PORT

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MAKING WAVES IN THE UPSTATE



FedEx workers handle cargo at Greenville-Spartanburg International Airport in Greer. The South Carolina Inland Port makes Greer even more of a distribution, transportation and logistics hub. KEN OSBURN/STAFF

Potential jobs balanced by truck traffic concerns

By Rudolph Bell
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At the new Amazon.com distribution center in Spartanburg County, more than 300 people fill orders placed online by consumers around the country.

The 1-million-square-foot warehouse specializes in larger items available through the company's website, such as canoes or auto parts.

Upstate officials hope to be in an even better position to recruit distribution centers now that the South Carolina State Ports Authority is building a so-called "inland port" in Greer.



Port officials say port customers from around the world have already

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Is the promise of job creation from the inland port worth the risk of more congestion on Interstate 85? Tweet your thoughts to reporter Rudoph Bell @DolphBell or leave a comment on the story at Greenville-Online.com.

SEE THE PLAN

Go to Greenville-Online.com for footage of the inland port groundbreaking and to see a rendering of the

Dedicated recently, the $35 million facility is scheduled to open Sept. 1 on 80 acres.

By all accounts, it shows promise for job creation.

But some local officials see a potential downside, too. They worry the inland port might generate more truck traffic on Interstate 85, or bring cross arms down more frequently at rail crossings.

"I don't know that anybody has studied it to see how that distribution is going to play out in real terms here," said Greenville County Councilman Butch Kirven, chairman of a transportation planning group for Greenville and Pickens counties.

"But we know we've got problems on I-85. How much is this going to increase those problems?"

The state Department of Transportation says it has reviewed the projected impact and doesn't see the need to make improvements to I-85 beyond what it already has planned.

Moving the Atlantic Ocean

The South Carolina Inland Port will function like a smaller version of a port terminal, except that its cranes won't lift cargo on and off of ships, but on and off of trucks and trains.

It's planned along a main line of the Norfolk Southern railroad and next to Greenville-Spartanburg International Airport, where FedEx and UPS provide daily air freight service. It will be a stone's throw from Interstate 85 and just a little farther away from Interstate 26.

Port officials say it will provide overnight delivery of shipping containers via rail to and from the port of Charleston 212 miles away.

That capability, combined with other transportation assets already in the area, promises to make Greer the Upstate's focal point for freight transportation.

Deepal Eliatamby, a Columbia engineering executive who chairs the Transportation, Distribution and Logistics Council for the New Carolina economic development group, said Greer already had many of the assets needed to be a distribution hub.

"What was missing was the port of Charleston, and by locating this inland facility in Greer, you essentially move the Atlantic Ocean to the I-85 corridor," he said.

Already, warehouse development is beginning to occur around the site.

GSP officials say they will lease 45 acres of land next to the inland port to a national developer of intermodal centers, CenterPoint Properties of Oak Brook, Ill., which plans to develop up to 750,000 square feet of warehouse space on the property for an undisclosed user.

On top of that project, port and economic development officials say they have gotten inquiries from numerous companies and developers since plans for the inland port were announced in July.

Jim Newsome, president of the Ports Authority, said port customers from around the world have expressed interest.

"If I just gauge the global interest in this facility, it's huge," he said. "We have gotten questions from every corner of the world. What is it? What can we do there?"

The Ports Authority bought 100 acres in Greer in 1982 with plans for an inland port, but the project never moved forward until recently, after Norfolk Southern "initiated some 'what if?' discussions with BMW," Newsome said.

Newsome said the inland port would employ about 20 people and in five years should be able to process 100,000 shipping containers a year.

"What it does essentially is extend the reach of our port 200 miles into the interior," he said.

Hal Johnson, president of the Upstate SC Alliance, the regional economic development organization based in Greenville, said he's been contacted by more than 20 developers interested in constructing industrial buildings for warehousing or light assembly since the inland port was announced.

Johnson, who worked to develop a logistics center when he was economic development director in Orangeburg County, said he thinks the inland port "will have the impact of BMW and then some. I think it will take time, but I think it will be a tremendous economic impact for our region."

Ecommerce trend

The Upstate is already dotted with big distribution centers operated by companies such as Walmart (Laurens County), Walgreens (Anderson County), Dollar General (Union County), and W.W. Grainger (Greenville County).

Economic development experts say the inland port could lure more by giving companies the ability to move imported goods more efficiently from the coast to a spot along I-85 midway between Atlanta and Charlotte and the many millions of consumers who live in those cities.

The inland port, they say, could help the Upstate capitalize on a trend of ecommerce companies building distribution centers closer to population centers to facilitate faster delivery of goods ordered online.

They also say the inland port could put the Upstate in a better position to take advantage of "reshoring" — or bringing manufacturing back to the United States from overseas locations such as China.

Among those attending a groundbreaking for the inland port on Friday, in addition to South Carolina's governor and two U.S. senators, was John Ling, head of the state Commerce Department's industrial recruitment office in Shanghai.

Ling said he came to the ceremony with an economic development prospect that he wasn't at liberty to identify, a Chinese manufacturer planning a factory in the United States to better serve its customers. He said manufacturing in the United States is becoming a better alternative than manufacturing in China in many cases.

Economic development experts also say the inland port could help companies already in the Upstate become more efficient, making their jobs more secure and making them more likely to be selected by their headquarters for expansion.

"This is a big deal for everyone who does business in the Upstate," said Steve West, lead economic development manager for Duke Energy in South Carolina.

Trey Pennington, a vice president in the industrial property group at CBRE/The Furman Co., the Greenville real estate brokerage, said the inland port will enable companies to bring goods to Greer by train and from there ship some out by train, some by truck and some by air.

"That is the definition of intermodal," he said.

Pennington said the inland port is arriving at a time when business is good for Upstate manufacturers and the real estate market has virtually no Class A industrial buildings available with more than 50,000 square feet of space.

As a result, he expects developers of industrial property to construct multiple buildings over the next 18 to 24 months.

"I think our market is faring well, and I think the inland port is just going to allow us to take it to the next level," Pennington said.

Carter Smith, economic development director for Spartanburg County, said development fostered by the inland port might go anywhere along the I-85 corridor and maybe along I-26 or even to surrounding counties in North Carolina or Georgia.

Land at the airport

Companies that want to be right next door need look no further than GSP for available land.

The airport's new land-use plan designates about 300 acres along the four-lane J. Verne Smith Parkway for warehouses and light assembly. That includes the 45 acres next to the inland port that CenterPoint plans to lease.

Dave Edwards, GSP's executive director, said the first phase of CenterPoint's project — 420,000 square feet of warehouse space on 25 acres — is scheduled to open for business in December.

"I think we are well-positioned to be a major logistics and distribution location for the Southeast as we move forward," he said.

Edwards declined to say who would use the warehouse space, as did CenterPoint's chief executive, Paul Fisher, who attended the inland port groundbreaking.

Josef Kerscher, president of BMW Manufacturing Co., which operates a massive car factory near the inland port site, said it was too early for him to talk about the matter.

Kerscher said the inland port provides the opportunity for BMW to become more efficient and environmentally friendly by shipping materials by rail that are now coming to its plant from the port by truck.

Edwards said he hopes momentum from the inland port will help GSP reach its goal of hosting regularly scheduled air cargo flights with direct service to and from Europe.

Companies that GSP won't identify already fly cargo in from Europe on occasion, but the flights are chartered as needed and not part of regularly scheduled service.

The absence of regular air cargo service direct to other countries is "one of the missing links" at the airport right now, Edwards said.

DOT is getting ready to break ground on a $245 million reconstruction of the interchange at I-85 and Interstate 385 and is also adding a lane in each direction along I-385 and lanes for getting on and off I-85 between Pelham Road and I-385.

Groundbreaking for the road work is expected next year, and construction should take three to four years, said Tommy Elrod, DOT program manager.

Eric Dillon, district traffic engineer for DOT, said trucks will get to the inland port via J. Verne Smith Parkway and access I-85 via the interchange at Brockman McClimon Road. He said DOT is requiring the Ports Authority to build turning and deceleration lanes along J. Verne Smith Parkway.

Jim D'Amato, Spartanburg County's transportation planning manager, said he'd like information about the inland port's impact on traffic flows as he works to prepare a long-range plan but so far DOT hasn't supplied any.

"It would be nice to know how many trucks they're expecting, what routes they're expected to use, what hours of the day they'd be traveling, things like that," he said.

D'Amato said he expects the inland port will increase truck traffic on I-85, which he said is "pretty bottle-necked now, especially the stretch between Pelham and 385. The traffic volume there is over 100,000 vehicles a day and that's the highest in the Upstate."

Greer Mayor Rick Danner said Greer officials have been working with the DOT to plan routes for trucks driving to and from the inland port.

"We don't want to see truck traffic through the middle of our downtown," Danner said.

State Sen. Harvey Peeler of Gaffney, who's been calling for a widening of I-85 between Spartanburg and the North Carolina line, said he thinks the inland port makes the need to improve the interstate even more urgent.

"If the inland port is successful — and I know it will be — that's going to be an additional need for infrastructure in the Upstate," said Peeler, a Republican who is Senate majority leader. "That's just common sense, and what we've got to do is get ahead of the curve and not get behind the curve like we've been for so many years."

However, Peeler said raising the gasoline tax to generate revenue for road improvements is a "nonstarter" because Gov. Nikki Haley has said she'd veto any increase and there aren't enough votes in the Legislature to override her.

Rick Todd, president of the South Carolina Trucking Association, said the inland port will remove a "relatively insignificant" number of trucks off I-26, but will concentrate traffic in Greer, which will become a "truck source point."

He said truck traffic would grow on I-85 if the inland port attracts new volume. The new facility, Todd said, has been pitched as a "truck traffic mitigator" for I-26, but is really being built to give existing Upstate manufacturers such as BMW more options.

Aleda Roth, a professor of management at Clemson University and an expert in supply chain management, said she thinks South Carolina ought to consider taxing the goods that will come through the inland port and use the money for infrastructure improvements.

"Look at the convenience companies are getting," she said. "Somebody's got to pay for it. We should be looking at reasonable ways of getting the income we need for the infrastructure to support the whole system. It shouldn't be borne by the taxpayers."

GSP does offer regularly scheduled air cargo flights to and from U.S. locations — and to overseas destinations indirectly — through FedEx Express and UPS.

FedEx flies two 757 cargo planes to and from GSP six days a week and employs about 100 people in a 120,000-square-foot building, said Jonn Harris, manager of the facility.

He said business is 15 to 20 percent above plan, with the U.S. Postal Service the biggest customer. Other customers include Amazon and sportswear retailer Adidas, which operates a big distribution complex along I-85 just outside of Spartanburg.

The inland port is part of $2 billion worth of improvements planned by the Ports Authority over a decade.

Other projects include a new terminal at the port of Charleston, a container staging yard in North Charleston served by two railroads, and the deepening of Charleston Harbor to 50 feet in order to accommodate megaship traffic expected to result from a widening of the Panama Canal.

Allison Skipper, spokeswoman for the Ports Authority, said it plans to finance all of the improvements through its own revenues, except for $700 million set aside by the state of South Carolina, which hopes to be reimbursed $120 million by the federal government.

More trucks, more trains?

In announcing the inland port, the Ports Authority made a point to say it would cut the number of shipping containers traveling on I-26 to Charleston by 25,000 a year. They will move by train instead.

But the Ports Authority didn't release any projections about I-85 traffic.

Newsome, its CEO, said he's hoping the inland port will remove some truck traffic on I-85 by facilitating the transport of empty shipping containers from Atlanta to Greer by rail instead of truck.

But the overall effect on I-85 "remains to be seen," Newsome said.

Skipper, the Ports Authority spokeswoman, said a traffic analysis prepared by a private engineering firm was still under review and not available for release.

Doug Frate, DOT's deputy secretary for intermodal and freight programs, said the agency doesn't presently see truck traffic on I-85 "increasing to a degree that would warrant additional improvements beyond those already under construction, programmed or recently studied."