

**STATEMENT OF BILL JOHNSON  
DIRECTOR, PORTMIAMI  
MIAMI-DADE COUNTY**

**U.S. SENATE  
SENATE COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION**

*Oversight of the Cruise Industry*

**March 1, 2012**

Chairman Rockefeller, Ranking Member Hutchison, and honorable members of the Committee, thank you for the opportunity to testify before you today. I am especially pleased to be invited to appear before our two great senators from the State of Florida, Senator Bill Nelson and Senator Marco Rubio, who are keenly aware of the importance the cruise industry brings to the Sunshine State. My name is Bill Johnson, and I am the Director of the Dante B. Fascell Port of Miami, now known as PortMiami. I also serve as the Chairman of the Florida Ports Council and serve as the Vice President of the International Association of Ports and Harbors where we work together on issues of national and international concern. Believe me, and I cannot emphasize this enough, safety is the cruise industry's top priority.

**Background**

The Miami-Dade County Seaport Department, PortMiami, is a 518-acre facility located in mid-Biscayne Bay between the City of Miami and Miami Beach. PortMiami is governed by Mayor Carlos Gimenez and the Miami-Dade County Board of County Commissioners under a strong mayor form of government. PortMiami is the busiest cruise port in the world, handling more than 4 million passengers in 2011 for the 4<sup>th</sup> consecutive year in a row. In addition, Miami-Dade

County is the global headquarters for five of the world's largest and most distinguished cruise lines: Carnival Cruise Lines, Norwegian Cruise Line, Royal Caribbean Cruises Ltd., Oceania Cruises and Regent Seven Seas Cruises. Thus, at PortMiami, cruising is our bread and butter and lifeblood of the local economy. During the recent downturn in the economy, the cruise business in Florida remained strong and at present continues to grow, protecting our local and state economy from an even larger economic disruption.

### **Economic Impact**

With your indulgence, I would like to present the following numbers - in 2011 Greater Miami had over 13.4 million overnight visitors who spent \$20 billion dollars and stayed an average of 5.8 nights. Of those visitors, 7.1% or 951,400 were cruise passengers. These visitors spent an average of \$264.58 per day and stayed an average of 2.4 nights. When examining how their money was spent, it breaks down as: 35% for lodging, 25.6% for meals, 15.2% for entertainment, 10.2% for shopping, 7.5% for local transportation; and 6.3% for parking. But that is only the tip of the iceberg. Of the more than 4 million cruise passengers who visited PortMiami last year, over 60% of them passed through our sister department, Miami International Airport, infusing millions of additional revenue to U.S. airlines and millions more into the state and local economy via items such as passenger fees, meals, and sales taxes.

PortMiami is a critical jobs incubator for the state, supporting over 180,000 jobs, and that number will increase with three new cruise brands coming to our port over the next 22 months. Also, maritime industry workers at the port have one of the highest incomes in the County. For persons with a high school degree, salaries average around \$52,000 per year, a good salary for

South Florida. Jobs created by the port are in both the public and private sectors, including over 1,200 members of the International Longshoremen's Association.

In Florida, over \$6 billion a year goes to cruise industry service providers, suppliers and vendors according to an economic impact study commissioned by the Cruise Lines International Association (CLIA). Royal Caribbean alone uses more than 2,000 suppliers, 350 of which are local to South Florida and spends more than \$400 million annually in South Florida on shipboard products ranging from fuel, food and drinks, to furniture. Carnival Cruise Lines, PortMiami's largest cruise tenant, has a global fleet of 23 ships, where 8 meals and snacks are served every day to 2,000-3,000 guests per ship (along with 1,000-1,500 crew members). Celebrity Cruises' *Constellation*, at full capacity, feeds 3 meals a day to over 2,000 passengers and more than 1,000 officers and crew, comparable to the provisions that any small town might consume in one week. Provisioning of ships gets real money flowing into the economy – helping small and medium sized businesses not only survive, but thrive.

Ship Chandlers range in size and product specialization, and include nationally recognizable names like Coca-Cola and Cargill, to local and state businesses such as the American Fruit and Produce Corp., and Sysco. American Fruit and Produce, a fruit and vegetable supplier based in Miami-Dade County has 125 employees and over 45 years experience working with the cruise industry. With annual revenues of over \$100 million, they get 30-40% of their business from the cruise industry, supplying lines such as Norwegian, Carnival and Royal Caribbean throughout Florida, in New Orleans and along the Gulf Coast. These suppliers support local jobs throughout the South, jobs that would disappear if we did not have a robust cruise industry.

Although standard fare such as bananas and tomatoes are still in high demand, more and more ships are changing menus to include organic and specialty foods, providing additional new business opportunities for U.S. farmers.

Every cruise ship leaving from PortMiami has a multiplier effect that also includes 486 companies providing ground transportation, including bus and limousine services, and thousands of taxi trips between Miami International Airport, local hotels, and PortMiami on a typical cruise weekend. The cruise industry also supports jobs ranging from companies involved in refueling ships, harbor pilots guiding ships into the harbor, tugboat operators, waste removal, and landscaping, as well as terminal security services.

In Florida as a whole, these numbers expand exponentially. Florida is the number one cruise state in the nation, and according to CLIA, the industry accounted for \$6.3 billion in direct spending in 2010, generating 123,255 jobs and wages totaling \$5.4 billion. Florida's five cruise ports handled 5.8 million embarkations, which accounted for nearly 60% of all U.S. cruise embarkations. The jobs are not just on-port, they include travel and transportation services, hotel and hospitality services, food provisioning, ship repair services, advertising agencies, engineering companies, manufacturers of machinery and metal, interior designers, and computer consultants, just to name a few.

### **Safety and Security**

Safety and security must always be our top priority. While serving as director, I have focused on enhancement of our public safety and security protocols. I am pleased that our Port is a leader in the state and nation regarding security. Ensuring our passengers safety is the number one

concern at PortMiami. In addition to the separate private security hired by cruise lines, we are close partners with U.S. Customs and Border Protection, the U.S. Coast Guard, the Florida Department of Law Enforcement, Miami-Dade Police Department and Miami-Dade Fire-Rescue.

We take the threat of terrorism seriously, as well as preventing crime on port and providing a safe and secure environment for passengers, workers and visitors alike. We conduct regular training drills with our federal, state and local partners to ensure readiness for any emergency, be it natural like a hurricane, or man-made.

We also work closely with the Florida Fish and Wildlife Department and the U.S. Department of Agriculture as well as the Florida Department of Agriculture to protect against entry of insects or disease that could harm U.S. interests. For example, PortMiami has initiated a “Don’t Pack a Bug” program with the USDA to protect U.S. farms and produce.

In another innovative program, we have also partnered with a group called Kristi House in Miami, implementing a plan to train the personnel at the seaport to identify and respond to children in transit who may be victims of human trafficking and/or sexual exploitation. In addition, the plan includes partnering with the cruise lines and private security companies to facilitate the training of their personnel as well.

The Port is compliant with all International Maritime Organization standards that govern the operations of cruise vessels. Our lines follow the safety standards of the Convention on the Standards of Training, Certification, and Watchkeeping which deals with crew training regarding safety procedures.

Our close cooperation with the U.S. Coast Guard assures passenger safety with the examination of each new cruise vessel when it first enters service at a U.S. port, three of which will be coming to PortMiami in the coming year. There are also thorough Coast Guard examinations of cruise ships when ships reposition from foreign to U.S. ports, as well as mandatory quarterly inspections. These inspections emphasize structural fire safety and the proper life saving equipment along with being present for fire and abandoned ship drills.

I applaud Congress for passing the Cruise Vessel Security and Safety Act of 2010 in furtherance of efforts to carry out the upmost passenger safety, including updating ships safety, the installation of ship rails, visual identification means on entry doors, integration of technology used to detect any passengers fallen overboard, and the new protocols regarding reporting crimes aboard.

### **Environmental**

PortMiami continues to be at the forefront in environmental responsibility. Our well-thought-out vision embraces public and private input and is consistent with the objectives of County government and maritime industry needs.

Our Port is surrounded by a unique and fragile, maritime ecosystem which ranges from sea grass beds to natural coral reefs. These waters provide our community with the strong tourism base that South Florida thrives on, including the cruise industry.

The Port has taken steps to ensure that the value of commerce in our community is supported by an aggressive and proactive environmental program. Just last year, the Port completed over 40 acres of mangrove restoration at Oleta River State Park in Northern Biscayne Bay. We have also installed storm water treatment systems to improve water quality of the Bay.

To conserve energy, PortMiami has implemented a series of on-going projects to reduce energy consumption on site, including the installation of 'variable frequency drives' on the air handlers in older facilities, retrofitting all lamps from watt reduction throughout the Port, along with installing computerized panels for controlling the lights in cruise terminals. To reduce our carbon footprint, we have replaced cars with hybrids and provided for the separation of cargo and cruise traffic to decrease idling time and reduce emissions.

We also incorporate green performance standards in our Cruise Capital Improvement Program, with our most recent renovations using furniture manufactured with products using renewable and recycled materials and canopies utilizing a fabric that is 100% recyclable. All re-roofing projects have reflective roof measures, such as reflective coating and membranes with a solar reflectance that keep terminals cooler, even in our tropical climate.

Our vision is to continue a tradition of leadership concerning environmental issues and to practice sustainable green development. By carefully balancing environmental, social and economic factors into our business planning and decision-making processes, we will ensure a favorable workplace today and a healthy environment tomorrow.

## **Conclusion**

PortMiami is where the modern cruise industry was born starting in 1972, when cruise shipping pioneer Ted Arison acquired his first passenger ship and founded what has become the highly successful business called Carnival Cruise Lines. We look forward to continuing the growth of the cruise industry in Miami, and welcome new innovations and best practices with gusto. The safety and security of our passengers is priority number one. I would like to thank you for allowing me to speak today and welcome input regarding this most important of industries.