

From the Orlando Business Journal:

<https://www.bizjournals.com/orlando/news/2017/07/13/john-murray-plots-his-course-for-port-canaveral.html>

John Murray plots his course for Port Canaveral

➔ SUBSCRIBER CONTENT:

Jul 13, 2017, 5:45pm EDT

It was the ideal day for anyone to be at Port Canaveral.

The massive 2,974-passenger Carnival Liberty cruise ship was docked and prepping for its next voyage.

Cargo trucks were loading and unloading products headed inland.

And — rarest of them all — a SpaceX rocket booster was being moved onto land from a barge, to be repaired and readied for its next mission launch.

That's all exciting and new for port visitors. But it was just another day in the office for Capt. John Murray, the port's CEO and a licensed U.S. Coast Guard captain.

It's been a year and a half since Murray assumed the helm of Port Canaveral in January 2016. Murray replaced former port CEO John Walsh, who agreed on Sept. 23, 2015, to resign after making some controversial comments to Cape Canaveral locals.

But even before Murray took over, Port Canaveral's business portfolio was booming, leading to this year's estimated revenue of nearly \$100 million. Most of that revenue — more than \$61 million from wharf and docking operations — comes from cargo, cruise ships and other uses from clients like SpaceX that have facilities at the port.

In addition, the port plans to begin construction in late summer 2018 on the \$150 million Cruise Terminal 3 that's set to be completed by 2019.

That new cruise terminal also will include a 1,200-space parking garage, as well as preparing the sea and land site work, roadways and other needed utility improvements.

The new building is designed to accommodate up to 8,000-passenger vessels, like the massive Oasis-level cruise ships by Miami-based Royal Caribbean Cruises Ltd.

Other projects and potential upgrades include:

Possibly buying a \$5.4 million mobile cargo crane to help the port further boost cargo operations

Leasing land to new tenants such as SpaceX, which plans to build a second rocket refurbishment center — totaling 67,222 square feet — to launch rockets more frequently. That's good for the growing commercial space industry and will attract more tourists to the Space Coast.

Studying a \$75 million rail cargo option that would connect through Cape Canaveral Air Force Station and improve the port's ability to transfer cargo. The port's existing Seaport Canaveral bulk commodities storage tenant receives such cargo including fuel, automobiles, and gravel or salt that comes in from ships before being transported inland.

Growing its auto business with a center that would allow vehicle processing and modifying operations for auto manufacturers shipping cars from the port

But to keep fueling that growth, it will take Murray's leadership — along with the guidance of the Canaveral Port Authority commissioners — to keep the ship on course.



JIM CARCHIDI

“Everything is great,” Murray told *Orlando Business Journal*. “The port is a lot of fun, and we have a lot of great and exciting things going on.”

To go deeper into those “great and exciting” things, Murray spoke with *OBJ* one-on-one about what’s underway at the massive transportation hub, plans that will revolutionize business and his future goals for Port Canaveral.

Here’s what he had to say:

Has anything about the job surprised you in the past year? Not really. When I finally came off the ships [in the shipping business], one of my first jobs was at Port of Charleston in South Carolina in 1979. I was running the port office for a company called the Lykes Bros. Steamship Co. And coming here is a lot like what I did back then. So, I knew all the functions of a port, such as who did what and why. When I came here, it was much of the same — just sitting in a different chair.

What’s the most interesting thing you’ve encountered since coming to the port? It’s that SpaceX hadn’t landed a booster on a platform on sea. When they did that in April of last year, it was the first time it was successful. Now, it’s becoming a regular occurrence. It’s really exciting to be a part of that. We are talking not just to SpaceX, which already has a local presence, but to many other commercial operators looking for similar concepts. It’s an exciting time to be here and be the only port that’s a close enough viable option.

What’s it like being in business with cutting-edge space companies? Space is a sexy thing right now. Two of the world’s billionaires — SpaceX’s Elon Musk and Blue Origin’s Jeff Bezos — are launching rockets here and competing to see who can do what first. One of the funny things is when the legacy space companies launch rockets, they use the NASA launch center, everybody has on ties and jackets and when something good happens, they shake hands and that’s it. But when SpaceX launches something, it’s like a rave club with everybody screaming in excitement when the booster separates. It’s a great new level of energy. It’s two different cultures that makes it exciting.

What can you share on the new Cruise Terminal 3 facility being planned? We don’t know who the tenant of Cruise Terminal 3 will be just yet. But one of the things we try to do when we build a terminal of this magnitude is have the partner — in this case, the cruise client — work with us through the process to make sure we meet their needs. The design will be very similar to the existing Cruise Terminal 1 with some differences due to the makeup of the land. But it will serve ships similar to the Oasis of the Seas.

What are cruise operators saying they need? At one point, they wanted just a berth and lots to move their passengers on and off. Now, the cruise industry is evolving and the ship is becoming the vacation itself, in many cases. Many cruises have been running down to the same ports for years, and when you have been to those ports 10 times, you begin to ask, how do you reinvent the product to make people get back on the cruise ship? More ships are becoming the major destination. So when their revenue is based on a per-person or per-bed basis, the ships get bigger and the berths will no longer accommodate those passengers unless we make changes. I liken it to an airport: If you have a 737 flying out of a gate, you put a security checkpoint designed for that and everything goes fine — until a 747 comes in with more people. You need to have the infrastructure to make sure people aren’t just standing in line the whole time.

What have you learned so far in building a cruise terminal? I find the engineering concepts the most interesting — how you put it all together. Waterfront engineering is very different from land-side engineering. You have specialists design everything from that ocean bulkhead because the parts from the water to the land require very unique architecture and engineering. That’s why we decided to split that part of the contract for Cruise Terminal 3. In the past, we have had one person do the whole project, waterside and shore-side. But what we’ve done now is the waterside component is being done earlier because it takes longer for permitting and more regulatory agencies have to give permission to do what you need to do. By doing it separately, we can go through permitting without having to worry about the terminal schedule itself.

Are there other benefits to that? It also opens up the number of potential companies that can bid on the building design, parking garage and other components. Because we are dealing with normal land-side infrastructure with all the water components removed, you can deal with two separate contractors and open the field for the terminal designers, instead of having the water component tied to it.

Are all six cruise terminals upgraded now? Cruise Terminal 6 was upgraded in 2012, then the new Cruise Terminal 1 opened in 2014, followed by Cruise Terminal 5 completing its upgrade last June. Cruise Terminal 10 just completed a \$37 million renovation last November. Cruise Terminal 8 is the Disney Cruise Line terminal and Disney decides what they do on that. Cruise Terminal 3 won't begin construction until next year with completion in 2019. When the previous terminals were built, they were designed for ships with 2,500 passengers. Today, we see ships that fit up to 8,000 passengers.

Are some of the terminals going to be rebuilt, like terminals 1 and 3? Well, as these ships age out and ships like the Carnival Liberty [which can fit 2,974 passengers] moves somewhere else and is replaced by a larger ship, we eventually will get to a point where they don't fit at these smaller terminals anymore. That's why we are looking at how we get bigger and better facilities to accommodate ships being built today.

What will the auto processing plant do? Let's say Dubai needs police cars. The processing plant will be able to do all of the required upgrades to turn a regular vehicle into a police car — putting in the lights, armor and whatever else it needs — before shipping those completed units. The same can be done in reverse where vehicles can come into the U.S. and be converted to meet regulations before going to dealerships. For example, passenger vans can come in, be stripped down to sell as commercial vehicles and sent to dealers that specialize in those types of products. But that's still in the early growth mode with a few carriers right now and another that will start in the third quarter of this year, as well as others talking to us about potential opportunities.

Will cargo become the extremely lucrative venture previous Port Canaveral executives envisioned? Containers have never been big through Port Canaveral and that business may never be that big here in Florida. We are not on the major East-West corridors that are the main drivers for cargo rail and distribution centers like Atlanta or Memphis and Nashville, Tenn. Florida is a peninsula and we will always be a truck market. The rail connections from Florida's east coast in Jacksonville connect easily, so you just put cargo on a truck here and drive two hours — saving yourself a full day of rail transit. Unless it's a tall or heavy piece of equipment that can't be transported via the roads, I think truck will always be the preferred transportation mode.

Does that mean rail at Port Canaveral doesn't make sense anymore? We are still having discussions. We decided two routes were not viable that had a lot of community opposition and another route wouldn't fit road realignments. But we have been working with the U.S. Air Force on a route through the Air Force base that will connect to the NASA side and give us access to the rest of the rail network. There still can be a rail component but at the end of the day, somebody has to pay for it. And if you are investing \$75 million, you have to have a return on that investment. The guys that want the rail are the cargo operators, and you need to have a cargo volume commitment and financial component they contribute to make that viable.

So why is it worth investing into a mobile cargo crane? Mobile cranes are normal for container operations in Central and South America. You can use them for bulk operations and heavy-lift operations, and they are not locked to one location. We could invest into more gantry cranes, but at this point, a mobile harbor crane makes more sense. Mobile cranes are in very high demand and also are only about half the price at about \$6 million — compared to the gantry cranes at \$12 million — and the efficiency is pretty close. The other thing is the rail lines the cranes work on only go through one terminal, which makes us only able to serve one ship at a time. A mobile harbor crane can help us work another dock, while the two gantry cranes work this existing dock.

What users would use a mobile crane? SpaceX can use it. It's using a crane now that it has to pay for all year to have it here when the crane is needed. So, one possibility is to have a crane available that can lift SpaceX's rocket when needed. It saves SpaceX money and provides us with a new revenue stream, so it becomes a great extra asset in addition to the two gantry cranes.

Are you welcoming every new business opportunity you get? We have a lot of undeveloped property in the port right now, so we are looking at what is the highest and best use. We have longstanding customers like those at Seaport Canaveral that we will honor relationships with, but we are not inviting any more to the table. We already have ample demand from cruise and container cargo space. For example, there's no other port outside of us and one in Los Angeles that caters to a SpaceX drone landing pad. And we hear SpaceX rockets are developing more capabilities to fly back to land more, so we may see a second drone ship here, whether that's a new one or if one from the West Coast moves here.

What's your vision for Jetty Park? There has always been somebody thinking about putting a hotel at Jetty Park, but that's not something the Port Authority will entertain. Jetty Park is a gem to us. It's right here on the water with a campground; it's for the public and they will continue to enjoy it. We have no vision to develop this into something other than it is.

What other challenges is the port facing? Transportation into Port Canaveral is one of my big challenges. There's a drawbridge on State Road 401 that's been declared functionally obsolete. It was built in the early 1960s and is a main entry for Port Canaveral via State Road 528. When we have four cruise ships out here on the weekends, sometimes the drawbridge will go up and we will have traffic backed up all the way back toward the 528 to Merritt Island. The state is looking at replacement options, but those will have to tie into the 528 widening that is supposed to happen in 2025. Those plans could be advanced due to demand. A lot of our cruise passengers take a cruise and tie that into a vacation on land at the theme parks, so the need for improvement is there.

What are your goals for this year? Be deliberate with what we are doing — not just rush out to build things because it sounds like a good idea. As we regroup and finish these major projects we started when I first got here, we will stop, take a breath and look to the future with the new cruise terminals and the commercial space industry.

What is the long-term plan for Port Canaveral? We have been working on a master plan for a little over a year, a long-term vision for where we are going to be in 20 years. We started before SpaceX landed its first booster on an off-shore drone ship. Once it did that successfully, we started having discussions and realized there was a whole new component of business here that we need to accommodate going forward. So, we have spent a lot of time with the space companies and our master planning consultant to make sure we begin to look for a place for everyone — cargo, cruises, auto and space business — at the same time.

What can Orlando's business community do to help Port Canaveral? We help each other. We are Orlando's port, and the awareness of what we do here is important to Orlando. As things evolve, we are becoming more of a gateway to Central Florida with passengers, bulk commodities, jet fuel and more. We are a pretty significant economic engine for the region.

Capt. John Murray

Duties/responsibilities: Manages Port Canaveral's facilities serving cruise, cargo, recreation, logistics and commercial space businesses

Salary: \$335,000*

Staff: 200

Years in the industry: 40-plus years

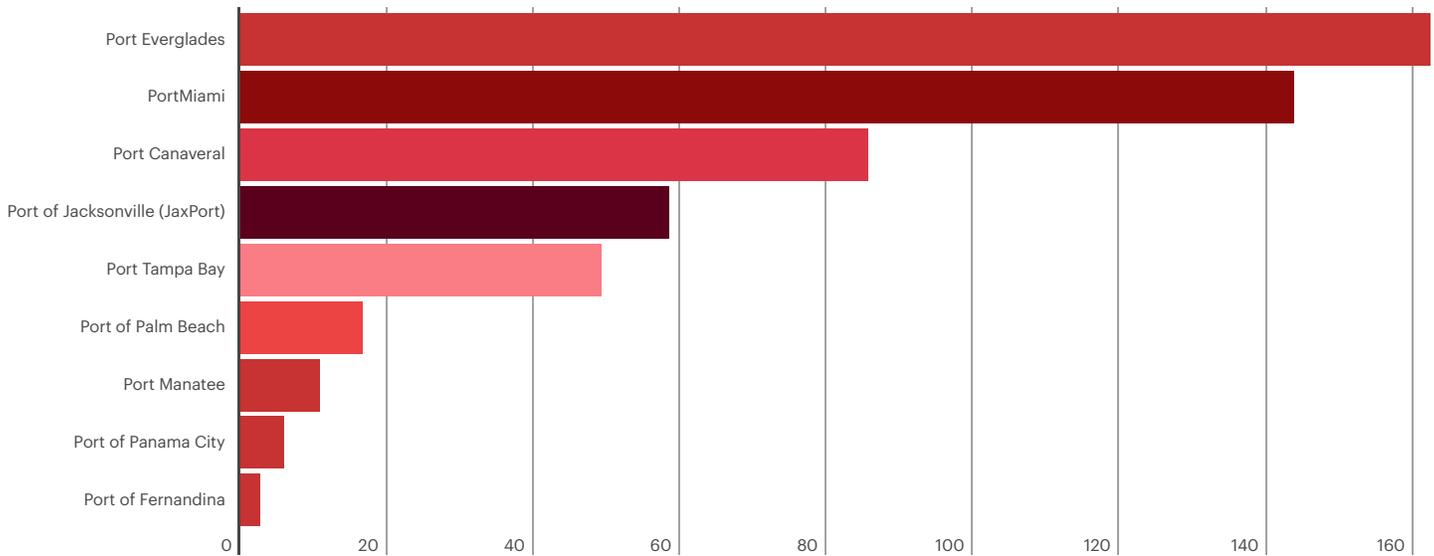
Education: Bachelor's of science, Maine Maritime Academy

Previous position: President/CEO, Hapag-Lloyd USA, a global shipping company

Philosophy: "Treat everybody fairly. Work hard for what you get, but don't run over people to get it. That's the key to succeeding. Know who your clients are and what they do. There are many people that depend on this port — not just cruises or cargo — including very unique small businesses."

*Reported 2016 salary

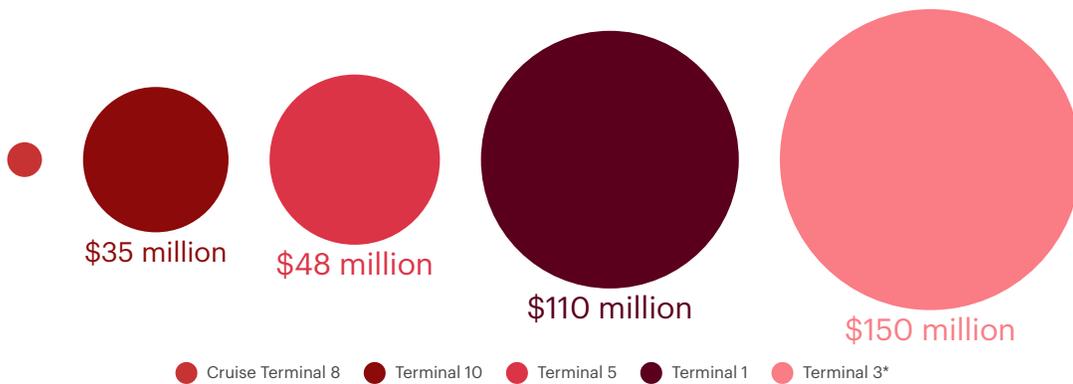
Florida's ports ranked by 2016 operating revenue



*Not all port revenue figures were available; Source: Fiscal-year numbers from each port

Recent cruise developments at Port Canaveral

Port Canaveral has spent \$195 million on upgrades to its cruise terminals. The port is also working toward rebuilding a new Cruise Terminal 3 valued at more than \$150 million. Here are the costliest upgrades to date:



*Set to begin construction in late 2018 and be completed in 2019

Richard Bilbao
Senior staff writer
Orlando Business Journal

