

31 July 2017

Jacksonville City Council
117 West Duval Street
Jacksonville, FL 32202

Dear Council Representative:

On June 23, you received a skillfully-crafted letter from Eric Green, the Interim CEO of Jaxport, dismissing my analysis of the proposed Jaxport dredging and container expansion. I have been out of the state, helping my wife as she settles her mother's estate, for all but one day in the last month, which has delayed my response. Here's what you need to know.

I have one goal with this project: Ensure that the City Council has the opportunity to see a complete business case, with all of the costs and all of the risks, in addition to the promotional materials that Jaxport has provided the council.

This is essential. The Jacksonville City Council is the only elected body responsible for the local debt and local tax revenues that will be used to fund portions of this project. You should have a clear vision of what may be coming your way, both good and bad.

When I say "complete business case", I mean an analysis comparable to the quality of work that my teams and I presented to the Chairman of CSX in my roles as the VP of Finance, or the AVP of Labor Relations or as the Director of Strategic Analysis. The promotional materials you've seen fall well short of that standard. They omit many of the capital costs, and treat the port's most optimistic view of the future as a "fact", with no alternative case.

Does this sound familiar? "More than 15,000 new jobs will be created by this project." This was included in the port's petition sent to you last month. The 15,000 jobs is based on reaching the port's highest, most aggressive forecast, one which the port's own consultant is careful to describe as an opportunity, only to be achieved after winning numerous commercial battles over a 20 year period.

Unfortunately, we've reached the point where anyone who questions the aggressive growth rate, or the "15,000 jobs" is immediately dismissed by the port as either incompetent or dishonest. The same is true for anyone who asks "What is the total cost of growing Jaxport's container business to 250% of today volume?"

Mr. Green accuses me of "cherry-picking" data from multiple sources. It's an odd comment to make. A cornerstone of good analysis is that it uses all of the international, state, federal, local, trade and academic data available, not just a set of promotional items, to build a well-rounded view of any issue.

As an example, the port's website and annual reports don't show how they've done versus their 5-Year forecasts. Reading the Florida Ports Council's annual updates makes it possible to learn that Jaxport has never reached half of any 5-Year growth plan. This is irrefutable and especially important, given that, for the dredging project, growth has to cover the costs.

I have prepared a 30 minute presentation of the key facts. It is of the quality that I would, and have presented, to the CEO of a Fortune 500 company. I would be glad to share it with you. I stand by my letter delivered to you on June 15. I can provide you with a point by point discussion of the facts, and answer any questions you may have.

Sincerely,

Dale Lewis