



JFK International Airport Air Cargo Action Agenda

May 15, 2013

New York Metropolitan Transportation Council

Freight Transportation Working Group

THE PORT AUTHORITY
OF NY & NJ

 **NYCEDC**
New York City Economic Development Corporation

Background and Overview

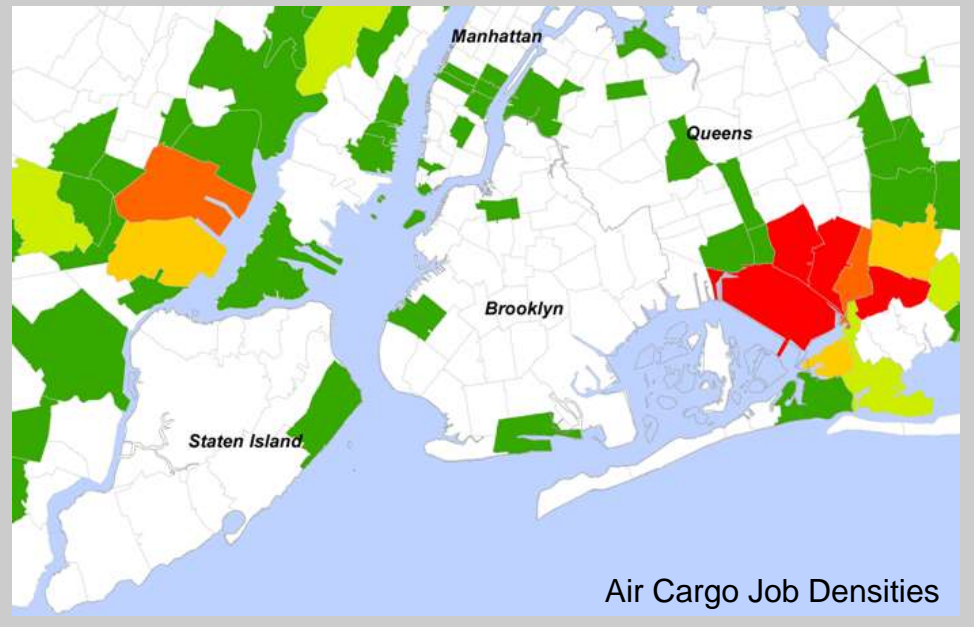
Significance

Regional Air Cargo Impact

- 80,000 jobs
- \$4.0B in wages
- \$12.0B in sales
- Major employer in Queens

Commodities

- Almost 1.4 M tons of freight shipped and received annually
- Largest international cargo gateway by freight value
- 25,000 different commodities handled within the region

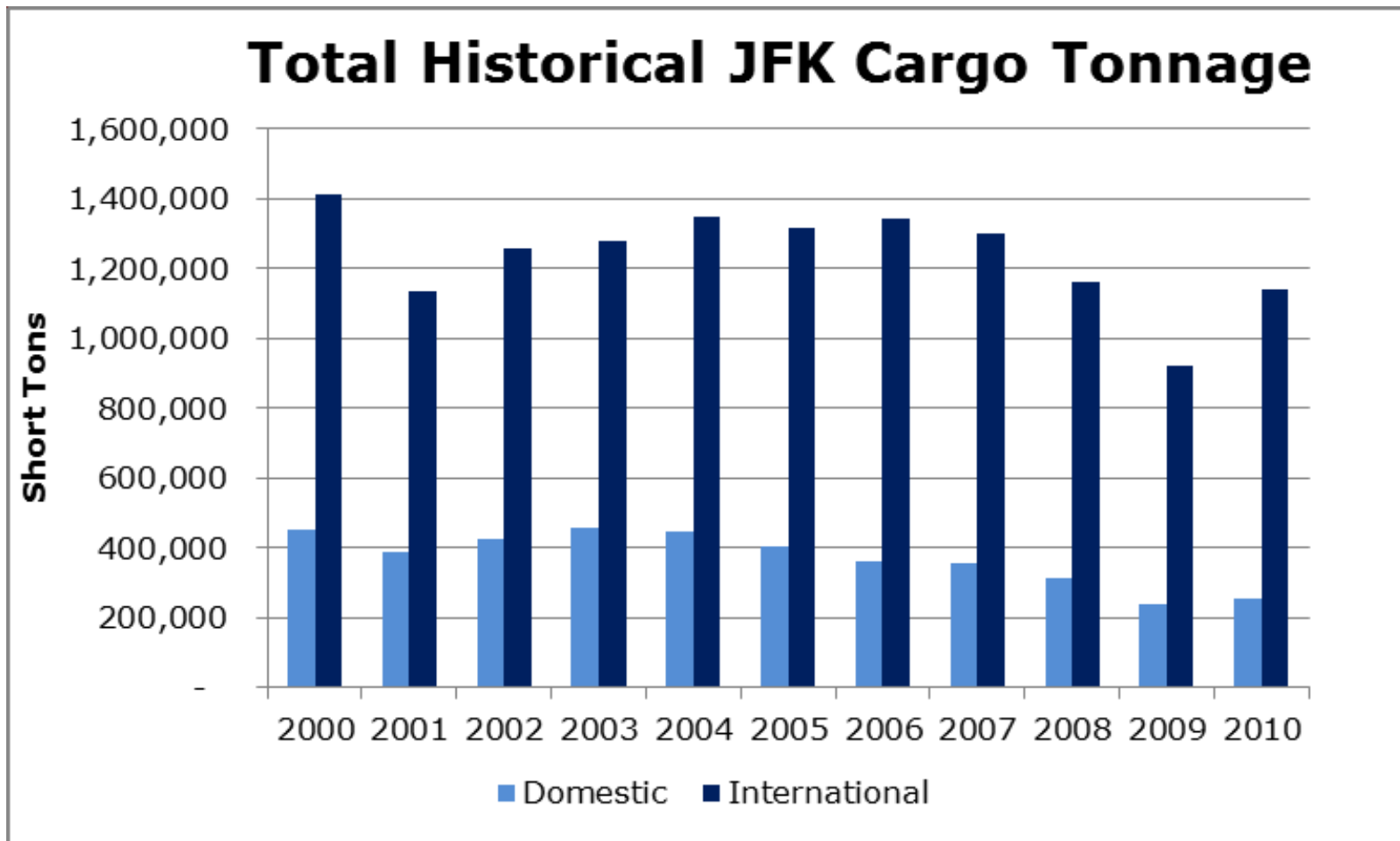


Challenges

- Growth of international traffic to competing airports
- Infrastructure issues and congested roadways
- Competing off-airport land uses
- Limited off-airport growth opportunities
- On-airport barriers to business growth such as obsolete facilities

JFK Cargo Tonnage

The combination of 9/11, the recession, truck substitution, and competition from other gateways has led to a reduction in overall air cargo activity



Comparison to Major Competing Airports

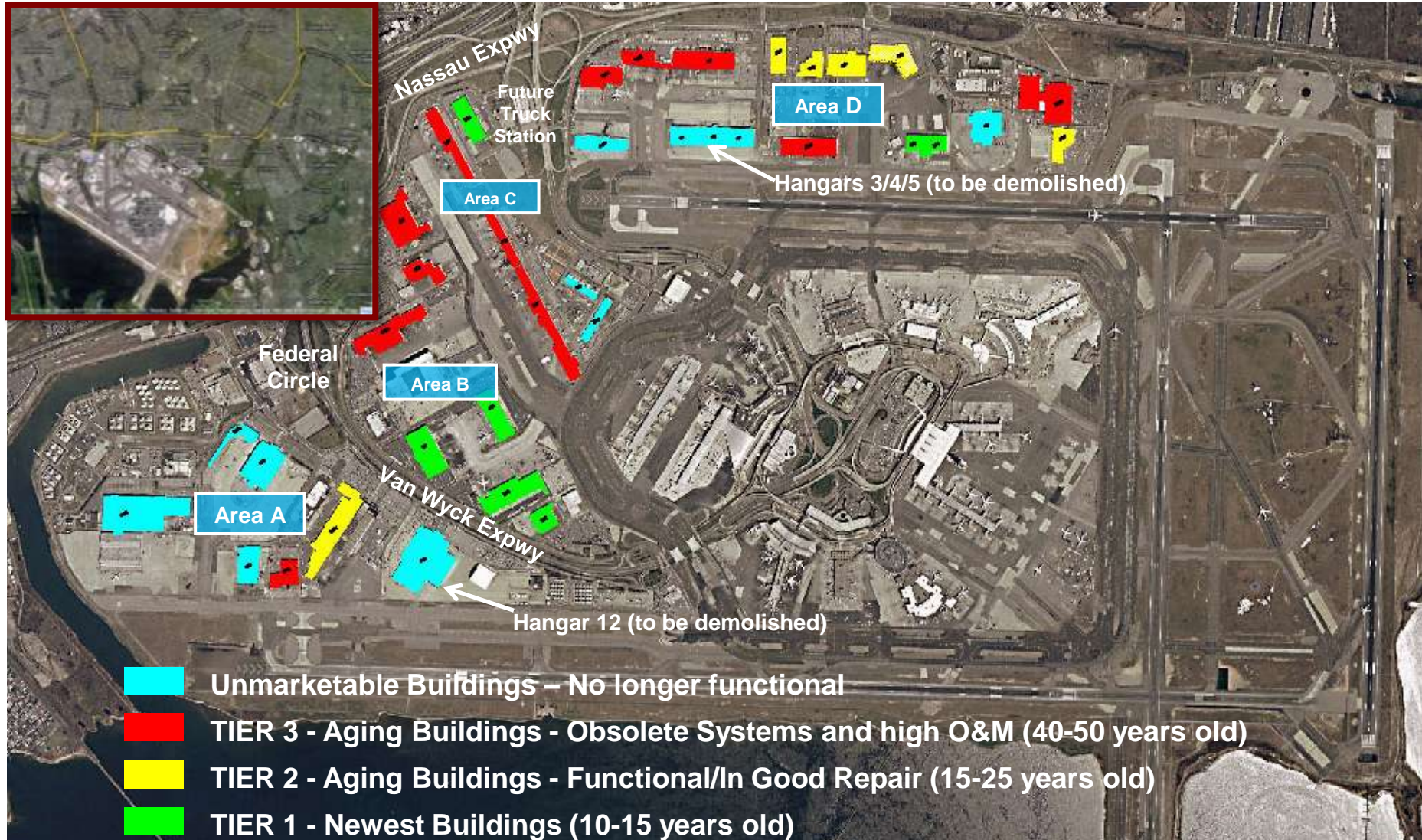
JFK's competitors have increased their market share and moved ahead in industry rankings

1997 (rank)	2000 (rank)	2010 (rank)	Airport	1997 (In tonnage)	2000 (In tonnage)	2010 (In tonnage)	Avg. Annual Growth Rate (1997-2010)
1	1	1	Memphis	2,233,489	2,489,078	3,916,811	5.8%
7	4	2	Anchorage	1,259,827	1,804,221	2,646,695	8.5%
6	6	3	Louisville	1,345,693	1,519,528	2,166,656	4.7%
3	5	4	Miami	1,765,784	1,642,744	1,835,797	0.3%
2	2	5	Los Angeles	1,873,959	2,038,784	1,747,629	-0.5%
5	7	6	Chicago	1,407,307	1,468,553	1,376,552	-0.1%
4	3	7	JFK	1,665,750	1,817,727	1,344,126	-1.5%
14	8	8	Indianapolis	662,923	1,165,430	1,012,589	4.1%
8	9	9	Newark	1,047,413	1,082,406	855,594	-1.4%
9	11	10	Atlanta	864,474	894,471	659,129	-1.8%

JFK's peer airports shown in blue. Others are highly focused on UPS and FedEx operations

Existing Cargo Facility Conditions

JFK's facilities are aging with some vacant or functionally obsolete



New York City has comparative advantages that can be leveraged over other locations...

- Enormous local consumer market:
 - New York City has 8.2 million people with a GDP of \$576 billion
 - Tri-state region has 32 million people with GDP of \$1.8 trillion
 - Approximately 50 million tourists per year add to customer base
- The nation's 3rd busiest seaport (import volume)
- More international traffic through NYC airports than any other US metropolitan area
- NYC's locational "prestige"
 - Lifestyle, international reputation
 - Access to a large workforce and skilled labor
 - Exceptional public transportation
- Diversified population base
 - 35.7% of New Yorkers are foreign-born



...And JFK and the Region Can Draw on Significant Strengths as an Air Cargo Hub

- The nation's largest international freight gateway for air cargo
- The nation's largest passenger market with the most belly cargo capacity
- Unmatched reach to international destinations with frequent service to key trading partners
- The nation's largest and most affluent consumer market
- Unparalleled network of freight forwarders and customs brokers and truckers familiar with ever changing security and screening regulations
- Service for almost every specialized cargo type
- Physical space on airport to accommodate growth

Air Cargo Study: Goals and Key Tasks

Goals

- Grow and enhance air cargo movement within the JFK Study Area
- Increase cargo-related employment opportunities available within the City
- Promote a comprehensive regional freight policy and public investment
- Diversify and expand industrial business in the City and the region
- Generate investment in cargo-related facilities and infrastructure to serve the City and JFK
- Maximize real estate usage and operational efficiencies within the JFK Study Area

Key Tasks

Forecast future freight volumes by commodity, type of business, and origin/destination

Assess the real estate requirements (i.e. facility types and sizes, locations) needed to accommodate projected freight volumes, **both on- and off-airport**

Define best practices at competitive and similar airports

Assess impacts of airport access problems on business competitiveness

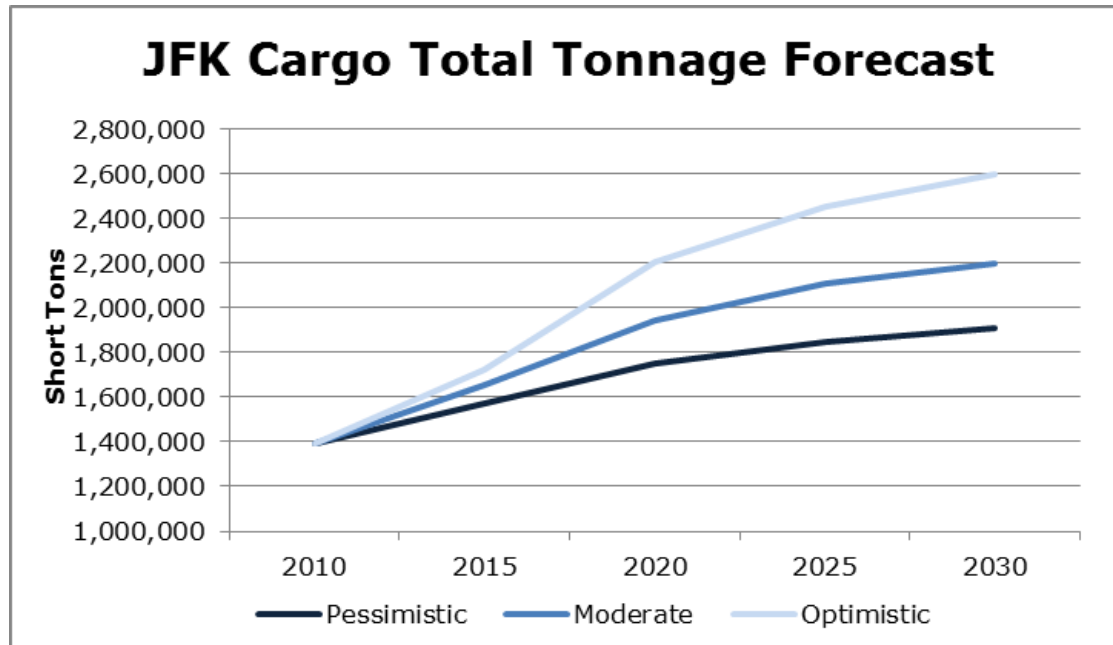
Review and address critical management policies and procedures in accordance with project goals

Identify and address stakeholder concerns that impact JFK's marketability as freight hub

Consider policies and practices that might affect business growth

JFK Tonnage Forecast

PANYNJ has three Forecast Scenarios. All leading air cargo forecasts point to similar or higher growth rates in the future



Compound Annual Growth Rate 2010-2030
Pessimistic: 1.6% Moderate: 2.3% Optimistic: 3.2%

Forecast Observations

JFK faces a more competitive national market with new gateways competing for market share

JFK can take advantage of its underlying strengths to capture a portion of the forecast worldwide cargo growth

To meet the forecast:

Recruit new companies and carriers that need access to the New York region market

Implement a suite of initiatives focused on air cargo growth

Development Concept



Action Agenda Framework

- Improve facilities and physical infrastructure with a more efficient cargo layout
- Address business practices to improve the ability of air cargo business to compete, both from on and off-airport locations and provide more efficient and cargo friendly access, including from the hinterlands, to the airport
- Create an aggressive and focused marketing effort and allocate funding for it



Three Key Challenges for JFK Air Cargo

Challenges

1

Obsolete and aging physical and facility infrastructure

Concerns: What we heard

- Many on-airport facilities are aging or functionally obsolete
- The warehouse stock off-airport also does not meet current needs
- Specialized facilities are needed to meet demands in today's cargo markets

2

Outdated or untargeted business practices

- The primary vehicle for long-haul cargo movements, the industry standard 53' trailer, is restricted on JFK access routes & is critical to gateway airports
- City service delivery should be a focus off-airport
- More flexible lease and operating terms would attract additional businesses to the airport
- Current incentive programs are not tailored for cargo

3

Little marketing or promotion of air cargo

- The competitive strengths of JFK need to be highlighted within the industry
- More efforts should be made at linking businesses interested in export markets with the cargo community

City/PA suite of initiatives addresses these challenges

Challenge	Solution	Lead	Time	Initiatives
Obsolete and aging physical and facility infrastructure	Increase access to updated, affordable, right-sized industrial spaces and construct specialized facilities	PA PA PA PA Joint PA NYC NYC	Short Short Short Medium Medium Medium Short Short	<ol style="list-style-type: none"> 1. Reach agreement on plans for a large new air cargo handling facility 2. Open a truck service center 3. Develop a new facility for animal handling 4. Develop new facilities on-airport in accord with the development concept 5. Develop a certified screening facility 6. Demolish or mothball functionally obsolete facilities 7. Improve local roadway network and truck routes off-airport 8. Develop City owned sites for air cargo or value added businesses
Outdated or untargeted business practices	Review and improve business practices, increase access to existing programs and assess new ones for cargo businesses	NYC NYC NYC NYC PA PA PA PA NYC	Short Short Short Short Short Short Short Short Short	<ol style="list-style-type: none"> 9. Address 53' trailer restriction, consistent with public safety and infrastructure requirements for large trucks 10. Launch robust FTZ Program 11. Provide coordinated City service delivery 12. Establish an Industrial Business Improvement District 13. Comprehensively review on-airport leasing and business practices 14. Establish a separate business center for air cargo 15. Adopt formal performance measures 16. Introduce a new cargo tonnage reporting system 17. Promote Industrial Development Agency financing
Little marketing or promotion of air cargo	Market JFK's and the region's strengths	Joint PA PA Joint Joint	Short Medium Short Short Short	<ol style="list-style-type: none"> 18. Launch a JFK Air Cargo marketing and promotion campaign 19. Recruit new air cargo carriers 20. Assess emerging markets for potential to serve JFK 21. Launch events promoting air cargo to export -oriented businesses 22. Hold business roundtables and launch air cargo awareness roadshow

Solution #1: Increase access to updated, affordable, right-sized industrial spaces & construct specialized facilities

- Reach agreement on plans for a large new cargo handling facility
- Open a truck service center
- Develop a new facility for animal handling
- Develop new facilities on-airport in accord with the development concept
- Develop a certified screening facility
- Demolish or mothball functionally obsolete facilities
- Improve local roadway network and truck routes off-airport
- Develop City-owned sites for air cargo or value added businesses



Solution #2: Review & improve business practices, increase access to existing programs & assess new ones for cargo businesses

- Address 53' trailer restriction, consistent with public safety and infrastructure requirements for large trucks
- Launch robust Foreign Trade Zone program
- Provide coordinated City service delivery
- Establish an Industrial Business Improvement District
- Comprehensively review on-airport leasing and business practices
- Establish a separate business center for air cargo
- Adopt formal performance measures
- Introduce a new cargo tonnage reporting system
- Promote Industrial Development Agency financing



Solution #3: Market the strengths of both JFK & the region

- Launch a JFK Air Cargo marketing and promotion campaign
- Recruit new air cargo carriers
- Assess emerging markets for potential to serve JFK
- Launch events promoting air cargo to export-oriented businesses
- Hold business roundtables and launch air cargo awareness roadshow



The City and Port Authority initiatives will bolster and boost the air cargo industry and associated businesses

Worldwide growth in aviation and in emerging economies leads to a forecast increase in cargo volumes. By building on our strengths and implementing these air cargo initiatives, the City and the region could see:

- New cargo related jobs—Every thousand tons of additional air cargo handled creates about 35 jobs and associated wages in the region.
- Tens of millions of dollars in private investment in new cargo facilities, both on-and off airport
- The opportunity to build even stronger networks of export/import focused business clusters
- An increase in revenue to the region, the City and the Port Authority

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