

# S.C. Delivers

ISSUE 1, 2010

PORTS, LOGISTICS & DISTRIBUTION IN S.C.



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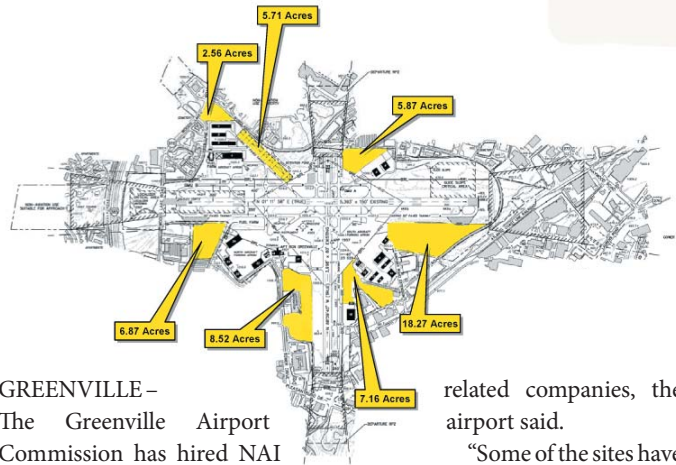
## Clock's ticking

State seeks Lowcountry rail agreement

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**Greenville airport marketing land for development**



GREENVILLE—The Greenville Airport Commission has hired NAI Earle Furman to market seven parcels of land for lease at the Greenville Downtown Airport.

The parcels, which range in size from 2.5 acres to 18 acres, total nearly 55 acres and are suited for corporate offices, warehouses, data-processing centers, freight-distribution centers and aviation-

related companies, the airport said.

“Some of the sites have runway access. That’s one of the very unique features that this land has to offer,” said Tyson Smoak of NAI Earle Furman. “The plots have flexible zoning and are available for long-term lease.”

This is the first time these parcels have been listed on the commercial real estate market, the airport said.

**Company to ship 5,000 BMWs out of Charleston**

CHARLESTON—The S.C. State Ports Authority has taken some business from an East Coast competitor that will result in two ships docking in Charleston each month. Hoegh Autoliners, based in Oslo, Norway, expects to load more than 5,000 vehicles each year.

Hoegh, one of the world’s largest operators in rolling stock and vehicle transportation, announced it will bring the ships to the Port of Charleston as part of its Middle East service.

The company’s

first vessel, the Hoegh Bangkok, arrived at the Union Pier Terminal Jan. 29 to load export BMWs made at the manufacturer’s S.C. plant, according to the S.C. State Ports Authority.

The service is expected to load more than 5,000 vehicles annually that Hoegh previously moved through a competing South Atlantic port, the news release said, without specifically naming the port.

The Hoegh Bangkok was built in 2007 and can carry 7,800 car equivalent units, according to Hoegh Autoliners.

Hoegh’s Middle East service offers port coverage from Mediterranean ports into the Red Sea and to the Persian Gulf and India. Trans-shipment onto other Hoegh vessels offers access into other ports in the Middle East, Africa and Asia.



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**SPA offers e-mail alert of cruise ship arrivals**

CHARLESTON – Charleston businesses and residents can now get a heads-up via e-mail when a cruise ship is headed to town.

S.C. State Ports Authority officials announced a new e-mail service through which they'll send advance notice when cruise ships are to be docked at the Union Pier Cruise Terminal on Concord Street.

The ports authority already posts annual schedules of cruise ship dockings and embarkations on its Web site. Some business owners, however, have said they do not track that schedule regularly and are sometimes surprised by the flood of tourists the ships bring to downtown streets.

The new e-mail service also will inform subscribers of any street closures or rerouting of traffic as a result of the cruise ships.

To sign up for the e-mails on-



line and see a public calendar of all planned cruise ship events, visit [www.scsipa.com](http://www.scsipa.com) and click on Charleston Cruises.

**Port's cruise ship business worth \$37M, study says**

Cruise ships embarking from and stopping for a day at the Port of Charleston will have a \$37 million economic impact on the region this year, according to a new study by two College of Charleston professors.

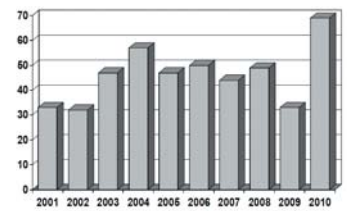
This year, 16 cruise ships will make one-day port-of-call stops in Charleston and 53 cruises will

originate from the city's port. The combined 69 cruise ships is up from 33 last year and 49 in 2008.

As the port's cruise business grows to new highs, the S.C. State Ports Authority is working on a master plan for redesigning the aging downtown terminal where cruise passengers enter and leave their ships.

The ports authority commissioned College of Charleston professors John Crotts and Frank Hefner to study the ships' impact because it had no reliable estimate of how cruises affect the local economy, State Ports Authority CEO Jim Newsome said recently at a presentation of the study's

**Number of cruise ships in Charleston, 2001-2010**




findings.

The study found that the cruise business in 2010 will generate 407 jobs that have average annual earnings of \$39,786.



Of those 407 jobs, about 118 are in the transportation sector, 66 are in retail, 40 are in wholesale trade, 33 are in the food and beverage industry, and about 19 are in grocery stores.

Related state sales and income taxes are estimated to be \$3.5 million.


The last time a cruise ship economic impact study was performed was 2003. That year, the port's 47 cruise ships made an impact of \$9.8 million.



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- Radio Frequency Identification (RFID)
- Electronic Bill of Lading
- Tier one Warehouse Management System (WMS)





# Gaffney manufacturer achieves zero waste-to-landfill status

By Allison Cooke Oliverius, Special Projects Editor

**B**ill Harris admits he was skeptical when corporate officials approached him in 2007 about helping his company, Freightliner Custom Chassis Corp., achieve zero waste-to-landfill status.

At that time, the company, which manufactures chassis for commercial bus, school bus, motor home and van markets, was disposing of about 250,000 pounds of solid waste per month.

"I thought it was a little bit of a stretch," said Harris, environmental and facilities engineering supervisor at Freightliner's Gaffney facility. "Drastically reduce what was going to the landfill, yes. But I thought going to zero was a little far-fetched."

But in less than three years, Freightliner became the first chassis manufacturer and the first company within the trucking industry in the United States to achieve this status.

## What they did

The zero waste-to-landfill directive was initiated by Freightliner's parent company, Daimler Trucks North America, to reduce the carbon footprint of manufacturing facilities under the Daim-



Freightliner employees gather for a ceremony at which officials announced the company's zero waste to landfill status. (Photo provided)

ler umbrella. The Gaffney facility was chosen as the pilot site for the program, and because of its success, it will serve as the blueprint for other facilities.

Harris said they started by assembling a "green team" of employees from various departments who met monthly. The team selected a pilot area on the production floor in which to reduce waste to zero. Within a few months, the plan was expanded to other areas in the facility.

One member of the team, environmental technician Ryan Pennington, created a link on the company's intranet where he posted progress updates and ways the facility's 450 workers could reduce, reuse and recycle.

Employees quickly embraced the initiatives, and by mid-2009,

the company was recycling 97% of its waste. It then entered into an agreement with a recycling company to take the remaining 3% — collected from production and the break area — and convert that waste into energy.

"Freightliner Custom Chassis Corp. easily surpassed our corporate goal by realizing zero waste-to-landfill status three months earlier than our original January 2010 target date," said Roger Nielsen, COO of Daimler Trucks North America. "FCCC was able to achieve these results by the continued efforts and diligence of all employees within the company, and we continue to seek ways to reduce our environmental impact in our facility and through our products and alternative-fuel efforts."

## User-friendly

In addition to the green team's efforts, Daimler has implemented an environmental check sheet companywide that employees are expected to complete weekly. It helps them realize the impact they can make on a personal level, Pennington said.

Now that Freightliner has a solid plan in place, Harris and Pennington believe maintaining the status will be relatively easy.

"The goal was to make a recycling program that was sustainable and we did that by making it user-friendly," Harris said. It's also a plan that could easily be shared with and duplicated by others.

"Even though we've done a lot of things here, we've tried to keep it simple," Harris added. "It's not rocket science. We did have a learning curve and hit a couple minor roadblocks, but it progressed really well. Once we got into it and employees got involved, the thing developed itself. Just getting it started was the biggest mountain we climbed."

The next goal, Pennington said, is for all of Daimler Corp. to achieve zero waste-to-landfill status by 2012. It's already 87% there. ●

## PARTNERSHIPS, ROI AND SHARING IDEAS

### Partnerships and programs

Harris and Pennington attribute the success of Freightliner's program to companywide buy-in "from the top down," as well as the support of programs like the Environmental Protection Agency's WasteWise, which helped them find solutions for recycling of plastic, paper, aluminum, cardboard, metals, wood and nylon.

Freightliner also formed partnerships with Cherokee County for on-site recycling removal and with the S.C. Vocational Rehabilitation Department to have students who needed job training segregate plastics for recycling.

### Return on investment

When Freightliner began tracking its recycling recoupment versus

waste disposal costs upon beginning its zero-waste efforts in 2007, the company was \$60,000 in the red.

In 2008, it was just \$12,000 in the red.

By 2009, the company was making "a couple thousand dollars off of recycling," Harris said. "Our investment on recycling containers has been \$30,000. We're never going to get rich off of recycling, but we

are being able to recoup some of our costs."

### Passing along the knowledge

As part of the EPA's WasteWise partnership, Freightliner is required to mentor others who are interested in achieving zero waste-to-landfill status. It is currently assisting other companies in the industry as well as the local school system.



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# Georgetown's struggle

Leaders assess the port's status and what's needed to help it regain strength

By Marsha Guerard, Contributing Writer

**A** Georgetown County group wants to begin the process of rebuilding the county's port after a storm of negative economic factors has left the port a shell of the vital business it once was.

"We want to kick up some dust about our port" and its importance to the local economy, said Dan Stacy, a lawyer and a member of the 25-year-old Georgetown Alliance for Economic Improvement. Having a port is "one of the things that makes us unique."

Although there is plenty of data concerning the impact of the state's ports on the statewide economy, there's not enough information about how the port in Georgetown affects that area financially, Stacy said. The alliance has asked economists at Coastal Carolina University to study the port's impact.

Stacy said he's seen a first draft of the study, which should



The Port of Georgetown. (Photo courtesy S.C. State Ports Authority)

be released publicly in February. He was not surprised by the findings, except to the extent that they showed the port is probably more important to the area's economy than even he had realized.

### Damage assessment

How bad has the last decade been for the port of Georgetown? The port has seen an 84% decline in

cargo tonnage since the year 2000.

Some of the contributing factors include last year's indefinite closure of the Georgetown steel mill. But the bad news for the port began before the mill closed.

The ArcelorMittal USA mill had changed the way it obtained the ore it needed as a raw material. Rather than coming in through Georgetown's port, ore was brought

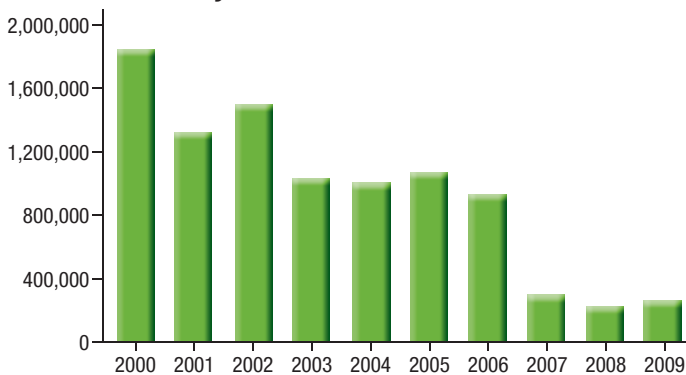
down from the Port of Wilmington, N.C. That helped soothe complaints in town about the dust that was kicked up from the mill, but it took a major chunk out of the Georgetown port's business.

In addition, International Paper Co., which had been producing kraft paper in Georgetown since the 1930s, shifted its emphasis to making the fluff pulp that's used in diapers, tissues and other products.

Kraft paper, which is tough and durable, can be shipped through the port as break bulk cargo. But fluff pulp, by nature an absorbent material, must be shipped in containers to maintain quality. The Port of Georgetown handles break bulk cargo, so the paper company's containerized products now run through the Port of Charleston. An International Paper spokesman said the company no longer

## PORT OF GEORGETOWN BY THE NUMBERS

### Port Activity 2000 - 2009 in tons



**2007:** Ranked 91st among U.S. ports for imports, with 276,478 tons of cargo.

**2007:** Was not among the top 130 U.S. ports ranked for exports or total domestic trade.

**2007:** Ranked 111th among U.S. ports for total foreign trade.

**2009:** Georgetown, a dedicated break bulk and bulk facility, handled **286,254 tons of cargo**. Steel, petroleum coke and wood briquettes are top cargoes.

Source: Army Corps of Engineers, Waterborne Commerce Statistics Center

### Port statistics

- Four berths totaling 1,800 feet.
- 139,800 square feet of covered storage.
- Two transit warehouses totaling 103,000 square feet.
- Three enclosed sheds totaling 36,800 square feet.
- 27.9 acres of open storage.
- Covered and open storage rail access.
- Up to 200-ton mobile crane available.
- Specialty handling facilities on terminal for metals, cement, chemicals, aggregates, forest products and ore.
- Fleet of cargo-handling equipment.
- Direct on-terminal CSX rail connection.
- Channel depth: 27 feet at mean low water. (In some places it's 21 feet.)
- 27 feet at mean low water at dockside.
- 13.5 miles from the ocean.
- Harbor pilot required.
- Tugboat services required.

### Georgetown County

#### UNEMPLOYMENT

**December 2009:** 14.9%  
21st-highest jobless rate in the state.

**November 2009:** 13.9%.

Number unemployed in the county rose 7.2% in one month, and nearly 32% compared with December 2008.

The state's unemployment rate was 12.6% in December 2009.

**POPULATION:** 60,731

**Population between 18 and 65 years old:** 60.2%.

2008 estimates



ships any materials through the port in Georgetown.

Couple the loss in shipping demand from those two companies — combined, they accounted for about 1 million tons of cargo annually — with the national economic downturn, and the port's cargo volume no longer meets the Army Corps of Engineers' cost-benefit ratio for port dredging funds.

### Business down, silt building up

Although the port's cargo business climbed 8% in fiscal 2009 to 286,254 tons, the figure wasn't enough to move the dial much on the Army Corps' funding formula, which uses 1 million tons as its threshold.

About \$9 million is what's needed to dredge the silt out of the shipping channel and maintain the dikes on the spoil site, but only about \$1.1 million has been allocated for the work, said Joe Wilson, project manager for

navigation in the local division of the Army Corps. What was a 27-foot channel at the mean low water mark is now only 21 feet in places, Wilson said. Harbor pilots guided six ships into the port through all of last year, he said.

"We have very little control over the money" for dredging and maintenance, Wilson said. All the ports in this region, including Charleston and Savannah, must fight over the funds appropriated by Congress.

The Georgetown port rated only a single mention in the executive summary of the S.C. State Ports Authority Strategic Plan, released in October. While the plan outlined action steps for the facilities of the Port of Charleston and the port under development in Jasper County, it included no plan of action for Georgetown. SPA President and CEO Jim Newsome said in his 2009 State of the Port address that a subcommittee of the state ports board was working on securing money for dredging

of the Georgetown port.

But that money hasn't turned up, said Byron Miller, spokesman for the State Ports Authority. "We're certainly not throwing in the towel," Miller said.

The SPA is trying to obtain funding by working with the state's congressional delegation, he said.

Miller said the responsibility for channel maintenance is 100% federal. "But we can take the entrepreneurial leap" and kick in some funds if a significant pot of federal money can be identified to get the dredging project off the ground.

### Pushing 300 years

Georgetown's economic history has been a mix of wealth and poverty, and those fortunes have been tied to the port. Georgetown became an official port of entry in 1732. Local merchants and planters bypassed the port of Charleston, and its fees, and dealt directly with the world's ports.

Shipbuilders set up shop on



Cargo ships are docked at the Port of Georgetown. (Photo/S.C. State Ports Authority)

the Sampit River during that era, and by 1775 they had constructed at least 33 vessels. Around this industry grew the necessary supporting lumber businesses.

The growing and shipping of indigo and rice also generated tremendous wealth, and, as of 1840, Georgetown exported more rice than any other seaport worldwide. But the start of the

Continued on Page 44 ➤

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DEVELOPMENT ANNOUNCEMENTS



By September, Georgetown County saw \$37 million in new industrial projects that generated a total of 162 jobs.

The first announcement, made in January by **MetalTech Systems**, was a \$4 million investment expected to create 60 jobs. The company is located on County Line Road in an area of Andrews that's known for a concentration of metalworking manufacturers. MetalTech makes conveyor systems for recycling plants.

In March, **Renewed World Energies** announced a \$30 million project expected to generate 60 jobs making biodiesel by extracting oil

from algae. The company is located south of Georgetown on Industrial Drive, off U.S. Highway 17.

**Trinity Iron Works**, a company providing structural steel fabrication and erection, announced a \$500,000 capital investment in May that was to create 15 jobs. The company is located on Choppee Road north of the city of Georgetown.

One investment tied directly to Georgetown's port came in August. **Carolina-Pacific**, which makes "clean power" biomass pellets and briquettes from wood to sell to European utilities, said it plans to invest \$2 million and is expected to generate 15 jobs. The company secured a long-term operating license on the Port of Georgetown.

According to the company's Web site, it is working with the port to increase the channel depth to a level sufficient to deliver handymax ships in 2010. The briquette production arm of the firm operates from a 103,000-square-foot production and storage facility in Georgetown.

Continued from Page 43 ►

Civil War in 1861 and the end of slavery brought down that labor-intensive rice economy.

It wasn't until the 1880s that the area began to bounce back. Plentiful lumber again became a center of commerce, this time for use in the building of structures across the country, rather than ships.

By 1914, the city's Atlantic Coast Lumber Co. was the largest mill on the East Coast, and both the port and rail lines supported it.

Again, however, the bottom dropped out, this time with the Great Depression. The lumber mill closed.

An economic savior arrived in 1936 in the form of International Paper Co. and its new kraft paper mill. Within six years, the plant was the largest of its kind in the world.

In 1942, International Paper expanded to manufacture weatherproof boxes used to ship supplies overseas during World War II. The Georgetown mill continues today as the county's third-

largest employer.

Molten steel began to run in Georgetown's veins in 1969, when Korf Industries opened a mill on the banks of the Sampit River. The mill changed hands several times in the next four decades.

Today, ArcelorMittal owns the site, which has been shuttered since May because of the global economic meltdown.

Next steps

Stacy said he's encouraged the SPA is taking a strong marketing approach to try to lure new industry to the area. The concept is that if new business that depends on the port can be attracted, money for dredging will follow.

Meanwhile, the report commissioned by Stacy's economic development group was expected to be released by the end of February, providing some new ammunition to convince Congress that the port in Georgetown should count in the fight for federal dredging funds. ●

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# State seeks Lowcountry rail agreement



*By Scott Miller, Staff Writer*

**S**ome lawmakers are losing patience with the Lowcountry's inability to negotiate dual rail access to accommodate a new port terminal slated to open in 2014.

Delays have largely been tied to an attempt to protect a years-long effort to revitalize residential areas around the former Navy base in North Charleston.

But in the Upstate, where a substantial portion of port cargo either originates or ends up, a dual access rail system is seen as a substantial driver of economic development.

"We wanted to try to let the region work it out first, before we have to approach it heavy-handedly," said House Speaker Pro Tempore Harry Cato, a Republican from Travelers Rest. "We're all trying to be sensitive to the region

and allow them to work it out, but there is some discomfort."

At this point, lawmakers outside of the Lowcountry have remained largely silent on the issue, but that could change this year, said Cato, the No.2 ranking Republican in the House. He believes the issue will end up in the court system sometime in 2010.

Lowcountry leaders don't think it will get to that point. Negotiations are ongoing to develop rail access at the terminal that will satisfy all parties involved, said Sen. Larry Grooms, R-Berkeley, who leads the Senate Transportation Committee. He thinks a plan will surface by April.

"I wouldn't want the General Assembly to try to run over the city of North Charleston, just as I would not want the General

Assembly to run over the city of Greenville when it comes to quality-of-life issues," Grooms said. "The city of North Charleston needs to be comfortable with what happens."

The issue, though more complex, centers largely on providing Norfolk Southern and CSX with equal access to the container terminal the State Ports Authority is building on the north end of the former Navy base. CSX already has access from the south end.

North Charleston Mayor Keith Summey has fought efforts to provide access at the northern end of the former Navy base. Such access could disrupt a years-long attempt to develop and revitalize residential neighborhoods in the area.

Additionally, the State Ports Authority and city of North

Charleston signed a memorandum of understanding in 2002 in which the state agency agreed that any rail access would come exclusively from the southern end.

Others, including Norfolk Southern, have said access at the southern end would not provide equal rail access and is not an option.

The Legislature took steps last year to force the issue. Leading Senate lawmakers offered Veterans Terminal to Summey in exchange for his allowing the rail lines. Summey declined.

Lawmakers also adopted an amendment naming S.C. Public Railways, a division of the Commerce Department, as the property owner of the railroad that runs onto the former Navy base,

**Continued on Page 46** ➤

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thus limiting the city's options in fighting plans for rail. Gov. Mark Sanford vetoed the measure, saying all interested parties needed to work on a compromise, not circumvent the process. Summey's office confirmed that negotiations are ongoing but had nothing new to report on the matter.

That compromise is close, Grooms said. The current rail route proposed would steer clear of residential areas and run closer to Virginia Avenue, he said. The plan would require CSX and Norfolk Southern to concede some track rights, and the state or some independent contractor would need to take over switching operations to make sure both railroads receive equal access, Grooms said.

But Clemson University's receipt of a federal grant to build a wind turbine drivetrain testing facility at its campus on the former Navy base has thrown another

wrench into the negotiations, Grooms said.

The rail plan now must be sensitive to that facility, Grooms said, and the state needs to preserve land around the facility.

"That, I believe, will be as big as Boeing," Grooms said. "We're looking at Veterans Terminal to map out what the best use is for this property. It all has to be considered at the same time."

John Kelly, executive director of the Clemson University Restoration Institute and the school's vice president for public service and agriculture, said Clemson is involved in the discussions. Under one scenario pitched, rail could interfere with Clemson's plans, he said. The university has 11 acres for the wind turbine testing facility, and much of that space needs to be preserved in order to attract private manufacturing operations to complement Clemson's operations, he said.

Unlike Grooms, Kelly thinks negotiations are far from fruitful.



*Lawmakers say the clock is ticking on efforts to reach a compromise over rail access to the new port terminal under construction in North Charleston. (Photo/File)*

negotiate a railway plan. Because the terminal isn't open, the lack of a dual access rail system is not impeding the Upstate's economic development efforts, he said. But time is running out, Cato said.

"We're reaching that magic mark where we need to assert a little pressure," Cato said. "There's never been any doubt, at least in my mind, that we're going to end up in court over this northern rail access because of that prior agreement with the port and the city."

Especially if leaders in the Lowcountry don't reach a compromise soon, Cato expects court action within the year.

That's exactly what Grooms does not want to happen.

"I don't think the port will need dual rail access for quite some time anyway," he said.

The goal is to open the new terminal in 2014, coinciding with the targeted completion of the Panama Canal expansion. Cato agreed that the construction timeline has given leaders a chance to

"If there's an attempt to run over the city of North Charleston, we're going to wind up in the courts," he said, "and if you wind up in the courts, there's no telling how long it's going to take to get this done." ●

*Andy Owens contributed to this report.*

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