

A New Approach to Infrastructure

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Bettendorf, IA

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US Infrastructure - \$1 Trillion Needed

- **625,000+ Bridges**
 - 55,000 Structurally Deficient
 - 275,000 Fair Condition or Worse
- **164,000 Miles of National Highway**
- **25,320 Miles Marine Highway**
 - 10% Mighty Mississippi
 - Infamous Locks 52/53 \$3 billion
 - Done by 2024
- **140,000 Miles Freight Rail**
 - Bridge and grade crossing needs
 - Railroads pay for the majority
- **\$300 Billion+**
 - \$120 Billion Just for SD
- **\$587 Billion+**
- **\$20 Billion+**
 - Plus Flood Mitigation Projects
- **\$7 Billion+**
 - Over and above Railroads Annual \$10 Billion Capital Investments



Infrastructure Funding - What's Changed?

Transportation Infrastructure Funding	1998	2018
Politically Driven Decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Election Cycle Choices	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lack of Funds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Block Funding	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Federal Gas Tax \$0.184/\$0.244	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Public Sector Projects	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
P3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Tolls	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Some Things Never Change

“Top Ten Most Urgent Infrastructure Needs” – CNBC Jan 2018

UNITED STATES



The Agricultural Supply Chain

- Seasonal
 - Uneven Distribution Patterns
- Elongated
 - Long Distances from Source to Consumption
- Price Sensitive
 - As are all Commodity Driven Supply Chains
- Multi-Channel
 - Inputs; Seeds, Fertilizer
 - Farmers
 - Traders
 - Transport
 - Food Companies
 - Retailers
 - Consumers



Is There a New Approach?

- If there is not enough money,
- If the process is political,
- If there are competing interests,
- If raising taxes is off the table and,
- Infrastructure is managed almost exclusively by the public sector

Can anything be done?



PORTMIAMI

A Business Case for A New Approach to Infrastructure



PORTMIAMI – Business Case in Infrastructure

Executing Our Strategy - Fiscal Year 2012

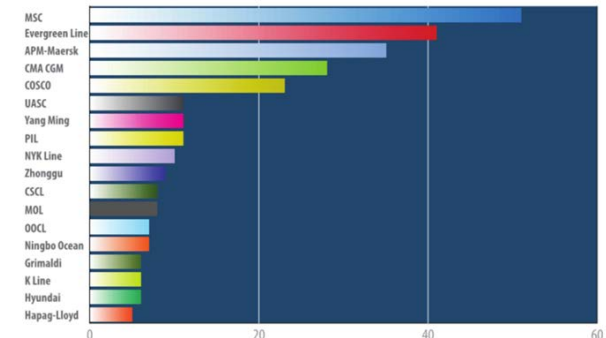
3.774 million cruise passengers
909 million TEU

1.11% Increase from 2006
-6.96% Decrease from 2006

\$600 million in Debt
\$103 million in Gross Revenue
\$44 million Net Revenue

Step 1, Analyze Our Market and Market Drivers

- Recession that began in 2008 is over
- The Panama Canal Expansion will open in 2015
- Cruise Ships will return from Europe
- Florida growth rate above the National Average
- Bigger ships on order



Step 2, Prioritize Infrastructure Investment to Market Opportunities

BIG SHIPS WELCOME

OVER \$1 BILLION INFRASTRUCTURE **COMPLETE**

- -50/-52 ft. depth deep dredge completed



- Fast Access Port Tunnel



- Intermodal On-dock Rail



- Super Post-Panamax Cranes



BIG SHIPS WELCOME

IMPORT OPPORTUNITIES

Diversification

- Far-East Asian services have begun to process more cargo at Miami.



Import Targets

- Apparel, Textiles, Shoes, Perishables, Electronics, Furniture, Appliances



- New market trend- migration of West Coast traffic to East Coast
- Consolidation of services in Miami saves time and money

EXPORT OPPORTUNITIES

- Ideally positioned to double heavy weight exports – with intermodal rail and Neo-Panamax back haul offerings
- **NEXT STEPS:**
 - Corn, soy, and grains
 - Cotton/thread express
 - Frozen pork, lamb, fish, chicken, and beef
 - Resins
 - Heavy weight loads
 - U.S. manufactured products (Ohio Valley, SE)

Export Story - FEC

- 1.) Scrap Metal
- 2.) Scrap Paper
- 3.) Empty Containers



Easy and quick access to PortMiami through FECR and highways means fast and efficient processing of heavy weight cargo plus empty surplus containers for exports



PORK



LAMB



FISH



CHICKEN

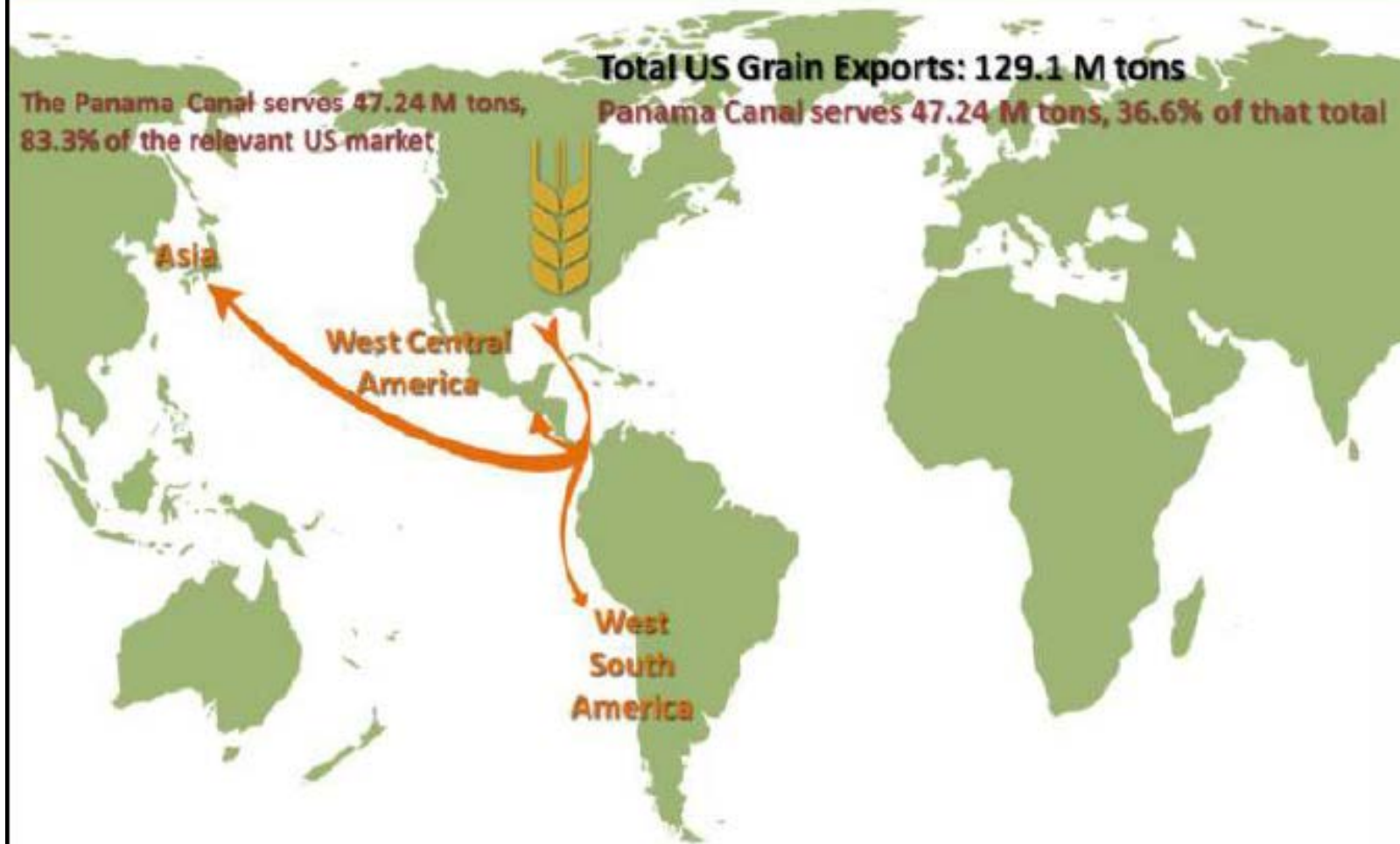


BEEF



BIG SHIPS WELCOME

Grain Exports from the United States



TRANSLOADING ECONOMIC BENEFITS

Lanes	Potential Savings from 3 x 40 ft to 2 x 53 ft
Miami-Nashville	34%
Miami-Cincinnati	42%
Miami-Columbus	42%
Miami-Chicago	46%
Miami Dallas	46%



- Supported by backhaul economics and one way rates
- Fewer inland moves
- As length of haul increases the economics improve

Latin American Population / Projected Growth - 2010-2030

Mexico +18.9%
Pop: 135M

Caribbean, Cuba, Puerto Rico, Dominican Republic, Jamaica, Haiti +11.0%
Pop: 42M

Guatemala, El Salvador, Belize, Honduras, Nicaragua +28.0%
Pop: 19M

Costa Rica, Panama +23.0%
Pop: 9M

Colombia, Venezuela +22.0%
Pop: 88M

Ecuador, Peru, Bolivia, Chile +20.0%
Pop: 85M

Uruguay, Paraguay, Brazil +18.0%
Pop: 251M

Argentina +17.0%
Pop: 48M



Source: «US CENSUS International Database»

BIG SHIPS WELCOME

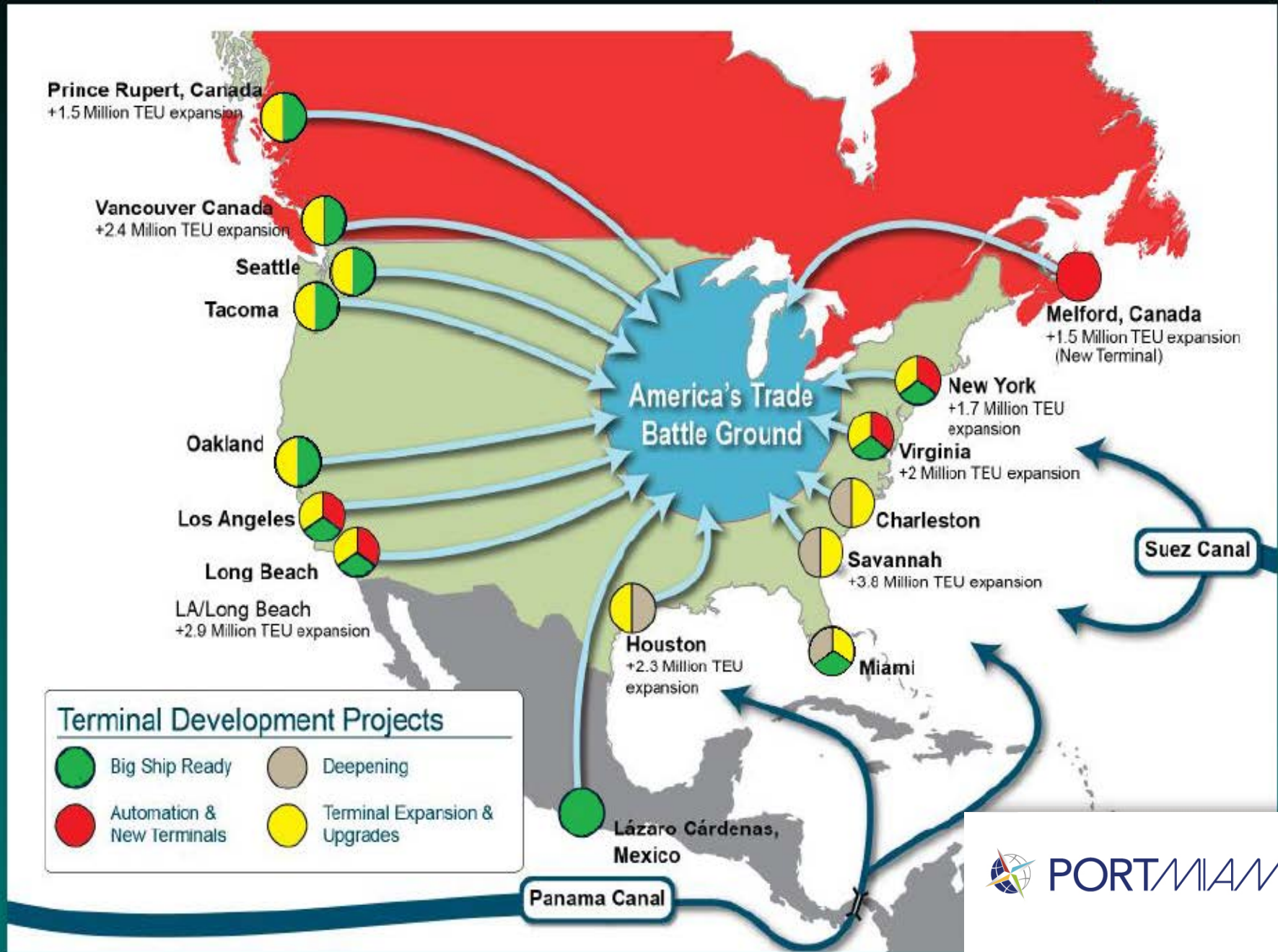


CARGO BATTLEGROUND MOVES WEST



BIG SHIPS WELCOME

New State of US Marine & Intermodal Competition

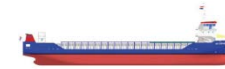


New NAFTA Highway = ALL WATER ROUTE

8 Hours at the Border= 1 Containers crossing



8 Hours at PortMiami= 2,000 Containers crossing



Re-route and Save

- ✓ No Theft
- ✓ No Congestion
- ✓ No Agent
- ✓ Less Paper work
- ✓ Less Cost

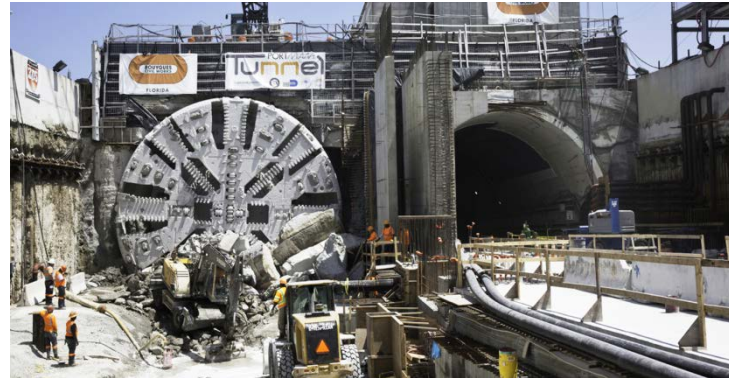
FEC + Grupo Mexico- 1.2 Billion Investment

BIG SHIPS WELCOME



An Approach

- **Worthy Projects We Would Pay for Without Help if Necessary**
- **Informal P3's**
- **User Fees**
- **Financing Choices**
- **Projects Aligned With Grants not Projects Created to Get Grants**

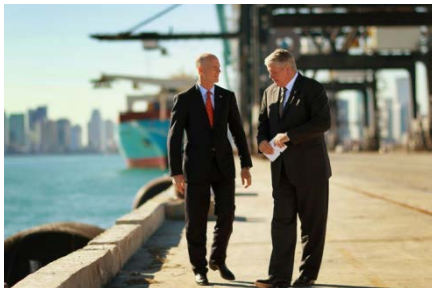


BIG SHIPS WELCOME

50-52 FT. DEEP WATER PORT



- \$220 Million
- \$0 Federal
- Accelerated USACE Permitting-
"Project of National Significance"
- Florida Paid the Bill
- New Advanced funding from
local/state becomes model for
expansion
- Outcome = 318% Increase in Larger
Ship Volumes



BIG SHIPS WELCOME

HIGHWAY TUNNEL

- \$354.5 Million
- Tolls Prohibited
- Hybrid P3 – Annual Concessionaire Operating Costs
- Outcome = 19,000 trucks a month diverted from downtown streets



BIG SHIPS WELCOME



ON-DOCK RAIL

- Informal P3

\$47 Million =

- ✓ **\$27M Federal Grant**
- ✓ **\$10M State**
- ✓ **\$10M FEC**

**TIGER
GRANTS**

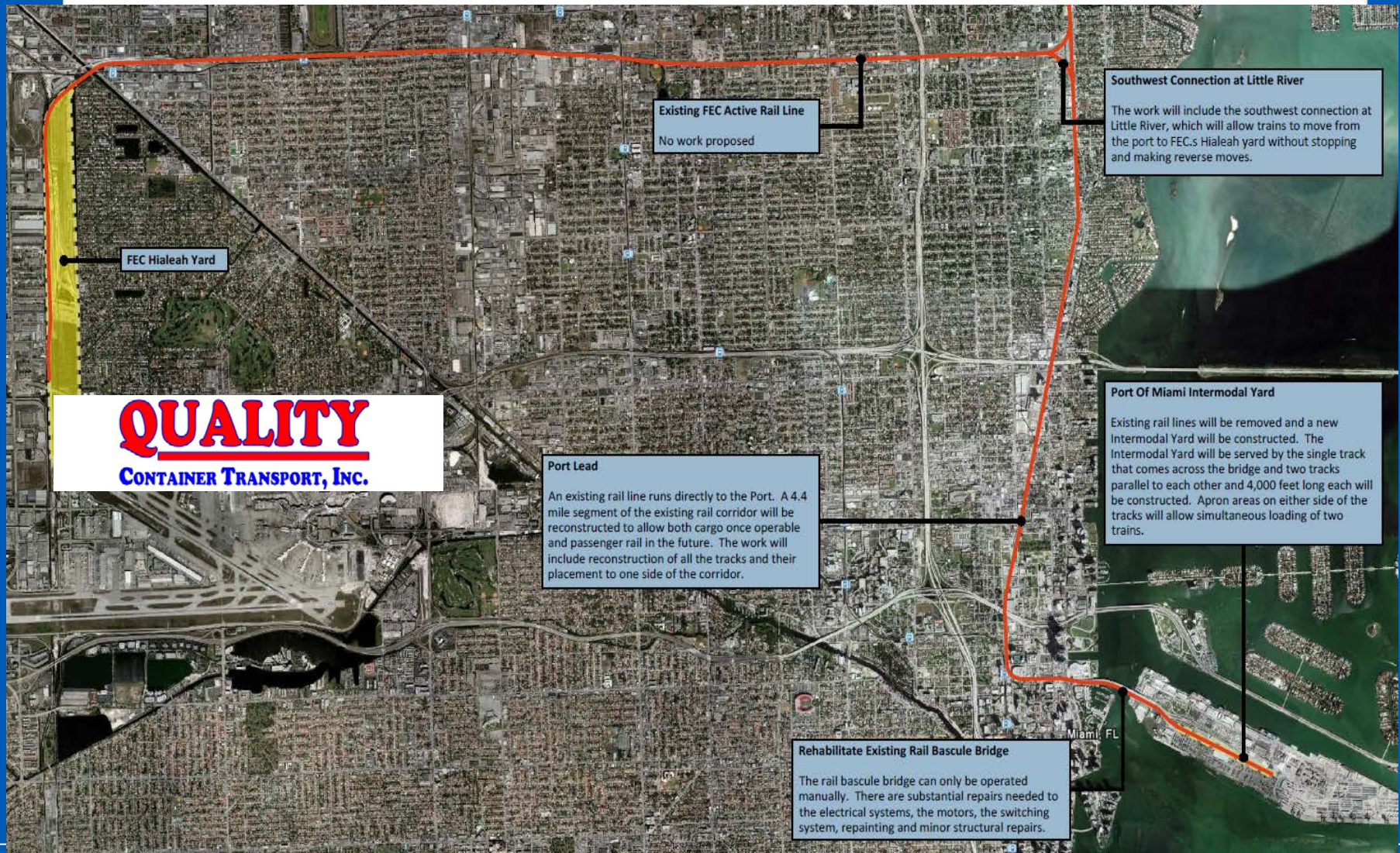
- Port Contribution \$4.4 Million
 - But we Don't Charge a Lease
- Double-stack daily train service for inland imports and exports
 - Reach Southeast U.S. within 2 days
(*population: 67 million*)



BIG SHIPS WELCOME

INLAND PORT – SHUTTLE TRAIN “8 MILE ROUTE!!!”

PortMiami-FEC-Quality CY shuttle train is now operational 120 weekly moves.
Capacity for up to 10,000 twenty foot TEU's. Public Investment = \$0



BIG SHIPS WELCOME

SUPER POST-PANAMAX CRANES

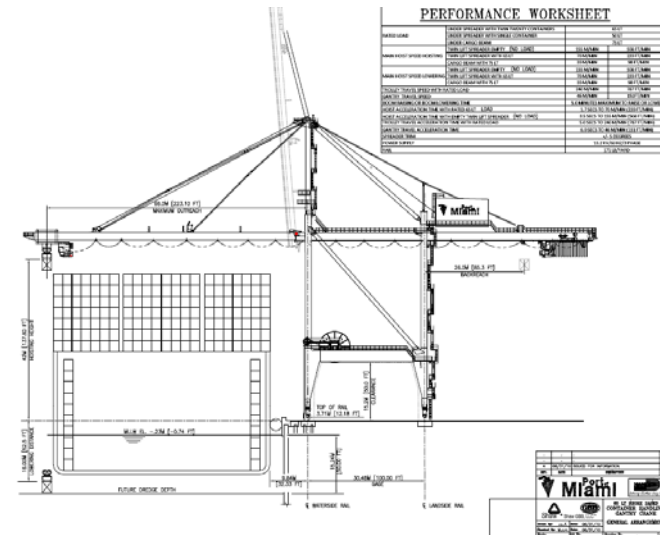
Existing

13 ship-to-shore

6 Super Post-Panamax :

- 22 containers wide
- 9 containers high above deck
- 11 containers below deck

➤ No height restrictions



New

3 New Super Post-Panamax cranes on order:

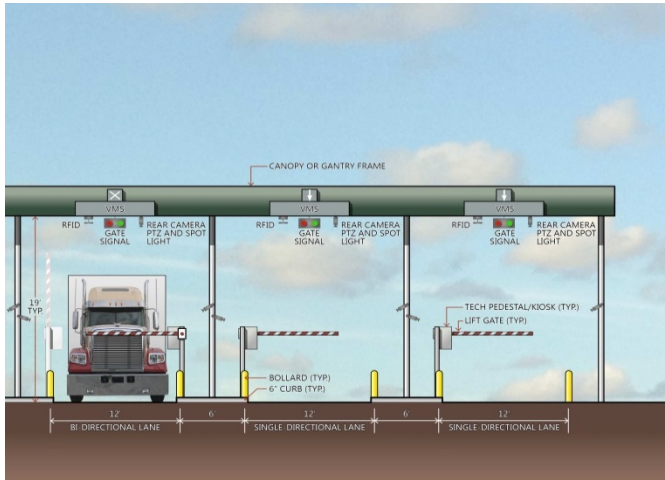
- 11 containers above deck
 - 11 containers below deck
 - 23 containers wide
- Largest cranes on the East Coast
- Port Pays 100% - Leases Per Hour



BIG SHIPS WELCOME

5-YEAR INVESTMENT PLAN- ESTIMATED PRICE: \$390 MILLION

RFID TRUCK GATES



REEFER RACKS



E-RTG CRANES



NEO-POST PANAMAX CRANES



- **“Plus at Least 5 New Cruise Terminals”**

BIG SHIPS WELCOME

PORTMIAMI – Business Case in Infrastructure “Results”

Fiscal Year 2012

3.777 million passengers

909 million TEU

\$600 million in Debt

\$103 million in Revenue

\$44 million Net Revenue

Fiscal Year 2017

5.319 million passengers

1,024 million TEU

\$1.3 billion in Debt

\$174 million in Revenue

\$96 million Net Revenue

- 12.6% Increase in Cargo
- 40.8% Increase in Cruise Traffic
- 118% Increase in Net Revenue



BIG SHIPS WELCOME

Is Anything New About This Approach to Infrastructure?

- Pursue Infrastructure you'd be willing to pay for yourself
 - Because of the payback in economic growth or profits
 - Long-term competitive advantages vs. Quarterly returns
- Choose stakeholders with skin in the game
- The Informal P3
 - The hardest part is the agreement. What each party contributes and what each party gets in return
- Create your own tax and use it selfishly
 - Point of use fees
 - Lease rates
 - Add-ons to unit prices
- Food for thought – In 2017 it was reported 200,000,000 million tons traversed the Mississippi. Coal volumes were way down so barge rates went from \$18.00 to \$8.40 a ton.
- Had the \$18 continued with the \$9.60 difference set aside, almost \$2 Billion could have been available for infrastructure.



THANK YOU

FARM FOUNDATION & PORTMIAMI GROWING TOGETHER AS PARTNERS IN TRADE

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