



Subject: FLFAC Virtual Kick-Off

Time: July 14th, 3:30-5pm

Register: <https://attendee.gotowebinar.com/register/7201101197091894543>

Notes

Rickey: Thank you for joining. This meeting is called to order on July 14 at 3:32 PM.

Roll Call

Not present: William Crowe, Kevin Daugherty, Bruce Lyon, Terri Malone, Carol Obermeier, Seckin Ozkul, Samuel Pearson, Andre Samuel

Rickey - This meeting is a pre-meeting for the in-person meeting next month. As we do not technically have a quorum, this meeting is a bit truncated and we are not adopting any resolutions, and we will not worry about approving minutes or agenda.

First, I would like to introduce Brad Thoburn to this committee as he is new to these calls as an FDOT executive.

Brad – Thank you. The supply chain is a topic of national interest. As we look forward and backwards as these supply chain issues come up, we have had special sessions with the ports and other industry partners. A lot of our focus is to figure out what projects we are going to fund, especially in the modal space. We have freight seaport and rail plans that are being updated, we want to make sure that we incorporate the positive work we have done on the rail plan and others. We wanted to make sure we established an effort to help guide the supply chain discussion. We believe this group is in the best position to help us chart out a supply chain strategy.

Rickey – I also want to introduce and welcome Kenyatta Lee.

Kenyatta - As we know we are looking to facilitate the movement of cargo and goods in our state, and we need the input of partners to help provide us with solutions that we can use to showcase how we are the making sure this works out and we become a model for the state.



Rickey - We will take the time to talk about the workgroup charge and what our challenges and opportunities are. As well as what our strategy is to target this. And set the stage for our next meeting.

Workgroup Charge

Rickey – If we look at what this supply chain crisis is causing globally, many of these things are both causal factors and fears. These are things that we are processing and looking to solve to get past this crisis. The impacts we are seeing are congestion, increased truck detention times, significant cost increases and empty shelves/ high gas prices. This leads us to the overall deteriorating quality of life that we place as the forefront of the issue we are trying to resolve. How do we proactively respond to the near-term supply shortages? We do this by reaching out to you. We want to strategically improve resiliency. We also want to enhance Florida’s global and domestic economic competitiveness. Finally, and this is really where we have an impact, we want to improve intermodal connectivity and travel time reliability.

Supply Chain Strategy

Brad – We have multiple planning documents that we develop that are usually prescribed by legislation. While looking at this issue we realized that we need to start leveraging opportunities to help alleviate supply chain issues. In doing so we are creating strategic economic opportunities. We tend to focus on what projects we can support to provide improvements to the infrastructure, but we need to make sure we look beyond just supporting projects.

Brad – What we’re doing on our end is research and analysis to ensure that we are aware of exactly what the issues are from a data and collaborative framework. The workshop we are establishing helps us drill down into areas and issues that we are looking to improve upon, not just locally but on a regional and global scale. We need to look beyond local and strategically handle regional projects to ensure improvement. The strategic framework we are trying to establish is based on four different areas:

Programs: How do we establish things like inland ports or larger strategic investments?

Policy: We need to consider things like liability, insurance and other policies that produce bottlenecks in the supply chain.



Projects: We are familiar with using projects – I mentioned supporting infrastructure projects before.

Partnerships: Who are the folks that we need to be engaging more actively? They are our government partners at the state level as well as in the industry. Those who can help advance these efforts.

Brad - As you know this is a topic of national attention. Through our research and efforts, we are ensuring that there is no gap in our knowledge, and we can build upon those things that have already been completed. We are looking to compliment the efforts of the chamber and the white house.

Rickey – As Brad mentioned, the four Ps are all things that we have some significant input into, and we need to make sure we are doing these things and that the partnerships happen.

Setting the Stage for August 8th:

Rickey - We would like to do this meeting face to face and make sure that we are getting the most out of our time and that we have the meaningful conversation and facilitated conversations to develop some solutions that we can walk away with. We want you to come to this meeting to help us solve this crisis. We are facilitators more than anything else, we need your help to solve the crisis using your solutions and industry knowledge.

Brad - The reason we are presenting here today is that we really want to make sure that the next meeting is effective. We want it to be a productive session.

Santanu – What we are thinking that we would break the committee down to a few groups and do some stations. Everyone goes around to each station with their small group, then they work with their group to come up with a solution to solve the crisis. Then someone from the group will share the solution with the bigger team.

Patrick Feeney – I think it would be good if we all talk about the 4 different topics that were brought up. We should come up with one final suggestion as a whole group.

Brad – I do like the idea of tying it all up in a way at the end. When it is all finished, we will send a report out to the FLFAC so that everyone has another chance to weigh back in and ensure that ‘we got it right’, and what are the priorities to advance.



Patrick – Potentially we may need to meet again after in case anything has changed.

Santanu – That is a good idea to ensure that we get the buy-in even further.

Open Discussion Roundtable

John – How are we all being affected directly in our industries? Walmart?

Robert – The biggest thing we are feeling is the increased costs in drayage. The growth of our online stores has been going well for us, but the way that we ensure stock is in the correct places is somewhat challenging.

John – Is there anything that you have tried that has work that might be useful to a more statewide effort?

Robert – We changed the way our distribution centers worked. We started by making shifts based on commodity type, so we have instead expanded our receiving hours for these commodity types that overlap and allow the operation to be running longer hours. This allows us to ship product in and out twice in a 24-hour period.

John – Is this like Jacksonville where there is significant cargo movement that is coming at the same time as improvements are being made?

Robert – Yeah there is a significant backlog across all ports that just seems to be rolling down from port to port.

Nick – There are around 20 vessels hanging around Savannah right now. Jacksonville is looking to relieve some of this pressure. Cargo that goes to Miami stays in Miami, so it is unlikely to help relieve this pressure. There has been significant issue in getting goods off the docks and onto the roads. Once the goods get to warehousing areas, we are worried about the drayage past this point and ensure these connections are still being made.

John – Desiree, what are you seeing from the driver's side?

Desiree – Shippers are tacking on fuel surcharges, but a lot of brokers are not including the fuel costs into these costs. A lot of truckers are not actively driving as the maintenance costs will offset any sort of gains which are minimal due to high fuel costs. If there was some way that some of these shippers and receivers could look for direct contract carriers, it could help both parties.



Aubrey – We are having a very hard time keeping employees especially on the railroads. We cannot keep up with the wages of someone like Amazon. To assist this CSX is working on short railroad services to connect across borders like Mexico and Port Manatee. This company is looking to establish 50,000 containers by rail in that area of Florida. CSX is also working closely with South Florida ports to assist them in their endeavors to locate and establish an inland port. Our presence in the South Florida area will increase, and our presence needs to increase. Tampa is not as deep of a port or as capable as a port like Savannah, but we would like to work with them to make sure that we can utilize them to their utmost.

Desiree – Speaking of the issues notified in the Walmart area, if we are arriving at a truck port and there is not any space available, we become detained. That is time that isn't being spent driving and is costing the driver money. Once we see that behavior more often, we stop taking those loads. In those cases, we are looking for the Inland ports as they on average have less detainment issues. Especially when these ILCs have some extra amenities for the drivers.

Open Framework Discussion

John – Is there anything from the framework we would like to dive into a little more?

Santanu – Given the composition of the FLFAC, do we feel like there is anyone else that we need to bring in to ensure that we are covering all the topics from all aspects?

Brad – It might be a little dangerous to open it up, but if we really need it could be quite valuable.

Rickey – When we built the group we were trying to be as cross sectional as possible. This is an opportunity to fill any gaps that we may not have identified.

John – It's a little tricky at first because we have a great industry cross section; but we have to make sure we are being cooperative and not competitive. This is not a zero-sum game, so how can we be sure to make sure we are providing opportunities for all the cooperative members? Florida would be a great potential center for the reverse logistics industry. Considering its location and placement globally it is a key possibility.

Desiree – I have dealt with this before, picking up a lot of goods in Georgia and taking them elsewhere, maybe tapping into the Panama Canal expansion.



John – What is the Inland Port Authority? Is it really an authority?

Jaha – Florida Port authority is acting like it's the Georgia port authority. We need to start acting like a Florida authority. We discussed the transition of port goods to rail; we need to focus on efforts like how Miami port has utilized the MEGA grant to move towards a rail facility to unify these parts of the supply chain. This can be a best practice effort. We need to unify our ports authority so that Florida is not competing with itself we need to compete with other states. Everyone in Florida needs to better partner to replicate what is being done in Georgia and South Carolina.

Aubrey – Real estate is wildly expensive, so it becomes harder to establish ILCs and warehousing. We think if we work together with other efforts to establish something like an ILC it can be a shared issue. An ILC near Sebring would a solution for several - Port Miami, Everglades, Palm Beach, etc.

Brad –This is preliminary language. I think the question is we hear a lot of talk about developing an inland port. Even if we gain consensus and buy in from multiple agencies, what are we going to do to ensure that we are helping facilitate the development of these ports across partnerships? An Authority is an option.

Aubrey – The regional railroads in the area are a significant and connect across the state. There are already great partnerships between the short lines and large rail ways. One of the main things that needs to be identified if we are going to establish an ILC across these businesses is who is going to pay for it and if the State would be facilitating it in any capacity. Somebody like the central Florida railway folks who own a lot of the tracks that connect the larger rails.

John – We may want to work to getting some shipping companies to join these calls. Crowley, Maersk, etc.

Brad – Crowley would make sense

John – Yeah if we could connect with a company that uses the ports in the area that would be a good way to connect multiple partners.

Mike Rubin – Crowley is certainly a significant partner that could help move this topic forward since they are a large-scale player in the region.



Nick Primrose – We can get Crowley to join but it’s uncertain what could be gained by having them joining.

Mike Rubin – We have to make sure we are adding some partners but too many can definitely affect how we utilize our time.

Santanu – It’s important to remember that we are going through a crisis. It’s easy to focus on immediate solutions. Strategic topics and long-term topics will be important. We need to be sure to keep an eye out for the future to make sure these issues don’t become an issue again.

Public Input

Eric Olafson – If we are discussing he want to bring into this conversation, we need to also include some international carriers. This is a global issue and if we keep the discussion regional, we will never get the appropriate perspective to resolve this issue. CMGS and MSC and ZIM have offices in Florida. Seaboard Marine is another to consider. Having more organizations at the table is not a problem.

Heather from SCFE (in question box)- I absolutely think that other carriers need to be represented. Short Line objectives/concerns differ from Class I. It’s also important to look at volume of business, SCFE moves significantly more volume across their system than other short line carriers in FL.

Closeout

Rickey – There is no quorum today so we will stick with final thoughts. This was a great conversation and a precursor to what we will be doing next month.

Brad – Thank you for participating, we are looking forward to the 8th, and thank you for helping us develop a strategy for this issue.

John- Inland ports, future technology, truck parking – these were all great conversations we had today. If you have any further questions or comments please engage with the board and FDOT.

Rickey – Ditto, if you have any other questions, please contact us.

