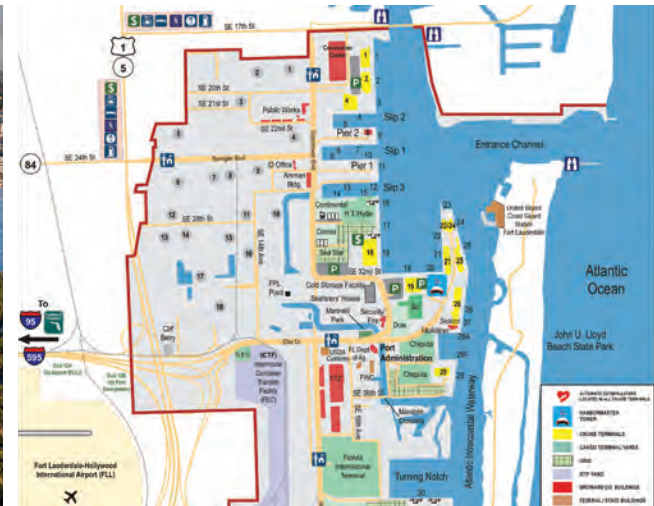


Select U.S. Ports Prepare For Panama Canal Expansion

Port Everglades



Grace Wang

Associate Professor, Maritime Administration
Texas A&M University at Galveston
Galveston, Texas

Anthony M. Pagano

Director, Center for Supply Chain Management and Logistics
University of Illinois at Chicago
Chicago, Illinois

“[The] Panama Canal widening discussion is good for the port to put focus on the need for infrastructure.”

– Steven Cernak, chief executive and port director, Port Everglades¹

Port Everglades

Despite its name, Port Everglades is not found in the Everglades ecosystem. Located in South Florida on the Atlantic Ocean, the port is set in the Fort Lauderdale metro area, near Hollywood and Dania Beach, with Miami just 23 miles to the south. It is owned and operated by the Broward County Port Everglades Department, a self-supporting enterprise fund of the county government. Known for servicing the Americas, Port Everglades is preparing itself to benefit from the expansion of the Panama Canal by purchasing and installing Post-Panamax cranes as well as by deepening its channel. The port's geographic location makes it a convenient destination for ships heading east through the Panama Canal or west through the Suez Canal. It also has the shortest entrance channel of any U.S. East Coast port, which enables shippers to save time and fuel costs.²

More than 5.2 million tons of containerized cargo move through Port Everglades annually, making it the 12th leading container port in the U.S. More than 30 shipping lines serve the port. Aggressive expansion of port facilities, other improvements and new construction are expected to ensure that the port will continue to meet the increasing demands of cargo terminal operators.³

Location, Size and Terminals

Situated between the Fort Lauderdale-Hollywood International Airport and a barrier island that is home to John U. Lloyd Beach State Park, the port covers 1,742 acres of land and features 10 cargo and 11 passenger terminals.

Operating Status

Operating revenue and operating income for Port Everglades have been growing as a result of the increasing volumes of total TEUs handled since 2010. Increased container traffic can be attributed to the fact that existing customers are shipping more TEUs. In 2011, the port ranked seventh in the U.S. for the total number of container ship calls.⁴ The port experienced a dramatic drop in almost all types of activities during the Great Recession, including container cargo, dry bulk cargo, liquid bulk cargo and cruise ship calls.

Figure 1

Operating Status

Year	Operating Revenue (in thousands of dollars)	Operating Expenses (in thousands of dollars)	Operating Income (in thousands of dollars)
2013 (Estimate)*	\$151,507	\$103,479	\$53,256
2012	142,931	98,551	44,380
2011	139,177	99,545	39,632
2010	124,654	96,821	27,833
2009	109,669	73,236	16,183
2008	117,441	73,093	24,325
2007	112,500	72,111	20,204
2006	106,286	89,469	16,820
2005	104,535	87,664	19,871
2004	111,037	73,966	37,070
2003	87,880	70,143	17,467
Average Growth Rate (2003 to 2012)	6%	5%	20%

*2013 estimates are based on 2003 to 2012 growth rate.

Source: Port Everglades website; dataset compiled by authors

Cargo

Port Everglades currently handles container, liquid bulk, and dry bulk cargo as well as cruise passengers. It receives more than 12.5 million gallons of petroleum products every day. There are 13 petroleum terminals operated by private companies on private property within the port's jurisdiction.⁵ In 2012, the port handled 973,191 tons of dry bulk cargo, including imports and exports of cement, aggregates, tallow and gypsum. (These products, which are used in construction, are very demand driven.) That same year, the port handled 120,812 tons of break bulk products, mainly steel, lumber and wood.⁶

Figure 2

Cargo Summary

Year	Container Volume (in TEUs)	Container Ship Calls	Total Tonnage (in thousands of tons)
2013 (Estimate)*	938,932	1,821	22,070
2012	923,600	1,867	21,748
2011	880,999	1,861	21,645
2010	793,227	1,830	21,212
2009	796,160	1,980	21,108
2008	985,095	2,197	23,624
2007	948,680	2,270	19,240
2006	864,030	2,185	20,521
Average Growth Rate (2006 to 2012)	1.66%	-2.46%	1.48%

*2013 estimates are based on 2003 to 2012 growth rate.

Source: Port Everglades website; dataset compiled by authors

Facilities: Cargo Terminals

Port Everglades is divided into three sections: Northport, Midport and Southport. The Northport section is home to terminals 1, 2 and 4. These dual-purpose terminals handle both cargo and cruise operations. The Midport section contains four dual-purpose terminals, 19, 26, 27 and 29.⁷ The Southport section handles all container traffic moving through the port.

The port's major cargo terminal operators are Dole Fresh Fruit International Ltd., Florida International Terminal LLC, Mediterranean Shipping Company and Portus. They serve shipping lines such as Dole Ocean Cargo Express, CMA CGM Group, Maersk Line, Hapag-Lloyd and MSC Shipping Co. USA.

Facilities: Cranes

Port Everglades cargo terminals feature a variety of cranes. Of the port's nine container cranes, seven can handle cargo from Post-Panamax ships. Five new Post-Panamax container cranes will be added over the next 20 years; two of those cranes will be in place within five years. They will be able to reach across 22 containers and stack as many as seven containers high.

Figure 3

Cranes

Type	Number	Tons/Description
Southport		
Current		
Gantry Cranes	7	57 tons max; Post-Panamax, low profile, shuttle boom, General Electric electronics
Planned		
Gantry Cranes	5	
Midport		
Current		
Paceco Gantry	2	58 long tons max; 150 feet/minute hoist speed
Gottwald Mobile Harbor	1	100 long tons max

Source: Port Everglades website

Facilities: Cruise Terminals

In addition to the dual-purpose terminals described above, Port Everglades also has five passenger-only terminals, all in the Midport area. Nine cruise lines serve Port Everglades, the third-largest cruise port in the U.S., after the Port of Miami and Port Canaveral. The largest of these lines, in terms of the total capacity of passengers each can accommodate with its current fleet, are Royal Caribbean International (22,154 passengers), Celebrity Cruises (16,676), Holland America Line (14,665), Princess Cruises (13,196) and Carnival Cruise Lines (2,974). Royal Caribbean, for example, has six cruise ships that call the port home; between them, these ships can accommodate 22,154 passengers.⁸

Foreign Trade Zone

Port Everglades' Foreign Trade Zone (FTZ) No. 25 is the first and largest FTZ in the state of Florida.⁹ Business activities in the foreign trade zone include assembly, display, manipulation, processing, repackaging, repair, salvage, storage and manufacturing. Other unique features include 22.7 acres activated by U.S. Customs and Border Protection, 388,600 square feet of warehouse space with around-the-clock access and a computerized inventory control system. There are 14 additional FTZ sites throughout Broward County in proximity to the port.¹⁰

Figure 4

Cruise Ship Terminals Passengers Served

Year	Number of Passengers
2012	3,757,320
2011	3,952,843
2010	3,674,226
Average Growth Rate (2010 to 2012)	1.32%

Source: Port Everglades website

Figure 5

Foreign Trade Zone Summary
(FTZ No. 25)

Year	Value of Merchandise Received (in millions of dollars)	Value of Merchandise Forwarded (in millions of dollars)
2013	\$4,605	\$4,653
2012	\$4,393	\$4,365
2011	\$3,736	\$3,696
Average Growth Rate (2011 to 2012)	-4.62%	-0.36%

Sources: Port Everglades website; dataset compiled by authors

Transportation and Access

Port Everglades is easily accessed by all modes of transportation, including motor carriers, airlines and railroads. It offers direct access to multimodal inland links through the interstate and state highway systems. A Florida East Coast (FEC) Railway hub is located within two miles of the port. A near-dock, rail-served intermodal container transfer facility (ICTF) was completed in mid 2014. The ICTF, coupled with the rail hub, enables cargo to move in and out of the port faster and more efficiently. Finally, the port's location directly across Route 1 from Fort Lauderdale-Hollywood International Airport provides significant advantages for moving freight by air.¹¹

Employment

Port Everglades is an economic powerhouse for Broward County. The port generates an annual economic impact of nearly \$26 billion statewide, according to an economic impact study conducted by Martin Associates. Through direct, induced, indirect and related user taxes, the port contributes more than \$733,554 million in local and state tax revenue.¹²

Current and Future Port Projects

Port Everglades has a current channel depth of 42 feet. The port is planning to deepen the channel to 50 feet in order to accommodate Post-Panamax vessels. It also plans to deepen and widen the navigational channel around the outer entrance from 45 feet deep and 500 feet wide to 50 feet deep and 800 feet wide. Finally, it plans to deepen the inner entrance and main turning basin channel from 42 to 50 feet.

Figure 7 summarizes key improvements planned and underway at the port.

Figure 6

Employment, 2013

	Cargo	Cruise	Total
Direct	6,359	5,074	11,433
Induced	5,232	2,828	8,060
Indirect	4,503	3,534	8,036
Related Use	175,180	N/A	175,180
Total	191,274	11,435	202,709

Source: Port Everglades website

Figure 7

Current and Planned Improvements

Project	Completion Date (Estimated)	Estimated Investment (in millions of dollars)	Description
Intermodal Container and Transfer Facility	Mid 2014	\$72	Public-private partnership with the Florida East Coast Railway LLC (FEC). Construction of a 42.5-acre near-dock intermodal container transfer facility (ICTF) to efficiently move international cargo containers between ships and rail while also serving as a state-of-the-industry domestic intermodal hub.
Southport Turning Notch Extension and Mangrove Uplands Enhancement	2017	\$122	Extension of the Southport Turning Notch berthing area to enhance mangrove uplands. New 2,400-ft.-long wharf area will front on the existing 42-ft.-deep Turning Notch. Berth extension will create five new cargo berths at Southport. New mangrove habitat will furnish a 16.5-acre conservation area.
Channel Deepening and Widening	December 2017	\$320	Deepen the outer entrance channel from its existing 45-ft. depth to 57 ft. while increasing its width from 500 ft. to 800 ft. Deepen Inner Entrance Channel and Main Turning Basin from 42 ft. to 50 ft.
New Post-Panamax Container Cranes	2019 to 2034		Add five new Post-Panamax container cranes over the next 20 years; two of those cranes will be in place within five years.
Foreign Trade Zone Relocation	N/A		Relocate facilities of FTZ No. 25, operated by Port Everglades, from the east side of McIntosh Road to the west side of McIntosh Road, placing the warehouse facility closer to the ICTF.

Source: Port Everglades website

Outlook

Port Everglades is South Florida's most diverse port, with large cargo operations and a very active cruise ship business. The port's wide variety of planned improvements should make it a top Post-Panamax vessel destination in the future. However, in late 2015, when the Panama Canal expansion is expected to open, the port will not have the necessary depths and widths to accommodate Post-Panamax ships. Channel deepening and widening is currently taking place and is expected to be completed in December 2017, which will enable the port to accommodate the larger vessels at that time.

Other significant changes that will improve the port's Post-Panamax competitiveness include the purchase of larger gantry cranes and relocation of FTZ No. 25. In addition, the Florida Department of Transportation is building the Eller Drive Overpass, which will carry vehicles entering the port over new rail tracks that will expand to six working tracks for the ICTF. The intermodal facility is expected to eliminate an estimated 180,000 truck trips per year by 2029. Located near large population centers in South Florida and at the same time easily accessible from Florida's agricultural areas, this port should experience substantial growth with the expansion of the Panama Canal.

Endnotes

- ¹ Interview with the Journal of Commerce at the 2014 Trans-Pacific Meeting.
- ² "Port Everglades Facilities Guide & Directory," www.bluetoad.com/publication/?i=203256, retrieved May 20, 2014.
- ³ Port Everglades website, www.porteverglades.net/cargo/, retrieved May 20, 2014.
- ⁴ "Vessel Calls Snapshot, 2011," U.S. Department of Transportation Maritime Administration, released March 2013, revised November 2013, www.marad.dot.gov/documents/Vessel_Calls_at_US_Ports_Snapshot.pdf, retrieved May 20, 2014.
- ⁵ Port Everglades website, www.porteverglades.net/cargo/petroleum/, retrieved May 20, 2014.
- ⁶ Port Everglades website, www.porteverglades.net/cargo/bulk-and-break-bulk-cargos/, retrieved May 20, 2014.
- ⁷ Port Everglades website, www.porteverglades.net/cruising/facilities-and-terminals/, retrieved May 20, 2014.
- ⁸ Port Everglades website, www.porteverglades.net/cruising/cruise-lines/, retrieved May 20, 2014.
- ⁹ Port Everglades website, www.porteverglades.net/development/ftz-overview/, retrieved May 20, 2014.
- ¹⁰ Ibid.
- ¹¹ Port Everglades website, www.porteverglades.net/cargo/, retrieved May 20, 2014.
- ¹² Port Everglades website, www.porteverglades.net/our-community-role/economic-impact/, retrieved May 20, 2014.