



 **PORT** of  
*Palm Beach*  
**MASTER PLAN**



# Port of Palm Beach Strategic Master Plan

FINAL

September 8, 2023



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# 1 Executive Summary

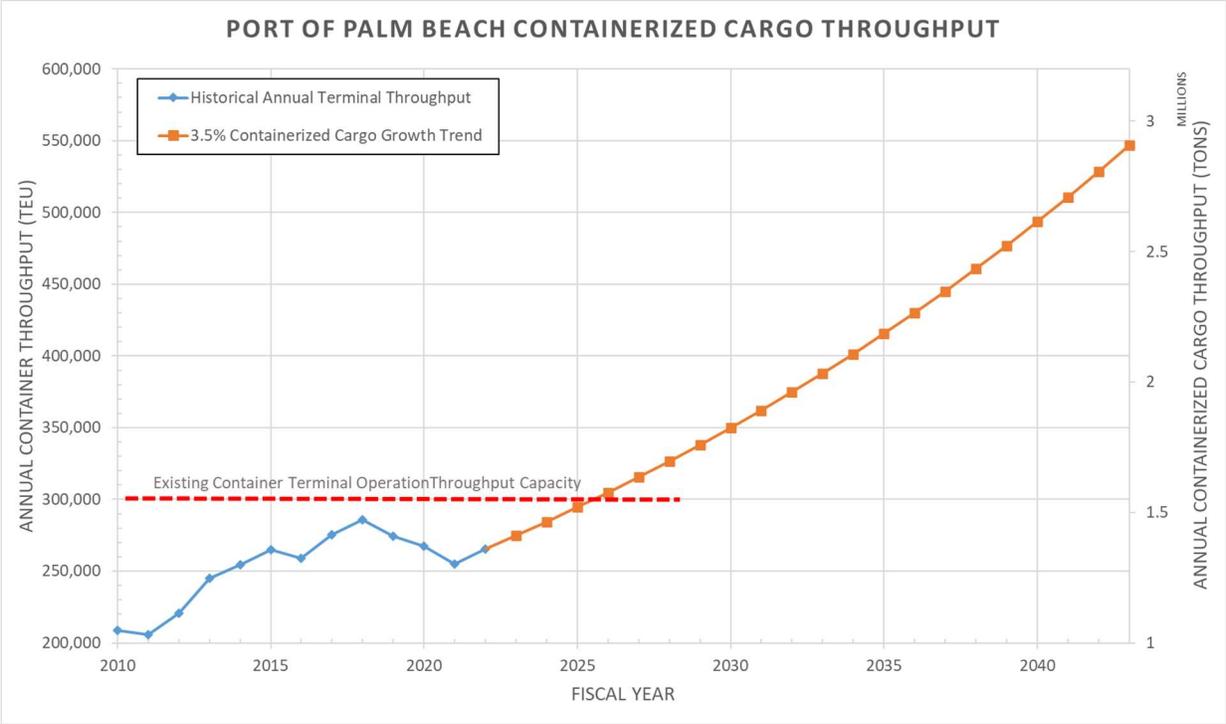
# 1. Executive Summary

The Port of Palm Beach (Port or POPB) sits in the heart of one of the fastest growing and most dynamic economies in the U.S. The Port serves as an important enabler of this growth by providing access to key infrastructure and equipment that allows its existing customer base to connect to the global market. Continued improvement in infrastructure and service offerings will allow these and future market entrants to extend their traditional market boundaries. By remaining flexible in its ability to adapt and accommodate the needs of its customers, the Port will remain at the forefront of economic growth in the region.

The Port is an engine of economic growth in Florida, connecting regional producers and consumers with the broader international market. Florida is already the third most populous state in the nation, and with annual gains at roughly twice the national average, it will become an increasingly larger contributor to the U.S.'s overall economic growth. The importance of commercial maritime ports to serve as efficient gateways for trade has come to the forefront, and the Port of Palm Beach's ability to offer premier facilities and service to its customers will continue to support the overall expansion of the regional economy.



The Port has traditionally been an “export-centric” gateway, with exports of containerized cargo destined to the Caribbean market representing the largest cargo volume by weight as nearly 55 percent of the Port’s total cargo throughput. The Port’s well-established relationship with the Tropical Shipping (Tropical) carrier and proximity to the market has allowed the Port to secure its place as a leading nexus to the Caribbean. This market is led by the pronounced tourism industry, which on average sees over 30 million visitor arrivals per year, and is affected by the seasonal hurricane patterns that can lead to severe damage throughout the islands. Both factors have a great influence on overall container trade to and from the region and would be expected to continue to influence the growth cycle of container trade through the Port. Historical containerized cargo throughput at POPB is presented below. For planning purposes, an average 3.5 percent long-term growth is expected for the Port of Palm Beach’s container trade, where the carrier could realize up to 4 percent growth through additional market capture in the future.



The Port is also a leading gateway for bulk commodity trade (import and export) to and from the regional Florida market, with the remaining Port cargo throughput split into 28 percent dry bulk, 4 percent break bulk, and 13 percent liquid bulk products. The Port is positioned to become one of the largest import gateways for cement in Florida, which will provide a significant boost to the dry bulk cargo throughput percentage.

Import volumes of cement are becoming a more important source of the material into the state; given the outlook of construction activity (residential and nonresidential), the outlook for a long-term need for imported cement appears to be well supported. On the export side of the equation, exports



of locally produced sugar and scrap metal also appear well supported given the overall trends in domestic (sugar) and international (scrap metal) demand trends. As regional South Florida ports have focused capacity expansions on containers and cruise operations, bulk and breakbulk handling capacity could become a more specialized offering at the Port. The capture of non-containerized cargo growth opportunities will allow the Port to develop a more balanced and diverse revenue.

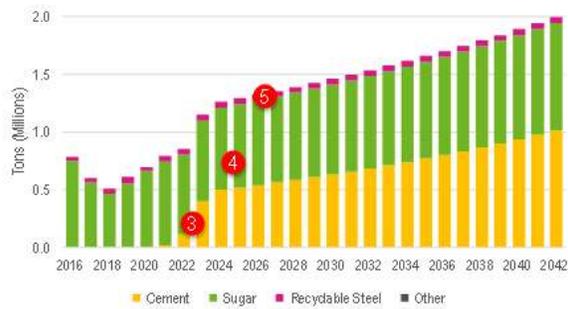


## PPB's total throughput could reach over 5.4 million tons over the coming 20yrs, led by growth in containerized and dry bulk cargo

Containers & General Cargo

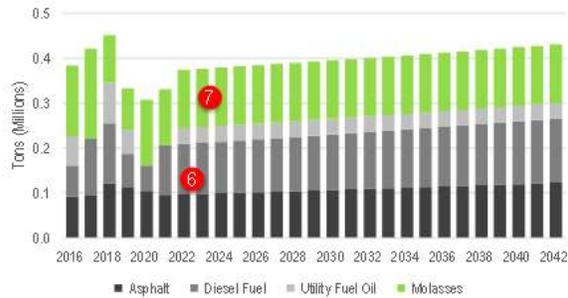


Dry Bulk



- 1 Container volumes are grown by 3.5% annually reflecting stable, long-term, economic conditions in the Caribbean
- 2 Break-bulk cargo is grown by 2% per year reflecting organic growth in the Caribbean
- 3 Cemex imports increase to 250,000 tons in 2023, grown at 4% thereafter. Oz Inga is fully operational in 2023 – 150,000 tons in 2023 and ramps up to 250,000 tons in 2024, grown at 4% thereafter as well
- 4 Sugar is grown at 1.5%, following US consumption trends
- 5 Recyclable steel volumes are kept at 50,000 tons in the forecasts
- 6 Petro-products grown at population growth of roughly 1.2%
- 7 molasses exports held constant at 130,000 tons per annum

Liquid Bulk



The POPB provides strong access to drive- and fly-cruise passengers as a niche facility with access to high-net-worth individuals. The Port has easy-to-navigate terminal and shoreside facilities with excellent pre- and post-cruise stayover opportunities. The Port has a proven track record of accommodating 400,000 to 500,000 annual cruise guests. The single cruise ship terminal and berth provides a challenging opportunity to grow cruise activity with limited options for target ships and lines. Three possible opportunity scenarios are a primary year-round homeport, a multi-homeport brand, or a hybrid of year-round and seasonal option.



If the Port of Palm beach were to advance improvements to maintain over time its market capture of 2.0% and potentially shift its capture rate to 3.5% of total Caribbean revenue passengers (via homeporting), the Port could potentially achieve cruise passenger throughput levels of between 1.5 and 2.1 million cruise guests per annum approaching 2043.

As a landlord port, property is a port's largest and most strategic asset and it therefore faces property challenges, which need to be addressed to accommodate cargo and cruise activity growth. Successfully



meeting these challenges will result in numerous opportunities, many of which are critical to the Port's long-term viability.

The dynamics of port property economic utility is in the combined influence of port infrastructure, operations, real estate, and supply chains, and this dynamic is where value is created.

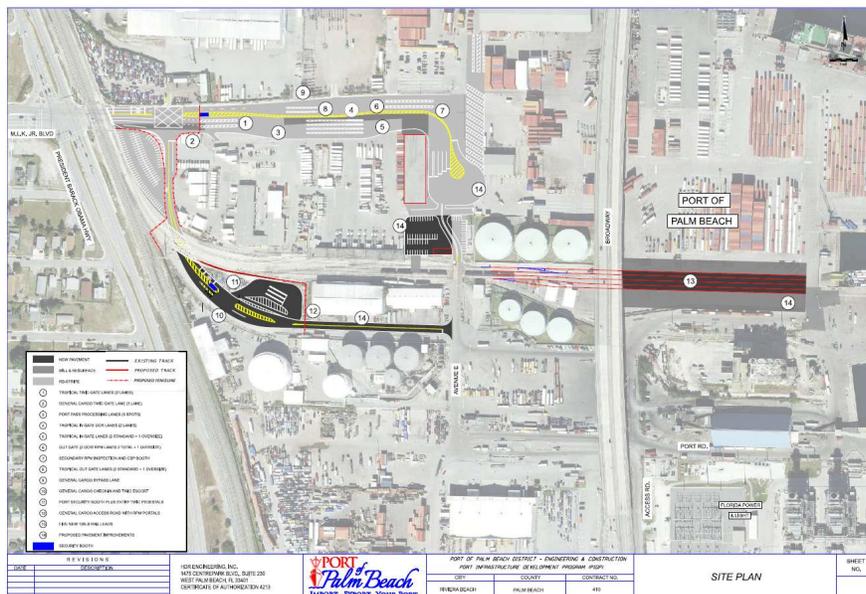
Optimal economic utility of port land ensures that the POPB will:

- Keep up with client cargo capacity and velocity growth needs in the future.
- Develop the highest number of competitive advantages resulting from the most strategic use of the Port's property portfolio.
- Maintain maximum revenue generation to support critical Port infrastructure.
- Provide ongoing optimal enhancement of the Port's value.

Of the Port's total 165-acre site, containerized cargo operations occupy 35 percent of the area and, based on 4 percent growth, could exceed the throughput capacity of the container terminal area in three years. Additional and more efficient site acreage dedicated to containerized cargo operations will support the viability of their respective growth at the Port. Recommendations are provided to grow the Port to the north and to reconfigure existing non-containerized cargo facilities to generally provide a larger and more contiguous containerized cargo operational area along the northern half of the Port.

Waterside and landside access to the Port are key considerations for attracting new cargo and accommodating existing cargo growth at the Port. Based on the current vessel calls, maintaining the existing channel and berth depths provides waterside access to the Port that is anticipated to be suitable for near-term growth. Both landside road congestion and rail at grade crossing blockages will continue to be a challenge at the Port.

The Port's adjacency to the FEC rail mainline and associated connectivity is a key differentiator that must be leveraged to capture cargo share and realize the benefits of rail capability for intermodal cargo movement and the associated reduction in truck trips. Continued partnering with the Florida East Coast Railway (FEC) is essential to increase the opportunity for cargo truck trips transitioned to rail in order to reduce congestion, improve safety, reduce truck emissions, and increase cargo movement capacity by opening opportunities for increased cargo flow on FEC mainlines and the FDOT State Infrastructure System.



In 2021, the Port was awarded a \$13,224,090 Port Infrastructure Development Program (PIDP) grant by the U.S. Department of Transportation Maritime Administration (MARAD) for a new on-dock intermodal container transfer facility capable of serving multiple-berthed vessels simultaneously, and for a new optimized Port gate and internal roadway improvements. The project components have to potential to increase the Port's intermodal rail cargo movement efficiency and capability from 44,000 TEUs

per year to 95,000 TEUs per year – a 116 percent increase in capacity. The completion of this project is



critical to addressing the major challenge to the Port realizing its maximum container throughput and reaching its full potential as a regional economic engine with minimal negative impact on the regional highway network.

The rail and gate improvements generated by the Port's current PIPD grant are a proactive step to improve cargo movement and truck flow efficiency through truck gate improvements, separation of container truck gates from general cargo gates, and increased rail capability to transfer cargo from road to rail. Further recommendations are provided for the future growth of the railyard in its existing position, with improved operational access, and realignment of the rail yard storage track.

The anticipated containerized and dry bulk cargo growth will continue to stress the availability of berth space in slips 1 and 2 to prevent unacceptable ship queues. Long-term recommendations are provided to result in additional berth space and improved berth occupancy to accommodate cargo within the existing vessel fleet and existing berth depths.



The Port's infrastructure is the backbone that supports efficient and resilient cargo operations. The continuous maintenance and improvement of aging site infrastructure and development of hardened facilities that are fit for purpose will provide the Port's customers the ability to coordinate cargo movement in times of severe stress on the existing infrastructure and operations. A port infrastructure condition assessment identifies key infrastructure and recommends the development of a geographic information system (GIS) to provide improved access to conditional and maintenance data to better support operations, security, asset management, and a timeline of capital expenditure investment to maintain and upgrade infrastructure.

The POPB will always be challenged by their constraining site boundary and its limited opportunity to expand. Therefore, the Port needs to look at expanding its reach with offsite properties and logistic centers that support cargo movement.

Palm Beach County is home to 6.8 percent of Florida's total population; however, it is home to just 3.4 percent of the state's total traditional warehouse operations and 3.0 percent of the refrigerated establishments. This compares to the other import gateway-counties in South Florida, which have concentrations of warehouses roughly in line with, or far exceeding, their respective population shares. The comparatively lower share of warehousing in Palm Beach County suggests an opportunity. Proximity to consumer bases as well as the Port as a key export gateway could potentially serve as the catalyst for the development of warehouse operations that could perform traditional storage, consolidation, and value-added services.

An inland logistics center would be a benefit for the movement of goods for all of South Florida. The Port should be a champion of an inland logistics center and, in conjunction with other South Florida ports and regional stakeholders, support further studies and evaluation.

