



# **Mississippi State Port Authority at Gulfport A 5-Year Strategic Plan**

*Fiscal Years 2020-2024*

# THE VISION OF THE PORT OF GULFPORT

## 1. COMPREHENSIVE MISSION STATEMENT

The mission of the Port of Gulfport is to provide world-class maritime terminal service to our customers and to facilitate economic growth and jobs for the people of Mississippi through the promotion of domestic and international trade.

## 2. STATEMENT OF AGENCY PHILOSOPHY

The Port of Gulfport is committed to leveraging the assets of the Port and the State, to create a more sustainable operation, and to assist Mississippi companies in reaching global markets. The philosophy of the Port is to adhere to the highest ethical standards, in order to be transparent and accountable to our local community and citizens of the State.

## 3. RELEVANT STATEWIDE GOALS AND BENCHMARKS

### ECONOMIC DEVELOPMENT

**Statewide Goal #1:** To develop a robust state economy that provides the opportunity for productive employment for all Mississippians

#### **Relevant Benchmarks #1:**

1. Number of new tenant leases and jobs resulting from recruitment of businesses to the State of Mississippi
2. Wage and salary disbursements (total earnings)
3. Volume of cargo at the Port (this is measured in twenty-foot equivalent units (TEUs) and tonnage)

### EDUCATION

**Statewide Goal #2.1:** To make available a quality K-12 education for all Mississippians that prepares them, upon high school graduation, to either enter the labor force with an employable skill or to successfully complete a higher education program

#### **Relevant Benchmarks #2.1:**

1. Percentage of high school students enrolled in career and technical education programs sponsored by the Port of Gulfport in partnership with Gulfport High School, Mississippi Gulf Coast Community College and Ingalls Shipbuilding who earn an approved Industry Certification, by career pathway

2. Percentage of public school students exiting the 3<sup>rd</sup> grade scoring proficient or above in reading on the statewide assessment test that participate in the BOOST program through Gulfport School District and is supported by Port volunteers
3. Public high school completion rate, by student cohort through Port contributed work-based learning experiences
4. Percentage of public schools implementing the Port developed K-12 curriculum, which is based on Mississippi State Education Standards and focuses on port terms
5. Partner with the University of Southern Mississippi on research activities at the Port of Gulfport Marine Research Center, which is utilized by USM's School of Ocean Science and Engineering

**Statewide Goal #2.2:** To make available an accessible, quality public higher education at an affordable cost that prepares Mississippians to become productive, financially self-sufficient members of society while meeting the human resource needs of Mississippi and its employers, including the creation of new jobs through the commercialization of university-based research

**Relevant Benchmarks #2.2:**

1. Wage gains of Port sponsored workforce development programs
2. Percentage of students trained through Port sponsored workforce education and training programs customized to meet the needs of Port tenants and of local industries who successfully complete the program

**PUBLIC SAFETY AND ORDER**

**Statewide Goal #3:** To protect the public's safety, including providing timely and appropriate responses to emergencies and disasters and to operate a fair and effective system of justice

**Relevant Benchmarks #3:**

1. Average emergency response time to natural and man-made disasters on the port site
2. Average time for the port and businesses located on the port site to recover following a natural or man-made disaster

**NATURAL RESOURCES**

**Statewide Goal #4:** To ensure that current and future generations have access to the state's abundant natural resources through restoration, protection, conservation, and wise development of those resources

**Relevant Benchmarks #4:**

1. Maintain quality of water in and around the Port to ensure it meets or exceeds State Water Quality Standards
2. Maintain air quality in and around the Port to ensure it meets or exceeds National Ambient Air Quality standards
3. Acreage and economic value of land purchased by the Port during the year
4. Number of electric ship-to-shore gantry cranes as opposed to the number of diesel cranes

**INFRASTRUCTURE**

**Statewide Goal #5:** To ensure the construction and maintenance of infrastructure (including roadways, waterways, railways, airports, water and sewer systems, pipelines, electricity lines, broadband connections, public buildings) adequate to meet the needs of citizens and the business community and to foster economic growth

**Relevant Benchmarks #5:**

1. Port utilization, capacity and connectivity
2. Number of tenants utilizing the Port's facilities
3. Percentage of increased capacity
4. Number of Mississippi companies that are directly associated with the Port

**4. OVERVIEW OF THE PORT OF GULFPORT'S 5-YEAR STRATEGIC PLAN**

The Port of Gulfport is a deep-water, international seaport with more than 100 trading partners worldwide. Annually, the Port handles around 329 deep draft vessels, as well as more than 2.5 million tons and 225,000 TEUs. The strategic location of the Port allows trucking companies to distribute products to 75 percent of the U.S. markets within 24 hours. The Port's central location also benefits our Nation's military by serving as one of the 17 Strategic Seaports in the United States.

As a key gateway for Central America, the Port of Gulfport is the second largest green fruit import facility in the United States. The Port is preparing for potential future growth with South America, the Caribbean, the Far East and Europe.

The Port's leadership and staff remain diligently focused on economic development and job creation opportunities. In the past five years, the Port has signed leases with new maritime tenants, expanded the presence of existing tenants such as Chemours, Dole, Island View Casino Resort and Crowley, acquired a 116-acre inland port facility, became the home port for USM's research vessel R/V Point Sur, and in

2016 signed a new deal with Chiquita allowing them to return back to Gulfport. In April 2017, the Port approved a 40-year lease agreement with SeaOne Gulfport, LLC, advancing the plans to establish a processing facility, which will allow for the exporting of compressed gas liquids (CGL). The Port continues to diversify our tenant mix and pursue opportunities in strategic industries that are strong within Mississippi's economic development focus.

Following Hurricane Katrina, federal aid was allocated to the State of Mississippi to assist in recovery and building efforts. The Port was designated as a key element in these efforts, and the Port of Gulfport Restoration Program (PGRP) was developed to re-establish a sustainable port facility capable of repositioning the Port within the maritime industry and providing jobs to Mississippi residents.

In order to return to full and enhanced operational capability, the Port has prepared and developed a comprehensive capital investment program that involves engineering, planning and construction of new facilities. The (PGRP) addresses current planning needs and incorporates the requirements needed to satisfy the Port's long-range growth opportunities and goals.

The current PGRP cost estimate is nearly \$600 million, which has allowed the Port to restore facilities and satisfy current and future tenant needs for years to come. The PGRP will allow for the Port to maintain our competitive position in the maritime industry and lay the groundwork for continued economic growth in the region today and for future generations. This project has also contributed to job growth with 557 new jobs created as of July 2018.

Several key elements of the PGRP have been completed as part of the construction phase. These key projects include:

- West pier wharf upgrade - \$57 million
- Procurement of three ship-to-shore gantry cranes - \$33 million
- Commercial small craft harbor improvements - \$3 million
- Truck scales - \$325,000
- Barge mooring project - \$1.8 million
- Marine Research Center (for USM) - \$12 million
- Highway 90 landscaping - \$2.2 million
- Terminal 1 maintenance & repair facility - \$5.3 million
- Terminal 2 maintenance & repair facility - \$5.2 million
- Shed 16 Improvements - \$798,000
- Water Tower - \$4.9 million

Current construction projects include:

- North harbor (west) - \$15 million
- West terminal facilities - \$51 million
- Port Security Plan & Equipment - \$1.7 million
- West pier Phase 1 - \$73 million
- West pier Phase 2 - \$50 million
- West pier Phase 3 - \$41 million
- Terminal 1 electrical - \$5.9 million

The goal of a deeper navigational channel is still part of the broader strategic plan to create a more competitive port. The U.S. Army Corps of Engineers oversees the maintenance dredging and is typically funded fully by the federal government. Currently, the channel is dredged to its full operational depth of 36 feet.

To encourage future growth, the Port is also pursuing the necessary approvals to deepen the channel up to 47 feet to allow for larger vessels to enter Gulfport. As the Port looks to further expand our footprint, the process to deepen the channel is a multi-year effort including congressional, regulatory and federal agency approvals to move forward.

A vital component of ensuring the Port has the proper funds to maintain the channel depth has been the Port's Strategic Seaport Designation. In May 2016, the U.S. Congress approved legislation prioritizing funding for deep-draft harbors and channel dredging for commercial ports which have been designated as strategic to national defense, such as the Port of Gulfport.

In addition to these publically funded programs, the Port has experienced significant increase in privately funded projects. Many of the Port's tenants are investing private capital, in order to further establish their operations in Gulfport. Such investments include:

- **Island View Resort Casino** - \$58 million renovation of their hotel tower in 2015, which is located on Port property just south of Highway 90; \$75 million smoke-free Beach Casino, which opened in June of 2018
- **McDermott International** – \$25 million investment for improvements and construction of a new spool-base operation on the east pier
- **Chemours** (formerly DuPont) - \$85 million investment between the Port and Chemours, which allowed for the construction of a new bulk-handling facility including 15 new silos to store raw materials
- **TopShip** - \$68 million investment for improvements at the Port's Inland Port Facility located on Seaway Road in Gulfport

- **SeaOne** - \$450 million investment for a Compressed Gas Liquids (CGL) production facility on the west terminal; construction is set to begin in late 2018, with commissioning of the plant for operation in April 2020.

As the Port's business portfolio continues to grow, it is necessary to evaluate future expansion options at the deep-water terminal that will allow for even greater throughput potential. In November 2017, the Army Corps of Engineers released the Record of Decision (ROD) for the Port of Gulfport Expansion Project (PGEP). The ROD detailed the Corps of Engineers' decision on all of the issues discussed in the Final Environmental Impact Statement (EIS), including the environmental impacts associated with the PGEP.

The project is expected to include a 282-acre dredge and fill program for further expansion of the west pier, north harbor, east pier, and the construction of a 4,000-linear foot breakwater system. The ROD now provides the Port of Gulfport with the opportunity to further diversify their business development activities, while also establishing the Port as catalyst for economic development on the Mississippi Gulf Coast.

It should be noted that these plans are considered to be dynamic and may be altered and revised depending upon market demands, the economy, and environmental regulatory agency reviews and approvals.

## **5. EXTERNAL/INTERNAL ASSESSMENT & INTERNAL MANAGEMENT SYSTEMS**

The following are significant external factors, which may impact the Port of Gulfport's performance:

- 1) Changes in global economic conditions may impact the performance of the Port.
- 2) The Port's economic return assumes that gaming operations on Port property will provide less than 40 percent of revenue per year for the Port. Five years ago, gaming revenue accounted for 60 percent of the Port's revenue.
- 3) Damage resulting from hurricanes and other natural disasters can severely damage and impact existing and future Port facilities. Damages to Port facilities could also impact trading partners, resulting in negative performance.
- 4) In general, the competitive nature and environment of operating a port can have impacts (negative and positive) on operations and revenue.

The Port of Gulfport's Finance Department prepares managerial monthly financial and informational reports comparing actual performance and management's objectives. The Port has effectively managed operations, ensuring the occurrence of timely debt payments. By September 2018, the Port will have extinguished all long-term debt.

The Port's Board of Commissioners meet monthly to conduct business, establish policy, and discuss management efforts in meeting all policy and program objectives. The Port has an annual audit performed by an independent, licensed CPA firm which is conducted in accordance with the Government Auditing Standards.

## **6. AGENCY GOALS, OBJECTIVES, STRATEGIES AND MEASURES BY PROGRAM for FY 2020–FY 2024:**

### **PROGRAM 1: PORT OPERATIONS**

#### **GOAL A: Complete the comprehensive Port of Gulfport Restoration Program, in order to provide state-of-the-art facilities for tenants and customers.**

**Objective A.1.** Effectively manage the construction projects associated with restoring and expanding the Port of Gulfport while maintaining efficient Port operations.

*Outcome:* Completion of projects on time and within budget

*Outcome:* Percentage of increase in operating revenues

**A.1.1. STRATEGY:** Monitor construction progress, ensuring projects are completed in a timely manner.

*Output:* Number of construction projects completed

*Efficiency:* Projects completed on time and within budget

*Explanatory:* Contractor performance, processes and approvals from outside agencies, unexpected weather conditions

#### **GOAL B: Develop and implement a diverse, effective and engaging business recruitment strategy.**

**Objective B.1.** Senior management will actively work with current tenants to ensure their business needs are met, while also proactively recruiting new businesses to the Port of Gulfport.



*Outcome:* Maintain current long-term lease agreements with tenants and enter into long-term lease agreements with new maritime and non-maritime tenants

*Outcome:* Strengthen and increase operating revenue

*Outcome:* Enhance economic development activity at the Port of Gulfport and surrounding region

**B.1.1. STRATEGY:** Maintain current lease agreements and recruit new tenants to the Port of Gulfport.

*Output:* Number of existing tenants, combined with number of potential new tenants

*Efficiency:* Percentage of Port property that is actively utilized for maritime and non-maritime activity with a corresponding yield of revenue

*Explanatory:* Availability of real property, timeliness of infrastructure build-out, global pressures on tenant activities

**GOAL C: Increase the public’s knowledge and understanding that the Port of Gulfport is committed to creating 1,300 new jobs for Mississippi residents and providing economic stability for the region.**

**Objective C.1.** Educate and inform the public about: the types of tenants that utilize the Port’s facilities, the status of the Restoration Program, and job creation efforts.

*Outcome:* Number of citizens that will take steps to prepare for future employment opportunities at the Port

*Outcome:* Increased public support of the Port’s efforts, including the work being done with the Restoration Program

*Outcome:* Enhanced standard of living for Mississippi residents

**C.1.1. STRATEGY:** Encourage public support and understanding of the Port’s operations, which will lead to job fulfillment by Mississippi residents.

*Output:* An increase in the number of individuals employed by tenants of the Port

*Efficiency:* Availability of job opportunities at the Port

*Explanatory:* Changes in tenant hiring, calculated change in the Port’s strategic direction

## **PROGRAM 2: DEBT SERVICES**

### **GOAL A: Extinguish outstanding debt at the Port of Gulfport**

**Objective A.1.** Effectively manage Port operations so that timely debt payments occur

*Outcome:* Bonded debt will be eliminated in FY 2019

**A.1.1. STRATEGY:** Make all debt payments in a timely manner

*Output:* Use Port funds to make principal and interest payments

*Efficiency:* Outstanding debt will be eliminated

*Explanatory:* Percentage of Port revenues required to fund debt will be extinguished