



# VICKSBURG MULTIMODAL PORT DEVELOPMENT MARKET ANALYSIS

## SUMMARY

Market Analysis Completed by: Seabury Maritime, LLC

Project Oversight by: Jacobs Engineering Group

Local Oversight Committee: Dr. Jeff Holland, Tray Hardaway, Patrick Smith, Austin Golding, Pablo Diaz

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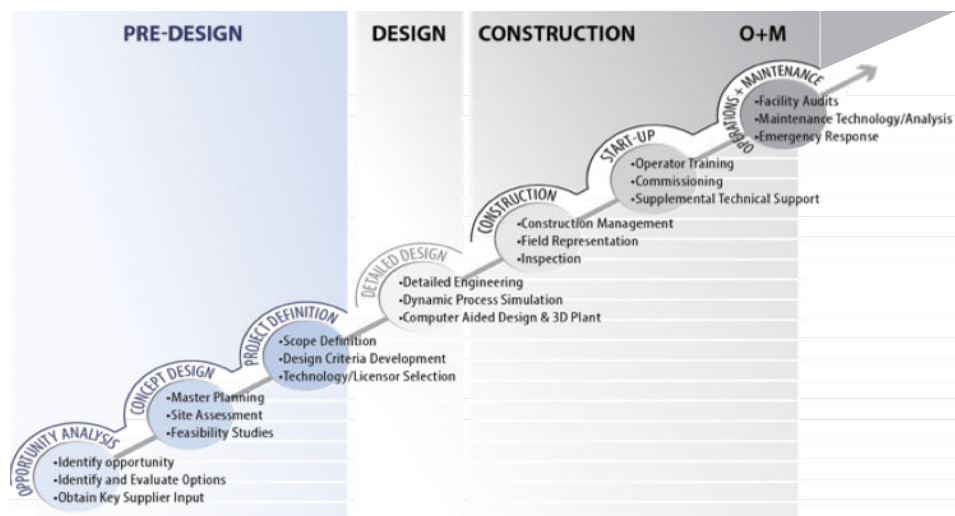
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# VICKSBURG MULTIMODAL PORT DEVELOPMENT ANALYSIS

## EXECUTIVE SUMMARY

### Development Process

The Vicksburg Multimodal Port Development Market Analysis is a foundational step in the development process of growing the port infrastructure around the City of Vicksburg and Warren County. The report will serve as a foundational document from which to build a master plan for the development of a Dual-Site, Multi-Modal Port Environment that allows the region to attract more businesses, investment, and jobs.



### Objective

The Vicksburg Multimodal Port Development Analysis was commissioned by the City of Vicksburg to identify market opportunities that the region should pursue in order to grow the port infrastructure in the Vicksburg area.

### Background

The Port of Vicksburg is currently one of 16 ports in Mississippi, and one of 6 along the Mississippi River. It's the 11th most active inland port in the U.S, which in addition to its Mississippi River connectivity, boasts being served by a class-1 rail service, as well as Interstates 20 and 55. It is also a designated foreign trade zone. The Port of Vicksburg is undertaking a critical initiative to expand the capabilities and capacity of their Port infrastructure, in order to grow the local economy, create jobs, and provide benefit to the local community. The idea is for the Port of Vicksburg, when fully developed, to expand its ability to serve as a frequent continuation point along the River's shipping routes between the US Midwest and the Gulf of Mexico; and ultimately onward to global destinations.

In support of these efforts, the Vicksburg-Warren Partnership requested proposals in September 2019 seeking a consultant in port market analysis to establish the competitive position of Vicksburg (the existing Port and the local area as a port location in general), identify business and development opportunities, and perform other supporting services. The market analysis includes a review of the competitive economics for expanding the port's footprint or

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developing a new-port area, having the ultimate aim of delivering a successful foundation for an implementable and bankable project plan.

Seabury Maritime, in collaboration with Strategic Rail Finance (the Consultant Team) was subsequently engaged in developing a full market analysis study to identify target markets and commercial opportunities to support the development of a new facility for services to feed cargo along the Mississippi River. The combined Consultant Team was composed of a team of port operations, supply chain, and intermodal professionals, in order to assess the market potential for a new facility from multiple different points of vision.

Over the course of four months, the Consultant Team has gained significant insight to the overall supply and demand picture associated with the region and developed a comprehensive understanding of the Port of Vicksburg's overall market positioning relative to its competitors, including its corresponding economic impact on the surrounding area.

### **Project Methodology**

1. Determination of Demand - What potential volume and opportunities exist in the market which could be shifted (at least in part) to the new facility? What primary or intermediate products are "stranded" in the marketplace due to supply chain costs?
2. Value Proposition Development – What conditions are required by users, and what benefits would a new project create in their supply chains?
3. Concept Validation and Implementation – Of the opportunities created and stemming from market demand, can the concept be validated and what is the best way to implement it?

After consultation with local stakeholders and an analysis of historic and current regional and national trends, the Consultant Team identified a total of eleven potential business opportunities which were presented to Vicksburg-Warren Partnership leadership team and its project advisor, Jacobs Engineering Group (Jacobs). The potential opportunities were subsequently trimmed down to a total of four, representing those which, in the view of the Consultant, have the most potential in terms of job creation, infrastructure requirements, revenue generation, throughput and ease of implementation.

### **Primary Business Opportunities Identified**

1. Scrap Iron Imports from Mexico / Finished Metals Storage - Mexico has a net surplus of scrap iron, while the mid-American steel mills have a net deficit of scrap iron. At least nine steel mills are reachable from Vicksburg via the Mississippi River basin. Scrap iron and other inputs can be brought on rail via KCS railroad and transloaded onto barges at Vicksburg for delivery to these mills. Additionally, there is a market for providing warehouse storage for finished steel products, including galvanized coils.
  2. Containerized Soybean Exports - The increasing containerization and shipment of US-grown soybeans (and other grains) to international markets could present an opportunity to generate increased tonnage at Vicksburg and support the case for an injection of investment capital to develop the port's containerized cargo capacity. While containerized soybeans exports is a relatively new market, it fills a void left open by traditional bulk shipments as major US markets for its soybeans shift from China, which prefers large bulk shipments, to other Asian economies with less developed receiving infrastructure.
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3. Woodchips Exports in Containers - The demand for woodchips (Biomass) as fuel in the Combined Heat and Power (CHP) sector is anticipated to experience noteworthy growth over the coming years, particularly throughout European and Asian economies. Regional forestry byproducts can be aggregated in Vicksburg, transported via the Mississippi River and exported via US Gulf ports. Identifying opportunities and building transport markets for non-traditional cargoes such as wood chips that normally do not move in ocean containers is an ideal scenario for the ocean carriers that manage these containers, which helps to offset related repositioning costs.
4. Resin Exports – One of the fastest growing export segments in the US, resins are produced from crude oil and originate from a refinery cracking process, where plasticizers, colors, and flame-resistant chemicals are to be added to increase the utility for use across various manufacturing sectors. Globally, there exists significant demand for plastic resins.
5. The development of a Steel Mill (mini) can be pursued to take advantage of the improved logistics setting to feed inputs and distribute outputs to the region; and
6. Spruce logs imports to support new production lines of local wood processing plants can be now feasible as containerized cargo is transported economically through the river.

### Business Opportunities & Potential Economic Impact

As part of the analysis done by the consulting team, an assessment of the viability and economic attractiveness of each market opportunity is presented. An important component of such assessment is the potential for job creation for the different market opportunities presented. Assuming Vicksburg is successful at developing one typical project of each of the business opportunities listed in the report, it is estimated that over 600 direct jobs can be created in the immediate area.

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| Opportunity  | Project Type                         | Jobs    | Investment |
|--|--------------------------------------|---------|------------|
| Scrap Iron Imports from Mexico                     | Scrap Iron Processor/<br>Distributor | > 100   | > 100M     |
| Containerized soybean exports to Asia              |                                      | < 50    | 50M – 100M |
| Containerized wood chip exports to Europe and Asia | Manufacturing / Exporter             | > 100   | 50M – 100M |
| Resin exports to Asia                              | Manufacturer / Distributor           | 50 -100 | 50M – 100M |
| New steel mill (mini)                              | Manufacturing                        | > 500   | > 500M     |
| Spruce log imports from Europe                     | Manufacturing                        | > 50    | 50M – 100M |
|  |                                      | 600 +   | 500M +     |

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## Key Investments Identified

In addition to these cargo growth opportunities, several key investments have been identified that would undoubtedly strengthen the City of Vicksburg's competitive position to attract or facilitate future development. These include:

1. Barge to rail and rail to barge facility improvements that allow for the handling of unit trains (typically 100 cars or more). While the current layout and configuration of the Port makes it unlikely that this functionality could be achieved on the site, development of a satellite site with connectivity to the existing Port would make this feasible.
2. Development of an intermodal transfer terminal within the local area with road and rail connectivity to the existing Port, with consideration for water, road, rail, and air capabilities. This site would need to be large enough to develop infrastructure and facilities to attract commercial partners and should include the capability to receive, handle, and distribute scrap and pig iron relating back to the opportunity to import Scrap Iron and others that require ample storage facilities.
3. New infrastructure and equipment for dry bulk transfer stations to efficiently and competitively handle and store a range of dry bulk cargo types, notably the handling of resins moved via truck.
4. Upgrades and or new infrastructure and equipment to develop container to barge handling capability at the existing Port.
5. Development of a site for a steel mini mill as a complementary opportunity to be considered concurrently with the import of scrap iron. Vicksburg has been involved in potential opportunities of this nature regularly in the past and this is a realistic aspiration for the local area. Such investment has the potential to compound the strategic advantages created by the import and distribution of scrap iron.

To better understand the scope and cost of potential investments, the next steps of this process should include a more detailed analysis of existing port infrastructure and capabilities, concept design to support a detailed assessment of the equipment and infrastructure that are required to enable Vicksburg to capitalize on the opportunities identified, site selection to review and identify potential sites for development, and economic analysis including detailed revenue opportunities.



*For more detailed information or to obtain a copy of the full Market Analysis Report as submitted by Seabury Maritime, LLC, contact the Vicksburg-Warren Chamber of Commerce at 2020 Mission 66, Vicksburg, MS 39180 or via phone at 601-636-1012.*

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