

State of the Ports Briefing **Wednesday, February 12, 2014**

Good afternoon and thank you for being here at what I am proud to say is my 8th State of the Ports address.

For several weeks now, as I've thought about today's presentation, a question came to mind:

How does one measure...measure eight years?

It has been a privilege to lead PortMiami - long a regional economic powerhouse in Miami-Dade County and throughout the State of Florida.

I am proud to say in recent years we have taken a more ambitious turn.

Your seaport has been re-tooled, re-vitalized and re-imagined. PortMiami has evolved as an even greater player on the global stage.

Often pictures tell a story best...so let's take a look ...

(Cut to video)

As the video states: PortMiami is an economic powerhouse! And, we are definitely on the rise!

When I look back on the past eight years—I quite frankly marvel at the progress our Port has made ...the ambitious goals we have set...what we have accomplished...and where I believe we can go.

This year, PortMiami will support 225,000 jobs, and contribute \$30 billion to the local and state economies—up more than 50% from five years ago.

I expect that these numbers will continue upward in coming years.

Without hesitation, I can tell you that the future of your Port has never been brighter.

So, how do we measure eight exciting, challenging and, yes, sometimes “rough and tumble” years?

Let’s begin with cruise. By any measure—business has never been better. Our brand never stronger! Our status as “Cruise Capital of the World”—never in question!

Last year, we again surpassed the four million mark for cruise passengers...no other Port in the world has approached these volumes! In 2014, we will see record setting traffic with close to five million— yes, five million - cruise vacationers passing through our terminals.

Thanks to an unprecedented expansion of new cruise lines and new ships... the busiest cruise port in the world ...is getting even busier!

The 2014 Cruise Season got off to a great start last fall with the arrival of a new cruise brand—MSC Cruises, the upscale Mediterranean line which is sailing one of its newest ships—the *MSC Divina*—from Miami. The Divina arrived in style—escorted by a trio of Fiats on jet skis. Yes, automobiles skimming through Government Cut...Now, that was a sight to see!

Just last week, Norwegian Cruise Lines' newest ship, the *Getaway*, arrived at her new homeport. The *Getaway* is Norwegian's first Miami-themed ship. What a beauty! And, here's the best news...both the *Divina* and the *Getaway* will homeport here year round - providing a boost to the summer cruise season.

And speaking of new, last summer we welcomed Resorts World Bimini Super-Fast—now operating service to the Bahamas.

By any measure, we have experienced an exceptional run in our cruise business. New cruise lines—and the arrival of brand new ships.

Over the last eight years... more than a dozen newly built vessels have come out of the shipyards in Europe. No single port in the world has received as many of these modern and innovative vessels as PortMiami.

AND, there is more on the horizon. We expect—very soon—that a major cruise line will announce that yet another newly built ship is heading our way in 2015. Stay tuned!

Cruising out of Miami is only getting better with more choices for every taste—from family fun to sophisticated, luxury travel. A big thanks to our cruise partners. We appreciate you.

And, speaking of partners—let me recognize Bill Talbert, the marketing savvy President of the Greater Miami Convention and Visitor's Bureau...the guy who invented Miami Spice and other “special deal” months for tourists and residents alike. Now, there is a “Miami Spice” for cruising, *Miami Cruise Month* in January. What a way to begin the year—we've been on websites, Facebook, Twitter...a social media happening that has garnered thousands of inquiries for new cruise business. Way to go, Bill!

Let's turn to the cargo side of the business ...

Last year, cargo volumes were pretty much flat with TEUs under the one million mark. However, if we look back five years—traffic has increased 12%.

The good news is that our important capital projects are now coming into play.

We anticipate steady growth as we move into the second half of the decade and the opening of an expanded Panama Canal.

New opportunities are near at hand.

The countdown is on... the massive Panama Canal project is two-thirds completed. We are hopeful that despite the current contract dispute, the expansion will be completed in late 2015.

A wider and deeper Canal means shippers will have new options for all water routes from Asia to markets on the East Coast...including Miami, the first U.S. port of call from Panama.

While the exact finish date remains in question—one thing is for sure: PortMiami will be “big ship ready” when the super-sized vessels begin navigating through the expanded Panama Canal.

Happily, we are ahead of the curve!

If I had to name the one most important achievement over the last eight years—it is this...PortMiami's \$2 billion in capital improvements WILL be completed in tandem –and even before—the opening of the expanded Canal.

After many years of doubts and funding concerns—our all-important Deep Dredge is underway.

Governor Scott, Mayor Gimenez and a multitude of media joined us for the arrival of the dredge equipment last fall. A big thank-you to Governor Scott and the Florida Legislature – for making the dredge a reality.

The simple fact is... deepening of our channel is underway because of the Governor's leadership and support.

Thanks as well to the U.S. Army Corps of Engineers for their management of this all important project. Also, we appreciate the commitment of our contractor, Great Lakes Dredge and Dock Company, for adhering to the highest environmental standards and protocols as they complete this all important project.

PortMiami will be at -50 feet in mid-2015...one of only four U.S. Atlantic Ports able to accommodate fully-loaded, super-sized container vessels that are dominating the marketplace today.

Opportunities abound!

The new bigger container ships are already calling on PortMiami. Last summer Maersk –the world's largest container line—introduced a new trans-pacific service, via the Suez Canal, that is now bringing to PortMiami some of the largest cargo ships ever to visit the U.S. East Coast. Due to current depth restrictions, these vessels are not at full capacity.

But, in less than 18 months...PortMiami will be the only port south of Norfolk, Virginia with a channel deep enough to accommodate fully loaded, super-sized ships. Ships carrying triple the volumes that we handle today!

And you can see on the slide our new Super Post-Panamax Cranes that arrived last fall.

A competitive advantage! A real achievement!

2013 will also be remembered as the year when Florida East Coast Railway once again began hauling freight to and from our Port. Phase One of the new PortMiami-FEC rail connection is now operational and is opening new markets in the Southeast and beyond. We are already seeing results!



Northbound, our new rail connection is moving furniture, made in Asia, to retailers in the Orlando area. Southbound, we are transporting auto parts, made in Tennessee, for shipment to St. Petersburg, Russia. RUSSIA!

The PortMiami-FEC partnership is creating new trade routes...just a few years ago these routes that were not even on our radar screen.

Friends: eight years ago—the Port's rail bridge was in disrepair, the FEC tracks abandoned. Today, freight rail is back and back in a big way!

It is all about speed to market! The PortMiami-FEC link allows shippers to reach 70% of the U.S. population in one to four days.

What else is big? In a word, perishables—those cold treated commodities that arrive here in refrigerated cargo containers. Thanks to the support of Florida Commissioner of Agriculture Adam Putnam and our federal partners—U.S. Customs and the Department of Agriculture-- PortMiami is part of a pilot program that allows for the expedited processing of fruits and vegetables shipped from Latin America.

PortMiami initiated and led this effort on behalf of the entire state - all of Florida will benefit.

For the first time stacks of containers, filled with grapes and blueberries, are arriving here directly from Peru.

Recently, designated as the U.S. Center of Excellence and Expertise for Agriculture, PortMiami is anticipating a larger share of this high value market.

And, there is a huge benefit to you, the consumer. Expedited processing and lower shipping costs, mean fresher and less expensive fruits and vegetables in your local supermarket.

Ask yourself, can Miami be THE Perishables Gateway of the Americas? You bet! We are well on our way!

We have much to look forward to in the coming year—but no event as big and long-awaited, as the completion of the new Port Tunnel. We are now less than a hundred days away from the opening!

As many of you know, the Port Tunnel was an on-again, off-again project for years—it was on the drawing board for three decades! Soon, it will be a reality...giving trucks, buses and other vehicles easy, quick access to our Port...

Also, a big thanks to all the tunnel partners—the Florida Department of Transportation—Secretary Prasad and District Secretary Pego. Miami-Dade County and the City of Miami, and our private sector partner, the Miami Access Tunnel.

I also would like to acknowledge former Governor Jeb Bush for helping make this tunnel a reality.

Mark your calendars for May 19—now scheduled as tunnel opening day. It's going to be a great celebration!

To conclude, I would like to share with you some thoughts on future opportunities for new commercial development. PortMiami encompasses 520 acres—including 36 acres of under-utilized prime real estate facing downtown.

This property provides us with the opportunity to develop new revenue streams while linking our Port more closely with downtown and surrounding neighborhoods.

Among our Port's greatest accomplishments in recent years has been our success in stabilizing finances. It is no secret that upon my arrival here eight years ago, we were operating in the red and without long-term agreements with our customers—the cruise and cargo lines. Today, PortMiami not only turns a profit placing it in the best financial position in years, but we now have long-term agreements with all of our partners.

A real achievement... that provides PortMiami with much needed revenues and financial stability. That said, your Port still faces financial challenges due to a continual need for infrastructure investments to remain competitive.

Future commercial development proposals are now under active considerations.



These include proposals tied to the maritime industry, including a World Trade Center complex and other uses to complement an evolving downtown.

Also, as I am sure everyone knows, there is a proposal for a soccer stadium on-port for the new Major League Soccer franchise coming to Miami.

In coming months I look forward to working with all sectors of the community as we move forward in maximizing Port resources and growing PortMiami as an even greater economic engine and valuable asset in our community.

It has been a privilege and an incredible honor to have served this community for 34 years, the past eight as your Port Director.

Thank-you.