lease Rate Differential	\$29.59	\$29.59	\$29.59	\$114.59	\$298.59	\$114.59	\$208.59	(\$128.41)	(\$269.41)	(\$218.41)	\$193.59	\$134.59	(\$276.41)
Gross Lease Rate/SF Needed	\$0.92	\$1.89	\$3.14	\$5.52	\$2.02	\$4.95	(\$5.57)	(\$6.41)	(\$6.81)	\$6.04	\$4.20	\$3.42	(\$8.69)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment													

**Estimated Cost to Serve Ocala/Gainesville Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/SF/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$350.98	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$446	\$406	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Ocala/Gainesville Retail	\$307	\$307	\$307	\$516	\$516	\$516	\$516	\$516	\$516	\$516	\$516	\$516	\$516
Truck Subtotal	\$784	\$784	\$784	\$841	\$796	\$672	\$1,009	\$958	\$907	\$485	\$753	\$778	\$1,168
Total Annual Lease and Truck Cost	\$7,662,700	\$7,620,900	\$7,308,900	\$7,737,900	\$8,712,300	\$8,712,300	\$8,712,300	\$8,712,300	\$8,712,300	\$8,712,300	\$8,712,300	\$8,712,300	\$8,712,300
Total Cost per container	\$1,008	\$977	\$837	\$788	\$1,117	\$1,023	\$1,360	\$1,182	\$1,101	\$888	\$1,018	\$1,043	\$1,431
Difference to Total Least Cost	\$319.45	\$288.45	\$248.45	\$68.40	\$428.37	\$334.37	\$871.37	\$483.00	\$412.00	\$0.00	\$329.79	\$354.79	\$742.79
Lease Rate Differential	(\$95.41)	(\$84.41)	(\$24.41)	\$47.59	(\$74.41)	(\$74.41)	\$18.59	(\$320.41)	(\$269.41)	(\$218.41)	\$193.59	(\$84.41)	(\$477.41)
Gross Lease Rate/SF Needed	(\$2.98)	(\$2.01)	(\$0.78)	\$1.48	(\$2.42)	(\$0.82)	(\$10.90)	(\$8.41)	(\$6.81)	\$6.04	(\$2.01)	(\$2.79)	(\$14.90)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment													

**Estimated Cost to Serve Jacksonville Retail Consumption Market:**

Port of Entry	Miami	Port Everglades	Jacksonville	Palm Beach	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville	Miami	Port Everglades	Jacksonville
Location of DC	Orlando	Orlando	Orlando	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Palm Beach ILC	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Jacksonville
Square footage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate/SF/year	\$6.99	\$6.99	\$6.99	\$10.95	\$10.95	\$10.95	\$10.95	6.04	6.04	6.04	\$8.28	\$8.28	\$8.28
Annual Lease Subtotal	\$1,747,500	\$1,747,500	\$1,747,500	\$2,737,500	\$2,737,500	\$2,737,500	\$2,737,500	1510000	1510000	1510000	2070000	2070000	2070000
Cost/Inbound load	\$224.04	\$224.04	\$224.04	\$116.99	\$350.98	\$350.98	\$350.98	\$193.59	\$193.59	\$193.59	\$265.38	\$265.38	\$265.38
Dray from Port to DC/ILC	\$477	\$446	\$406	\$125	\$250	\$156	\$493	\$588	\$537	\$125	\$175	\$200	\$588
Truck Rate to Jacksonville Retail	\$406	\$406	\$406	\$493	\$493	\$493	\$493	\$493	\$493	\$493	\$493	\$493	\$493
Truck Subtotal	\$883	\$852	\$812	\$918	\$743	\$649	\$986	\$713	\$662	\$250	\$783	\$788	\$1,178
Total Annual Lease and Truck Cost	\$8,634,900	\$8,393,100	\$8,081,100	\$7,557,900	\$8,532,900	\$8,532,900	\$8,532,900	\$8,532,900	\$8,532,900	\$8,532,900	\$8,532,900	\$8,532,900	\$8,532,900
Total Cost per container	\$1,107	\$1,078	\$1,038	\$759	\$1,094	\$1,000	\$1,337	\$907	\$868	\$444	\$1,026	\$1,053	\$1,441
Difference to Total Least Cost	\$683.45	\$632.45	\$592.45	\$291.40	\$850.37	\$556.37	\$893.37	\$463.00	\$412.00	\$0.00	\$584.79	\$609.79	\$997.79
Lease Rate Differential	(\$439.41)	(\$408.41)	(\$368.41)	(\$174.41)	(\$298.41)	(\$298.41)	(\$542.41)	(\$269.41)	(\$218.41)	\$193.59	(\$319.41)	(\$344.41)	(\$732.41)
Gross Lease Rate/SF Needed	(\$13.71)	(\$12.74)	(\$11.49)	(\$5.44)	(\$9.34)	(\$8.41)	(\$16.92)	(\$8.41)	(\$6.81)	\$6.04	(\$9.97)	(\$10.75)	(\$22.85)
Gross Lease Rate/SF Needed w/\$50 ILC Gate Charge Assessment													





ATTACHMENT 3

**South Florida  
Inland Logistics Center  
Preliminary Economic Impact Analysis  
*DRAFT Technical Memo***

Prepared for:  
Florida Department of Transportation and  
The Port of Palm Beach

**June 9, 2008**

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**TABLE OF CONTENTS**

1. INTRODUCTION AND OVERVIEW ..... 1

2. IMPACT DEFINITIONS ..... 1

3. METHODOLOGY ..... 3

4. ECONOMIC IMPACT SENSITIVITY MODEL ..... 4

5. ECONOMIC IMPACTS OF DISTRIBUTION CENTER ACTIVITY ..... 5

## 1. INTRODUCTION AND OVERVIEW

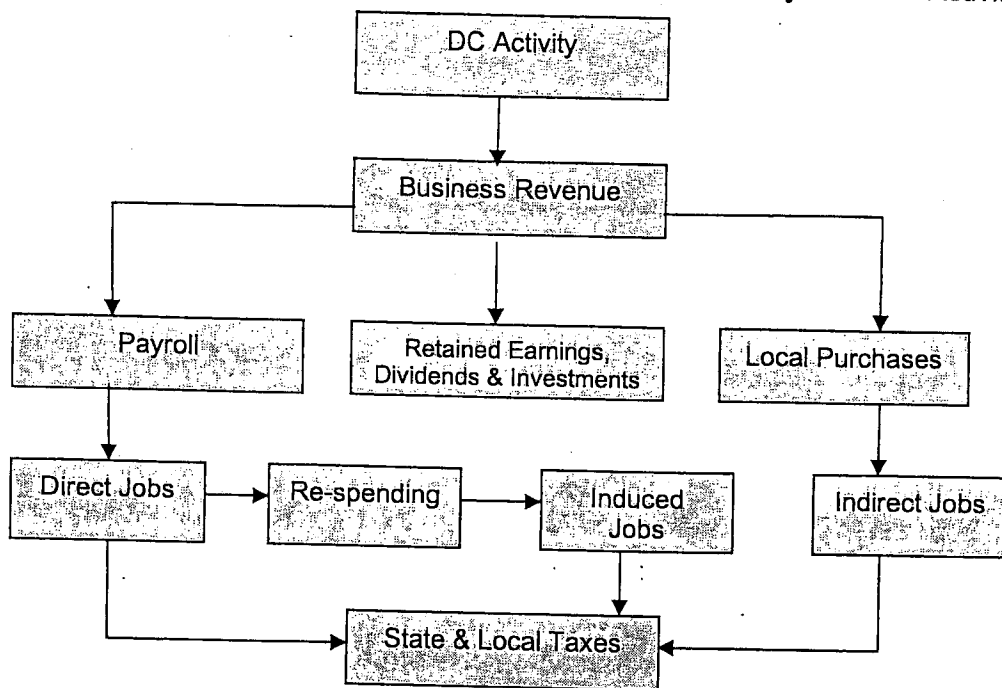
In conjunction with the market analysis presented in the previous task, Martin Associates was retained to measure the economic impacts of the forecasted potential opportunities of the ILC. The findings of the market analysis suggest that there is demand for additional distribution center (DC) activity. This analysis focuses on the impacts of the development of an ILC facility to accommodate the DC square footage forecasted for South Florida and the hinterland that can be effectively served via a South Florida ILC.

The study employs a methodology and definitions that have been used by Martin Associates to measure the economic impacts of seaport and airport activity at more than 250 ports and airports in the United States and Canada. The Martin Associates' economic impact model has been used extensively in Florida, including cargo and cruise impact analyses for the Port of Palm Beach, Port Everglades, Port of Tampa, Jaxport and the Port of Miami. It is to be emphasized that only measurable impacts are included in this study. In order to ensure defensibility, the Martin Associates' approach to economic impact analysis is based on data developed through an interview program and extensive in-house data bases of the Port communities' tenants. Specific re-spending models have been developed for the South Florida area to reflect the unique economic and consumer profiles of the regional economy. To further underscore the defensibility of the study, standardized input-output models are not used. Instead, the resulting impacts reflect the uniqueness of the individual ILC operations, as well as the surrounding regional economy.

## 2. IMPACT DEFINITIONS

Distribution center activity contributes to the local and regional economy by generating business revenue to local and national firms providing distribution and cargo handling services at the facility. These firms, in turn, provide employment and income to individuals, and pay taxes to state and local governments. Exhibit 1 shows how activity at a distribution center complex generates impacts throughout the local, state and national economies. As this exhibit indicates, the impact of a distribution center facility on a local, state or national economy cannot be reduced to a single number, but instead, the distribution activity creates several impacts. These are the revenue impact, employment impact, personal income impact, and tax impact. These impacts are non-additive. For example, the income impact is a part of the revenue impact, and adding these impacts together would result in double counting.

Exhibit 1 Flow of Economic Impacts Generated by Maritime Activity



At the outset, distribution activity at the ILC generates business revenue for firms which provide services. This business revenue impact is dispersed throughout the economy in several ways. It is used to hire people to provide the services, to purchase goods and services, and to make Federal, state and local tax payments. The remainder is used to pay stock-holders, retire debt, make investments, or is held as retained earnings. It is to be emphasized that the only portions of the revenue impact that can be definitely identified as remaining in the local economy are those portions paid out in salaries to local employees, for local purchases by individuals and businesses directly dependent on the facility, in contributions to state and local taxes and in lease payments by tenants.

- The employment impact of distribution activity consists of three levels of job impacts:
  - **Direct employment** – jobs directly generated by distribution activity. Direct jobs generated by this activity include warehousemen, dispatchers, yard jockeys located at the DC and line haul trucking companies moving cargo between inland origins and destinations and the DC terminals. It is to be emphasized that these are classified as directly generated in the sense that these jobs would experience near term dislocation if the activity at the ILC were to be discontinued.
  - **Induced employment** – jobs created throughout the local economy because individuals directly employed due to distribution activity spend their wages locally on goods and services such as food, housing and clothing. These jobs are held by residents located throughout the region, since they are estimated based on local and regional purchases.
  - **Indirect Employment** – are jobs created locally due to purchases of goods and services by firms, not individuals. These jobs are estimated directly from local purchases and include

jobs with local office supply firms, maintenance and repair firms, parts and equipment suppliers, etc.

- **Personal income impact** consists of employee wages and salaries (excluding benefits) received by individuals directly employed due to distribution center activity. Re-spending of these earnings throughout the regional economy for purchases of goods and services is also estimated. This, in turn, generates additional jobs -- the induced employment impact. This re-spending throughout the region is estimated using a regional personal earnings multiplier, which reflects the percentage of purchases by individuals that are made within the South Florida area. The re-spending effect varies by region -- a larger re-spending effect occurs in regions that produce a relatively large proportion of the goods and services consumed by residents, while lower re-spending effects are associated with regions that import a relatively large share of consumer goods and services (since personal earnings "leak out" of the region for these out-of-region purchases). The direct earnings are a measure of the local impact since they are received by those directly employed by ILC distribution activity.
- **Business revenue** consists of total business receipts by firms providing services in support of the distribution activity. **Local purchases for goods and services** made by the directly impacted firms are also measured. These local purchases by the dependent firms create the indirect impacts.
- **State and local taxes** include taxes paid to the state and local governments by firms and by individuals whose jobs are directly dependent upon and supported (induced jobs) by activity at the ILC facility.

The impacts presented in this report are measured in terms of:

- Jobs (direct, induced and indirect);
- Personal income;
- Business revenue; and
- State and local taxes.

### 3. METHODOLOGY

The direct impacts of the ILC distribution center activity presented in this report are estimated based on interviews with industrial developers, South Florida warehouse operators/consolidators, current Florida DC operators and trucking/drayage companies.

Since tenants are not currently occupying the facility and actual employment figures are not available, direct job impact ratios and relationships are developed from the interview process. Key relationships used in this analysis include:

- A weighted average of 411 FTE (full-time equivalent) jobs per million square feet of distribution space;
- An average of 75 inbound loads and 75 outbound loads per day per million square feet of DC space; and
- An average truck driver makes 2 trips per day.

In addition, salary and expenditure data was also obtained from an extensive in-house data base that has been developed over previous economic impact studies conducted for Florida seaport warehousing and consolidation activities.

These ratios are then applied to the low, most likely and high scenarios of DC demand presented in the previous chapter to develop the direct impacts.

The induced impacts are based on the current expenditure profile of residents in the South Florida area, as estimated by the U.S. Bureau of Labor Statistics, "Consumer Expenditure Survey". This survey indicates the distribution of consumer expenditures over key consumption categories for South Florida area residents. The consumption categories are:

- Housing;
- Food at Restaurants;
- Food at Home;
- Entertainment;
- Health Care;
- Home Furnishings; and
- Transportation Equipment and Services.

The estimated consumption expenditure generated as a result of the respending impact is distributed across these consumption categories. Associated with each consumption category is the relevant retail and wholesale industry. Jobs to sales ratios in each industry are then computed for the South Florida area, and induced jobs are estimated for the relevant consumption categories. It is to be emphasized that induced jobs are only estimated at the retail and wholesale level, since these jobs are most likely generated in the South Florida area. Further levels of induced jobs are not estimated since it is not possible to defensibly identify geographically where the subsequent rounds of purchasing occur.

The "Consumer Expenditure Survey" does not include information to estimate the job impact with supporting business services, legal, social services, state and local governments, and educational services. To estimate this induced impact, a ratio of State of Florida employment in these key service industries to total State of Florida employment is developed. This ratio is then used with the direct and induced consumption jobs to estimate induced jobs with business/financial services, legal, educational, governmental and other social services.

The indirect impacts are estimated based on the local purchases by the directly dependent firms, combined with indirect job, income and revenue coefficients for the supplying industries in the State of Florida as developed for Martin Associates by the U.S. Bureau of Economic Analysis, Regional Input/Output Modeling System.

#### **4. ECONOMIC IMPACT SENSITIVITY MODEL**

The impacts in this analysis are measured for years 2010, 2015, 2020 and 2025, and computer models have been developed to test the sensitivity of the impacts to changes in economic conditions and facility utilization. It is to be emphasized that this study is designed to provide a framework which the client can use in formulating and guiding the future development of ILC facilities as specific tenants are signed and opportunities are presented.

## 5. ECONOMIC IMPACTS OF DISTRIBUTION CENTER ACTIVITY

The low, medium and high scenario impacts of the distribution center activity are presented in Exhibits 2, 3 and 4.

Exhibit 2 provides the impacts of the low scenario assuming 50% of the low demand scenario is captured by the ILC (50% of 45 million square feet).

Exhibit 2 Economic Impact Summary of Low Scenario

ESTIMATED ECONOMIC ACTIVITY OF DISTRIBUTION CENTER LOW DEMAND SCENARIO				
	2010	2015	2020	2025
<b>JOBS</b>				
DIRECT JOBS	2,024	4,573	7,376	11,030
INDUCED JOBS	921	2,082	3,358	5,021
INDIRECT JOBS	1,432	3,237	5,221	7,807
<b>TOTAL JOBS</b>	<b>4,377</b>	<b>9,892</b>	<b>15,955</b>	<b>23,858</b>
<b>PERSONAL INCOME (1,000)</b>				
DIRECT	\$65,766	\$148,637	\$239,729	\$358,473
INDUCED/RESPENDING	\$130,216	\$294,302	\$474,664	\$709,777
INDIRECT	\$48,686	\$110,036	\$177,472	\$265,378
<b>TOTAL INCOME</b>	<b>\$244,668</b>	<b>\$552,975</b>	<b>\$891,865</b>	<b>\$1,333,628</b>
<b>BUSINESS REVENUE (1,000)</b>	<b>\$158,932</b>	<b>\$359,203</b>	<b>\$579,340</b>	<b>\$866,301</b>
<b>STATE AND LOCAL TAXES (1,000)</b>				
STATE TAXES	\$12,830	\$28,998	\$46,769	\$69,935
LOCAL TAXES	\$9,679	\$21,876	\$35,282	\$52,758
<b>TOTAL TAXES</b>	<b>\$22,509</b>	<b>\$50,874</b>	<b>\$82,052</b>	<b>\$122,694</b>

Exhibit 3 illustrates the medium scenario assuming 75% of the most likely demand scenario is captured (75% of 78 million square feet).



Exhibit 3 – Economic Impact Summary of Medium Scenario

ESTIMATED ECONOMIC ACTIVITY OF DISTRIBUTION CENTER MOST LIKELY DEMAND SCENARIO				
	2010	2015	2020	2025
<b>JOBS</b>				
DIRECT JOBS	6,071	14,782	22,849	30,043
INDUCED JOBS	2,763	6,729	10,401	13,676
INDIRECT JOBS	4,297	10,463	16,173	21,264
<b>TOTAL JOBS</b>	<b>13,131</b>	<b>31,973</b>	<b>49,423</b>	<b>64,983</b>
<b>PERSONAL INCOME (1,000)</b>				
DIRECT	\$197,297	\$480,413	\$742,605	\$976,397
INDUCED/RESPENDING	\$390,648	\$951,218	\$1,470,357	\$1,933,265
INDIRECT	\$146,059	\$355,650	\$549,751	\$722,827
<b>TOTAL INCOME</b>	<b>\$734,005</b>	<b>\$1,787,282</b>	<b>\$2,762,712</b>	<b>\$3,632,489</b>
<b>BUSINESS REVENUE (1,000)</b>	<b>\$476,796</b>	<b>\$1,160,987</b>	<b>\$1,794,609</b>	<b>\$2,359,601</b>
<b>STATE AND LOCAL TAXES (1,000)</b>				
STATE TAXES	\$38,491	\$93,725	\$144,877	\$190,488
LOCAL TAXES	\$29,037	\$70,705	\$109,293	\$143,701
<b>TOTAL TAXES</b>	<b>\$67,528</b>	<b>\$164,430</b>	<b>\$254,170</b>	<b>\$334,189</b>

Exhibit 4 illustrates the high scenario assuming 80% of the high demand scenario is captured (80% of 110 million square feet).

Exhibit 4 – Economic Impact Summary of High Scenario

ESTIMATED ECONOMIC ACTIVITY OF DISTRIBUTION CENTER HIGH DEMAND SCENARIO				
	2010	2015	2020	2025
<b>JOBS</b>				
DIRECT JOBS	6,375	18,204	31,343	46,027
INDUCED JOBS	2,902	8,286	14,267	20,951
INDIRECT JOBS	4,512	12,885	22,184	32,578
<b>TOTAL JOBS</b>	<b>13,790</b>	<b>39,375</b>	<b>67,794</b>	<b>99,556</b>
<b>PERSONAL INCOME (1,000)</b>				
DIRECT	\$207,200	\$591,625	\$1,018,638	\$1,495,871
INDUCED/RESPENDING	\$410,256	\$1,171,418	\$2,016,903	\$2,961,824
INDIRECT	\$153,390	\$437,981	\$754,098	\$1,107,394
<b>TOTAL INCOME</b>	<b>\$770,847</b>	<b>\$2,201,025</b>	<b>\$3,789,639</b>	<b>\$5,565,089</b>
<b>BUSINESS REVENUE (1,000)</b>	<b>\$500,729</b>	<b>\$1,429,747</b>	<b>\$2,461,683</b>	<b>\$3,614,984</b>
<b>STATE AND LOCAL TAXES (1,000)</b>				
STATE TAXES	\$40,423	\$115,422	\$198,729	\$291,833
LOCAL TAXES	\$30,495	\$87,073	\$149,918	\$220,155
<b>TOTAL TAXES</b>	<b>\$70,918</b>	<b>\$202,494</b>	<b>\$348,647</b>	<b>\$511,988</b>

As illustrated in the previous exhibits, given the demand forecast scenarios, the South Florida ILC distribution center activity by 2025 would generate between 23,858 and 99,556 total jobs. Of these jobs, between 11,030 and 46,027 jobs would be directly created on site,

In total, the direct, induced and indirect jobholders would generate between \$1.3 and \$5.6 billion of personal income as the result of ILC distribution center operations.

By 2025, as a result of the distribution activity a total of \$122.7 and 512.0 million of state and local tax revenue would be generated.