

EVALUATE FLORIDA'S 14 DEEPWATER SEAPORTS' ECONOMIC PERFORMANCE AND THE RETURN ON INVESTMENT OF STATE FUNDS

PROBLEM STATEMENT

Florida's 14 deepwater seaports play an essential role in creating and sustaining a vibrant economy, and they play a central role in international trade. Fairly recent initiatives by the Florida Department of Transportation (FDOT) to create and fund the Strategic Intermodal System (SIS) explicitly recognize the importance of an integrated, multimodal transportation system to move goods and people to, from, and within Florida. Given the additional funding opportunities now available through state-level funds to support the expansion and efficiency of Florida's seaports, it is critical for FDOT to evaluate the competitive performance of Florida's seaports and the economic return on investment.

Previous studies have focused on the overall economic impact of existing seaport activities rather than the incremental return on new, proposed investments. Thus, there has been no research to (1) compare Florida to other southeastern states in terms of seaport activity (tonnage, containers, cruise ships) and state-level funding; and (2) estimate the economic impacts and benefit/cost analysis results of seaport investments in the Florida Department of Transportation work program of expenditures over the next five years. An earlier study by FDOT examined the macroeconomic impact of the five-year work program for highways, rail, and transit, but not seaports.

OBJECTIVES

The main objectives of this study were to do the following:

- Compare the state-level seaport activity (tonnage, containers, vehicles, cruise passengers) of Florida and the activity of its Atlantic (Georgia, South Carolina, North Carolina, Virginia) and Gulf (Alabama, Mississippi, Louisiana, Texas) competitors.
- Compare the state-level funding and investment directed towards seaports in Florida and the funding/investment of its competitor states, and analyze how funding levels vary relative to the size and number of ports in each state (which is typically well-below the 14 deepwater ports in Florida).
- Perform a historical comparison of the Chapter 311 funding allocations to the Florida Seaport Transportation and Economic Development (FSTED) Council by seaport within Florida, analyzing the share of funding over time and how that compares with the relative size of each port.
- Perform an economic impact and benefit-cost analysis of Florida's five-year work program of seaport investments (2006/2007 to 2010/2011), focusing on the capacity and efficiency benefits of scheduled seaport investments on the Florida economy.

FINDINGS AND CONCLUSIONS

Key findings from each of the four objectives include the following:

- Florida is the leading state in the Southeast for cruise passengers, vehicles handled, and containers (TEUs), and the third of nine states for tonnage (including bulk cargo). However, other states (e.g., Georgia, South Carolina, Virginia) are growing their port activity rapidly, and Florida has actually lost market share over the past five years.
- Though Florida has increased the level of state funding available for seaports with the SIS and Growth Management initiatives, other Southeast states are funding seaports at similar or higher levels, especially when compared to port size (tonnage and TEUs) or number of deepwater ports.
- Historical FSTED funding allocations to Florida's seaports approximate the relative size of seaports in Florida, though data suggest that smaller ports receive a slightly higher share of FSTED funding than would be predicted by port size. This is likely due to the lower self-funding and revenue capabilities of the smaller ports in the State.
- State-level seaport investments are estimated to yield \$6.90 worth of economic and transportation benefits to Florida for every \$1.00 in expenditures, resulting in a net present value (NPV) of \$3.6 billion.
- Florida DOT seaport investments over the next five years are estimated to generate an additional \$1.6 billion in business output and 15,650 permanent jobs in the Florida economy, and \$491 million in personal income for Florida residents by the year 2020.

BENEFITS

There are several ongoing and potential benefits of this research. First, results from this study are being incorporated into an updated macroeconomic impact study by FDOT to examine the program-level benefits and costs across all modes of the current Work Program. Second, the data and analytical tools applied in this report can be useful for future studies that examine seaport investments by improvement type, to conduct project-level analyses, and as lessons learned for a similar analysis of aviation investments (not yet studied in this manner). Finally, and perhaps most importantly, the study findings provide rigorous, quantitative data to more persuasively evaluate the level of state funding for seaports in investments, both in terms of economic return, and as a comparison of funding and performance in other southeastern states.

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