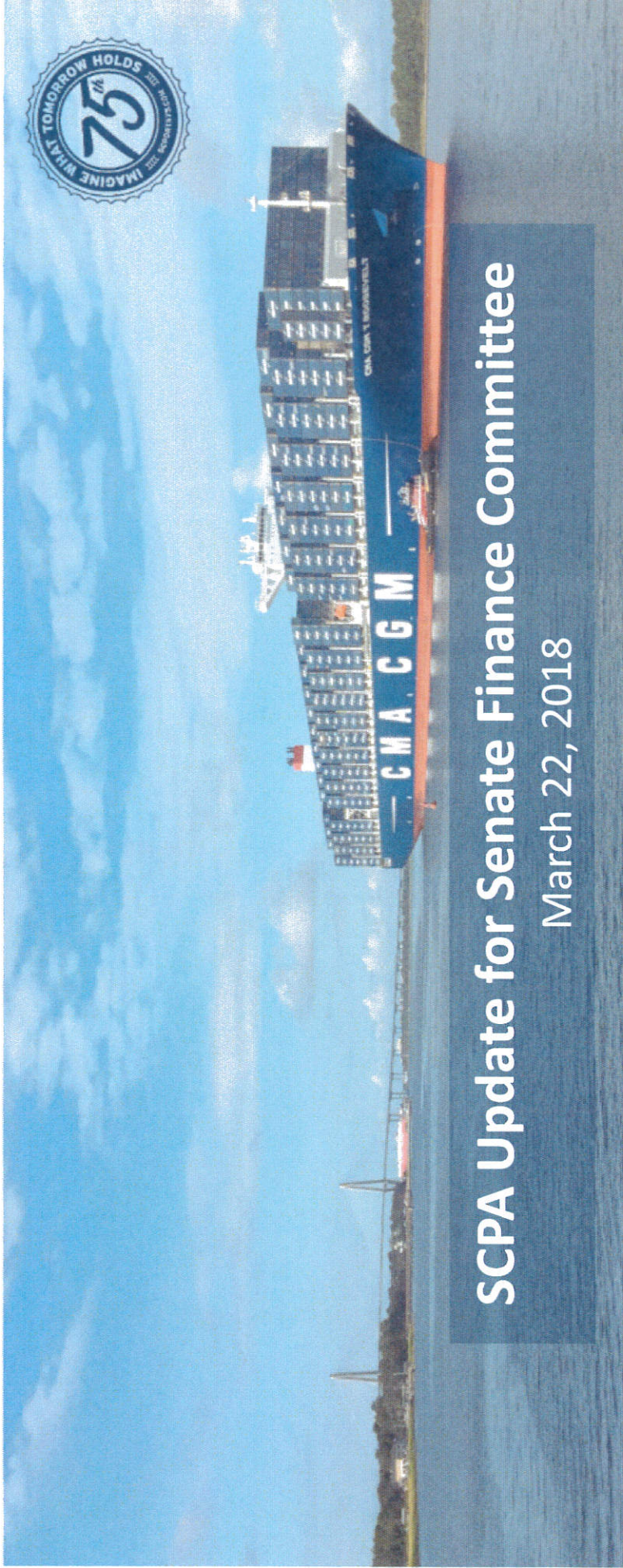




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SCPA Update for Senate Finance Committee

March 22, 2018

Top 10 U.S. Ports Container Volume Update

2009-2017

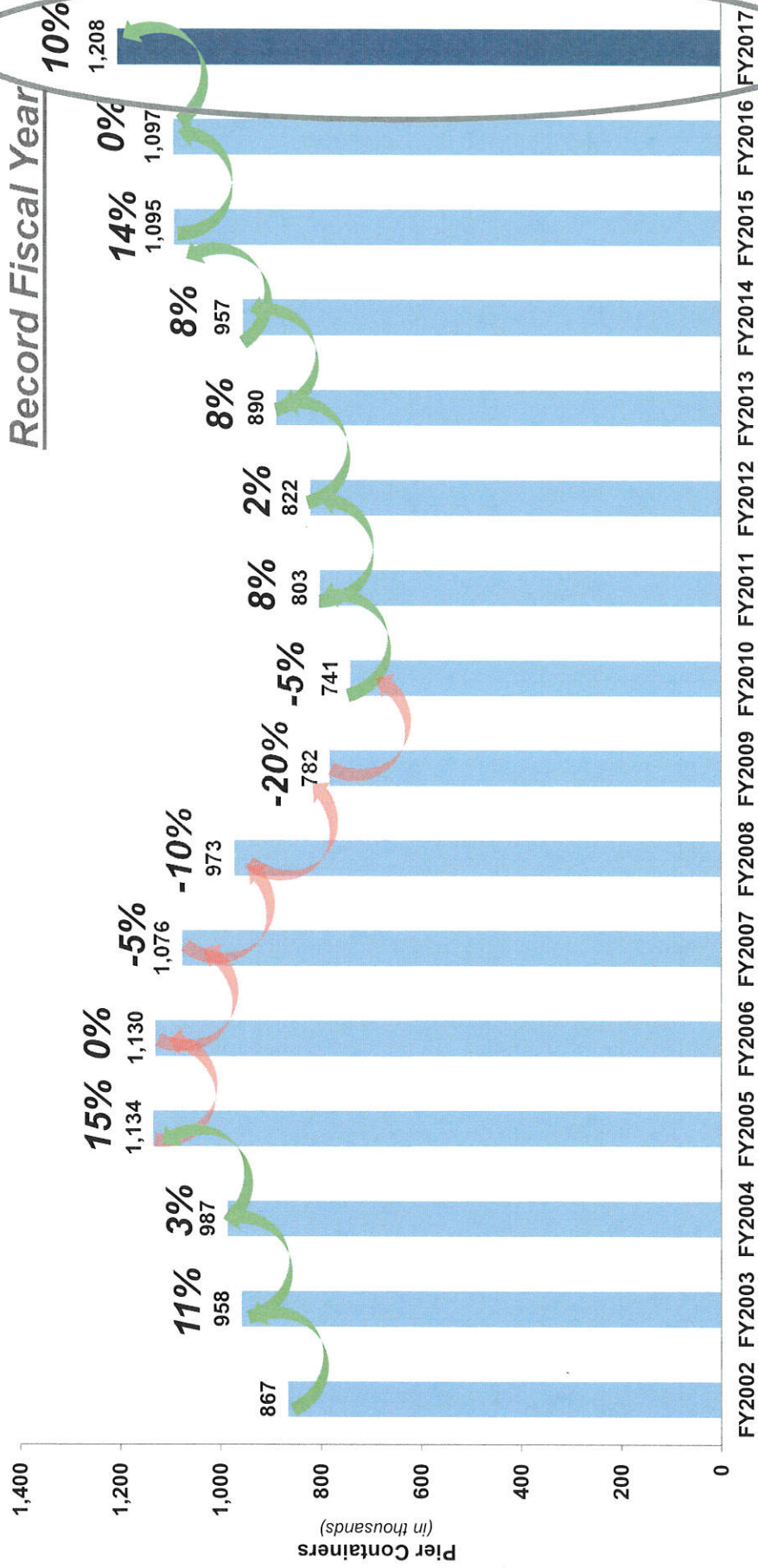
(in TEU x Millions)

Port	2009	2016	2017	CAGR 2009-17	TEU Growth
Los Angeles	6.75	8.86	9.34	4.1%	2.59
Long Beach	5.07	6.78	7.54	5.1%	2.47
NY/NJ	4.56	6.25	6.71	4.9%	2.15
Savannah	2.36	3.64	4.05	7.0%	1.69
NWSA (Sea-Tac)	3.13	3.62	3.67	2.0%	0.54
Norfolk	1.75	2.66	2.84	6.2%	1.09
Houston	1.81	2.18	2.46	3.9%	0.65
Oakland	2.04	2.37	2.42	2.2%	0.38
Charleston	1.18	2.00	2.18	8.0%	1.00
Port Everglades	0.79	1.04	1.08	4.0%	0.29
Top 10	29.44	39.40	42.29	4.6%	12.85
All U.S. Ports	37.53	48.74	51.50	4.0%	13.97
Top 10 %	76%	81%	82%		

Source: AAPA



SC Ports Volume Progression



FY 2017 versus FY 2016 Operating Income Statement



	<u>FY 2017</u>	<u>FY 2016</u>	<u>Variance</u>	<u>% Change</u>
Operating Revenues	\$233.65	\$211.17	\$22.48	10.6%
Operating Expenses				
Direct	\$123.88	\$117.48	\$6.40	5.4%
Administrative	36.70	28.92	7.78	26.9%
Gain on Property Damage	-2.12	-7.62	5.497	-72.2%
Depreciation	37.23	33.69	3.55	10.5%
Total Expenses	\$195.69	\$172.46	\$23.23	13.5%
Operating Earnings	\$37.96	\$38.70	-\$0.75	-1.9%
<i>Operating Cash Flow</i>	\$75.19	\$72.39	\$2.80	3.9%

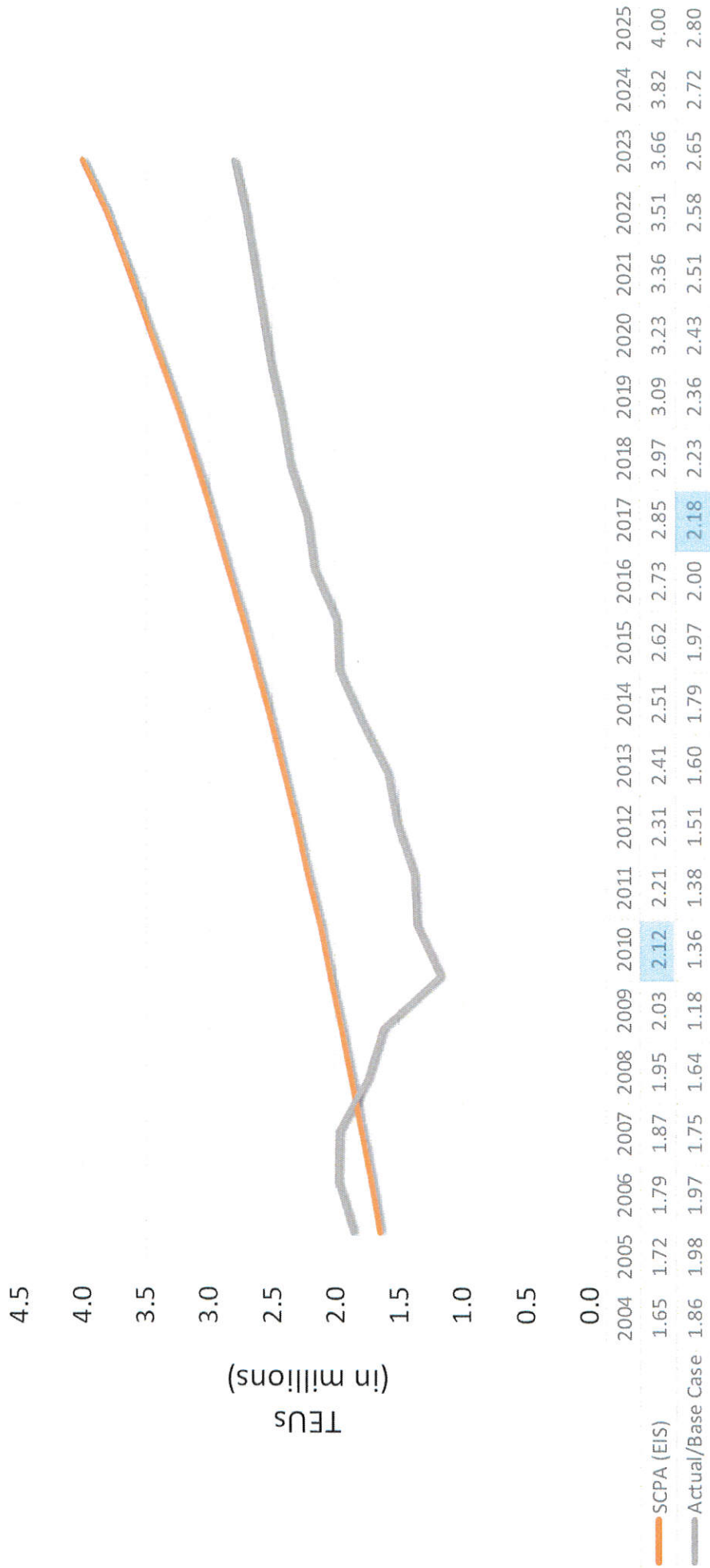
Over the next 20 years, SCPA will have an operating cash flow of \$2.5 billion!

Quick Summary of Important SCPA Terminal Development Dates



Year	Activity
2003	SCPA filed permit application for Navy Base Terminal
2007	NEPA Permit Issued for Navy Base Terminal
2007	Jasper Ocean Terminal Intergovernmental Agreement signed
2009	New port enabling legislation
2010	NEPA permit challenge for Navy Base Terminal settled
2012	Savannah Harbor Expansion Chief's Report
2013	Original Phase One ready date of Navy Base Terminal
2015	Charleston Harbor Chief's Report
2015	Termination of JOT Intergovernmental Agreement and execution of JOT Joint Venture Agreement
2017	Beginning of JOT preapplication consultation with Army Corps Charleston District
2018	Joint statement by GPA/SCPA of likely JOT Phase One need of 2035/37
2021	Revised Phase One ready date of Navy Base Terminal

Navy Base Terminal History Volume Forecast at Draft EIS vs. Base Case



SCPA Lost 7 Years of Time Due to 2005-2009 Volume Decline

Capital Plan FY 2018-2022



Existing Terminals & Non-HLT Terminals Base						
	Total	FY2018	FY2019	FY2020	FY2021	FY2022
Wando Welch	\$200.9	\$90.9	\$61.8	\$30.3	\$08.3	\$09.4
Corporate Office	39.9	23.4	16.5	0.0	0.0	0.0
Inland Port Dillon	37.8	37.8	0.0	0.0	0.0	0.0
North Charleston	37.2	0.0	15.1	7.2	5.4	9.5
Equipment Upgrades (Various Terminals)	24.0	4.5	9.3	3.3	3.4	3.5
Columbus Street	10.5	5.8	1.1	1.2	1.2	1.3
Terminal Operating System (Tideworks)	12.8	7.9	4.9	0.0	0.0	0.0
All Other	37.2	19.9	4.8	3.0	3.2	6.3
Total Existing	400.3	190.2	113.7	45.0	21.5	30.0

HLT Terminal - Phase 1

Site Development*	45.8	46.6	-0.7	0.0	0.0	0.0
Construction/Equipment/IT Infrastructure	356.6	9.5	189.5	157.5	0.0	0.0
Access Road (Shortfall)	112.0	0.0	78.4	33.6	0.0	0.0
All Other (Mitigation/Design/Legal/Etc.)	24.8	18.1	4.7	1.9	0.0	0.0
Total HLT Phase 1 (One Berth)	539.2	74.2	271.9	193.1	0.0	0.0

Economic Development & Jasper

Cooper River Bridge	5.0	1.0	1.0	1.0	1.0	1.0
Volvo	12.6	12.6	0.0	0.0	0.0	0.0
Jasper Ocean Terminal Development	2.0	2.0	0.0	0.0	0.0	0.0
Total Economic Development & Jasper	17.6	13.6	1.0	1.0	1.0	1.0

Total Planned Cap Ex & Economic Development Spending	\$957.1	\$278.0	\$386.6	\$239.1	\$22.5	\$31.0
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Harbor Deepening on Track

- Feasibility and Design Phases Completed in Less Than 7 Years
- New Construction Start Achieved June 2017
- \$558 Million Project: \$287 Million Federal/ \$271 Million State
- \$300 Million Set Aside by Legislature in 2012 Decisive
- Entrance Channel Contract Let By Army Corps. October 2017
- Envisioned Completion to Wando End 2019
- \$17.5 Million in FY2017 Corps Work Plan
- Pressure Must Be Kept for Requisite Federal Funding

Charleston Harbor Deepening 2018

- Army Corps has to let a critical contract at end CY 2018 to Wando Terminal
- SCPA has asked SC Legislature for a \$50 million loan to execute this contract
- SCPA and SC Congressional Delegation are pursuing Corps work plan funding, outcome uncertain
- Failure to secure this funding will further delay execution of the SCPA Capital Plan



Navy Base Terminal Cost Estimate & Phasing

(\$ in millions)



	Total	Phase 1	Phase 2 ⁽¹⁾	Phase 3 ⁽¹⁾
Cost Estimate				
Invested as of 12/31/2017 (Primarily Site Development)	\$352.0	\$352.0		
Soft Costs	18.0	18.0		
Site Development	05.1	5.1		
Construction	530.3	218.0	156.3	156.0
Equipment	371.5	120.6	84.9	166.0
IT Infrastructure	14.5	14.5		
Total "Inside of the Fence"	1,291.5	728.2	241.2	322.0
Port Access Road Shortfall	112.0	112.0		
Total SCPA Estimated Cost	\$1,403.4	\$840.2	\$241.2	\$322.0
Capacity Element (Cumulative per Phase)				
Length of Wharf	3,510	1,400	2,700	3,510
Gross Acres Developed	286	134	166	286
Net Container Yard Developed	165	47	69	165
Ship-to-Shore Cranes	13	5	9	13
Estimated TEU Capacity	2,483,000	628,000	1,521,000	2,483,000
Estimated Completion (CY) - Base Case		2020	2025	2032

(1) Phases 2 & 3 include estimated escalation & soft costs rolled as a percentage into the total superstructure.

Charleston Demand Forecast Based on FY 2017 Volume

- FY 2017 Volume 2.2 Million TEU
- Trade Growth at 4%
- Volume Doubles in 18 Years to 4.4 Million TEU
- Roughly FY 2035-2037 Timeframe



Charleston Capacity Assumptions ♦ Original and Revised



Terminal	Original	Revised
Wando Welch	2.0 Million TEU	2.4 Million TEU
North Charleston	0.8 Million TEU	0.4 Million TEU*
Navy Base Terminal	1.4 Million TEU	2.4 Million TEU
Total TEU	4.2 Million TEU	5.2 Million TEU

*North Charleston reduced due to bridge height for big ships.



Factors Contributing to Modern Ports Having More Capacity



- Denser Stacking Concepts on Terminals
- Automation of Stacks (RMG vs. RTG)
- Cargo Growth Carried on Larger, Not More, Ships
- Extended Truck Gate Hours
- Reduced Free Time
- Modernized Chassis Concepts



When is Charleston Capacity Reached?



Typically at 80-85% of capacity a terminal reaches its limit

This equates to a 2035-2037 timeframe

Very dependent on global trade growth, most experts say 3-4%

Where is GPA on Capacity Today?



- CY 2017 Carried 4.0 Million TEU
- Stated Capacity 6.5 Million TEU
- With RMG Automation and Densification 8.0 Million TEU
- Also Available Land on Hutchinson Island
 - ✓ 175 Acres
 - ✓ 1.5 to 2.0 Million TEU
 - ✓ 3 Berth Facility
- Total Potential Including Hutchinson Island 10.0 million TEU
- Requires \$2 Billion Investment



Hutchinson Island GPA Article



WorldCargo **news**

GPA buys more land

In order to provide future growth opportunities, the Georgia Ports Authority (GPA) has acquired 175 acres of waterfront property located on Hutchinson Island in Savannah.

The property has more than 3700ft of frontage on the Savannah River with rail and highway access and is located directly across the river from GPA's Ocean Terminal.

Source:

<http://www.worldcargonews.com/htm/n20071119.690279.htm>

November 2007

Open Discussion of Jasper Terminal Implications



Upshot for Jasper Ocean Terminal



- New timeframe for Phase One JOT 2035/37 based on best estimates
- Substantial work is required on SC road and rail infrastructure beginning now:
 - 20 year effort
 - In excess of \$1 billion investment
 - GPA cannot invest in SC infrastructure
- This will be focus of FY 2019 JPO efforts
- Jasper Legislative Delegation must champion this process in SC Legislature



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Thank You