# SC Ports pores over private-sector bids to reboot its newest terminal

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The S.C. State Ports Authority suspended operations at its underperforming, high-cost Leatherman Terminal in North Charleston on Aug. 1.

FILE/GRACE BEAHM ALFORD/STAFF

An idea that's been floated at least once before at the Port of Charleston is drifting back to shore.

This time, key decision-makers along the waterfront are wading in with both feet for a closer look.

In an effort to resolve a $1 billion-plus dilemma at the old Navy base, the S.C State Ports Authority in June quietly requested proposals from private companies interested in taking over the day-to-day management of the chronically underused and **newly idled Leatherman Terminal**.

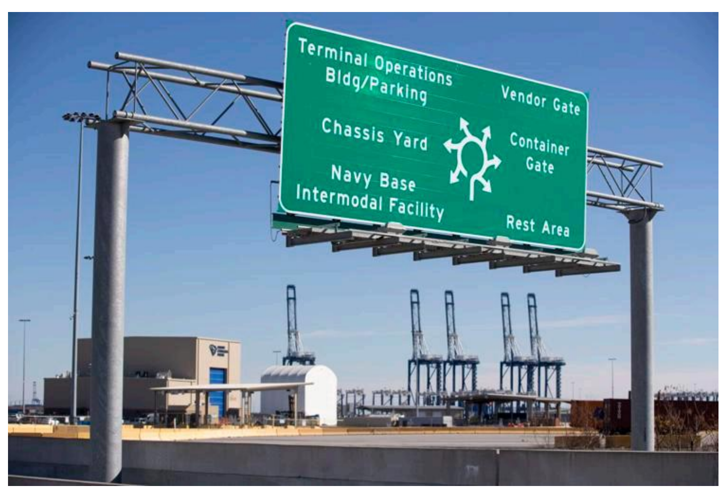
The SPA is still reviewing the responses, setting no firm deadlines and making no assurances a deal will materialize.

"We have multiple parties interested in the Leatherman Terminal, and we're considering that as one potential avenue," CEO Micah Mallace said Aug. 18. "And we are looking at all the potential avenues. We really believe in having multiple options so that if one doesn't work we can just pivot to another."

The proposals are confidential, but they likely include variants of a standard landlord-tenant leasing agreement, with the SPA collecting rent from a third-party operator that takes on the job of hiring the labor to move the cargo on and off the 286-acre property.

"That's one way to do it," Mallace said. "There are other ways to do it that I think we probably like more, where we retain more control."

"To simplify it," he continued, "we asked for the best offer. ... It's whoever pays the most, of course, but also understands what we are solving for — and **what we're solving for is growth**."




The Hugh K. Leatherman Terminal is on the south end of the former Navy base in North Charleston.

FILE/HENRY TAYLOR/STAFF

If an agreement is struck, it will mark the first time the port will hand off a state-owned marine terminal to a private operator. The International Longshoremen's Association, which has run Leatherman for the past two years, didn't respond to a request for comment last week about the possibility of a new management structure.

## Private mattes

The idea has bubbled up before. A state lawmaker in 2008 asked the SPA board — then averse to the slightest whiff of privatization on the public docks — to consider leasing some or all of its terminals to an outside company. The request went nowhere.

Previously, the SPA had subleased about 100 acres it was renting on the former Navy base in the late 1990s to a private cargo-handling business. The deal blew up, costing the port nearly $5 million in 2003 to settle the litigation.

The agency eased its hardline stance as change accelerated in the industry, namely the arrival of the "mega-ship" era that fueled a rash of big-ticket maritime projects, including Leatherman. More than a decade ago, then-CEO Jim Newsome announced that, for the first time, the SPA was reaching out to pension funds and other cash-flush institutional backers that could provide new financing options. The talks didn't include changes in terminal operations.

"Several firms are interested in investing in this space, and we hope to do a deal with them," Newsome told industry officials during his 2014 "State of the Port" address. "There's a lot of long-cycle money chasing infrastructure."

Named for the late Pee Dee lawmaker, the Hugh K. Leatherman Terminal **required years of planning**. The roughly $1 billion first phase opened on March 31, 2021, along the North Charleston waterfront, but it has never lived up to its lofty expectations, hampered by a litigious labor dispute and high operating costs.

The terminal, designed to move up to 700,000 containers annually, hasn't come come close to hitting that number. It handled almost 85,000 boxes during the SPA's 2026 fiscal year, or 6.3 percent of the total through June.

Most ocean carriers have avoided Leatherman, at first to stay out of a drawn-out legal battle between the port and the ILA that heated up about **two months before the first ship arrived**. According to the union, a new labor contract called for its members to handle all of the heavy-lift equipment at the new terminal, which would displace the SPA government employees who traditionally filled those jobs.

The ILA prevailed in early 2024, after the case made its way to the U.S. Supreme Court.

Unlike the port's other terminals, Leatherman was entirely operated by the union from then on, with an opaque and **elevated labor-cost structure** that has made it less competitive.

## 'All about leases'

Ron Brinson, a former North Charleston City Council member who was the top executive for the Port of New Orleans from 1986 to 2002 and also led the American Association of Port Authorities, said the changes in the latest ILA labor contract "sort of sprung a trap" on the SPA. As a result, Leatherman has landed "in the cross-fire between the union and maybe the anti-union bias that we see so much of in South Carolina."

"Unions are a reality … in our industry," he said.

As Brinson sees it, the SPA's latest proposal for righting the ship at Leatherman is "a timely" opportunity "to be creative."

"This is a concept that … might over time lead the ports authority in a direction that's very, very productive," he said.

Brinson pointed out that Charleston's longstanding "hybrid" labor model, which relies on a mix of public employees and union workers to deliver the goods, is "getting rarer." Only Savannah and a few others have stuck with it.

"Most ports have a port authority-privatization relationship that is operated through leases. And it works pretty well," according to Brinson. "I've done a lot of consulting out on the West Coast, and they don't know what a hybrid model is. It's all about leases."

A notable East Coast example is starting to take shape at a former steel mill in eastern Maryland. Baltimore's port authority broke ground in May on the **Sparrows Point Container Terminal** with $1.6 billion in private financing. Scheduled to open in 2030, the 168-acre import-export hub on the Patapsco River will be managed by a division of Mediterranean Shipping Co., which is the SPA's largest customer.

Brinson predicted if MSC, or another company of its sophistication like APM, takes over Leatherman "they will make that terminal productive."

"This could, again, be a moment where creative, strategic thinking is key," he said.

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