

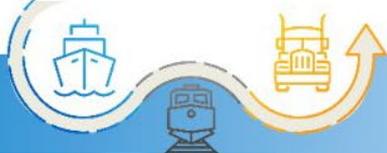
Kentucky Riverports, Highway & Rail Freight Analysis Study

- Greg Pritchett, Kentucky Association of Riverports
- Chandler Duncan, Metro Analytics



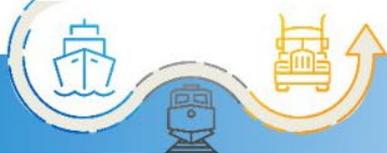
KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





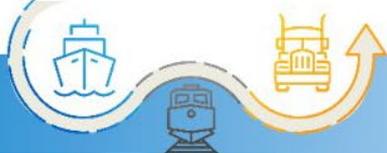
Questions Answered

- **What has happened in the KYTC Riverport Study?**
- **What have we learned about the role of Riverports in the Economy?**
- **What is Changing in the Riverport Economy?**
- **What Choices do we Face About Riverport Futures?**
- **What's Next for Kentucky's Riverports?**



What has Happened In the Study?



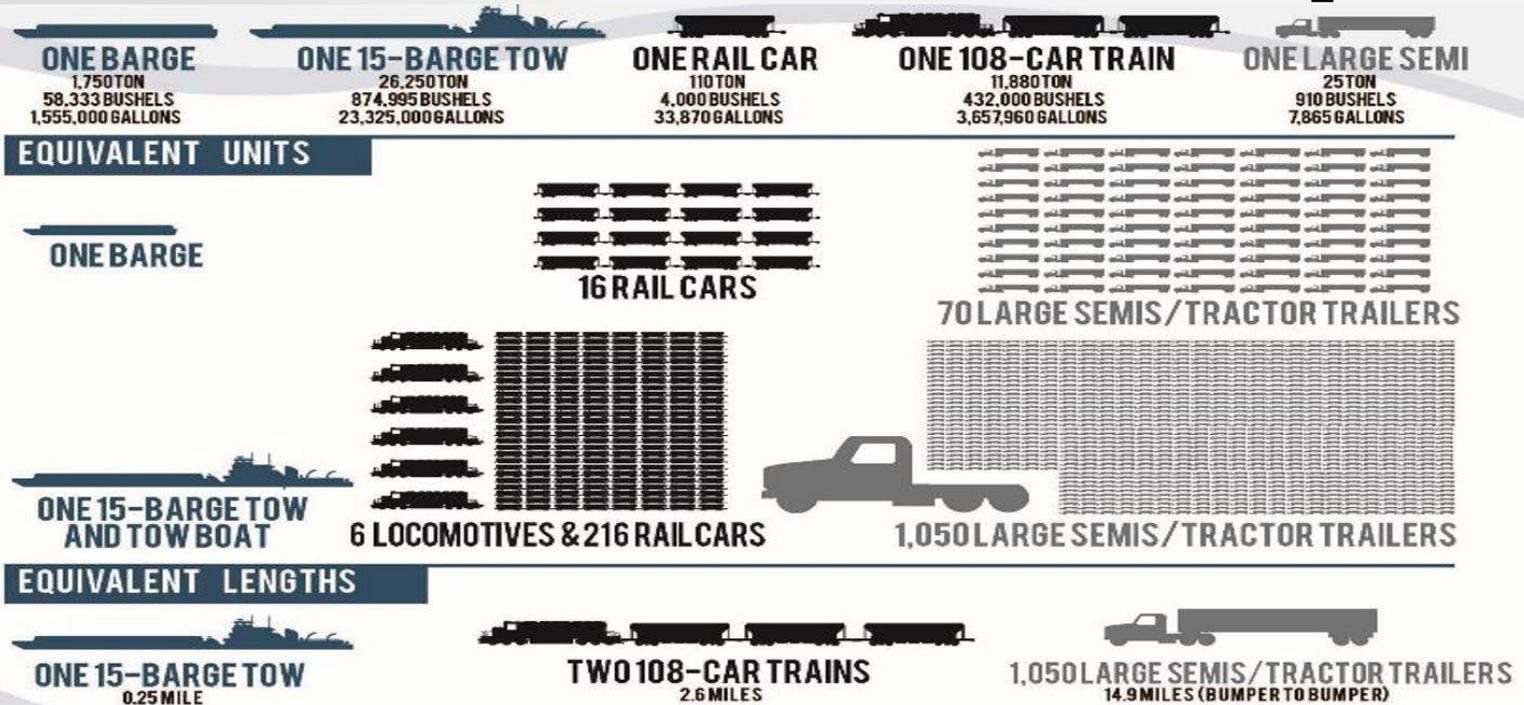


What has Happened In the Study?

- Stakeholders Engaged through 3 Statewide Summits
- Latest Post-COVID Forecasts of Riverport Markets
- Rigorous Review of Riverport Infrastructure & Condition
- Series of Technical Memoranda
- Draft Report & Marketing Toolkit



What Have We Learned About Riverports?





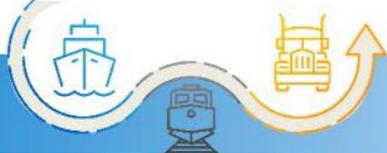
What Have We Learned About Riverports?

- **Riverports Connect Kentucky to the National and Global Economy**
- **Kentucky's Waterways Carry over 80 Million Tons of Freight Each year, worth over \$18 Billion**
- **Approximately 19% of Kentucky's Tonnage Moves by Water, but only 3% of the Value on Kentucky's Transportation System**
- **59% of New Jobs in Kentucky in 2020 were from new business locations, suggesting opportunities and new markets**
- **Growth in Manufacturing, Food & Beverage, Trade/logistics, Aluminum and other sectors show potential growth for waterborne commerce**
- **Kentucky's current \$500,000 Annual Port funding level lags behind other ports**



What Have We Learned About Riverports?

- The top 5 Commodities comprise 89% of today's Kentucky Riverport Market
- Petroleum and Crude (29%), Coal (19%), Aggregate (16%), Grains (15%) and Chemicals (10%)
- 18% Freight Growth is expected by 2045 , but slight decline in waterways
- Growth in Oils, Plastics, Warehouse/Distribution and Grain, but offset by Reductions in Coal
- More than 50% of Kentucky's freight is in commodities that could be carried by water on some portion of its journey, however sourcing and logistic patterns determine actual utilization



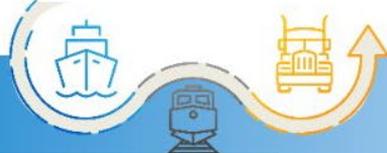
What is Changing in the Riverport Economy?

- **Reduction in Coal Market Will Increase Competition Among Riverports**
- **Riverports will have to capture “More than their Share” to stay in business**
- **Attracting “Anchor Clients” to Riverport Hinterland Will be Vital**
- **Plastics, Metals and Chemicals can Support Automotive and Advanced Manufacturing Supply Chains**



Many Current Markets will Decline

Key KY Waterborne Trade Market	Historic Changes 1997-2017 (FAF) as Described in Chapter 1	Anticipated Forecast Changes 2018-2045 (Transearch)	Strategic Implications
Fuels: Coal, Gasoline, Fuel Oils	 <p>Waterborne trade with Kentucky declined by 48% even as national market increased by 67%</p>	<p>Kentucky is expected to lose an additional 62% of its market by 2045 in coal, petroleum, and gas fuel waterborne trade.</p>	<p>Ports dependent on coal, petroleum, shipping stone, gravel, and non-metallic minerals for significant shares of business should explore new markets in trade partners trafficking in grains, food, plastics, rubber, and other manufactured goods.</p>
Minerals: Sand, Stone & Non-Metallic Minerals	 <p>Waterborne trade in sand, stone and non-metallic minerals with Kentucky declined by 95% and there was no significant decline in the national market.</p>	<p>Kentucky is expected to lose an additional 26% of its market in non-metallic mineral waterborne trade and clay, concrete, glass, and stone.</p>	

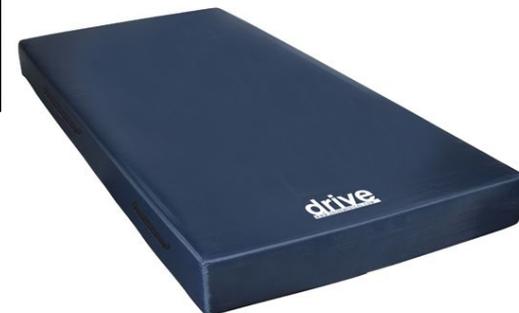


Smaller, Different Markets Will Increase

Key KY Waterborne Trade Market	Historic Changes 1997-2017 (FAF) as Described in Chapter 1	Anticipated Forecast Changes 2018-2045 (Transearch)	Strategic Implications
Manufactured Goods: Plastic/Rubber, Textiles, Machinery	 <p>Waterborne trade in plastic/rubber, textiles and machinery increased 17x nationally and 11x in Kentucky.</p>	<p>Kentucky is projected to experience a 23% increase in waterborne trade in chemical and allied products (which include plastics, rubber, and similar goods). A 9% increase in tonnage of machinery traded with Kentucky by water is also projected.</p>	<p>Ports should work with KY Cabinet for Economic Development and local economic development authorities to identify manufacturers, buyers, and suppliers of waterborne goods,</p>
Perishables: Grains & Alcoholic Beverages	 <p>Despite a 6% national decline in waterborne trade of grains and alcoholic beverages from 1997-2017, Kentucky retained this market during the 20-year historic period.</p>	<p>In the period from 2018 to 2045, Kentucky is projected to increase its waterborne trade in food and kindred products by 144% and its trade in agricultural products and livestock by 81%</p>	<p>especially plastics, rubber, machinery, and chemical & allied products to attract and grow firms in riverport hinterlands of Kentucky's riverports.</p>



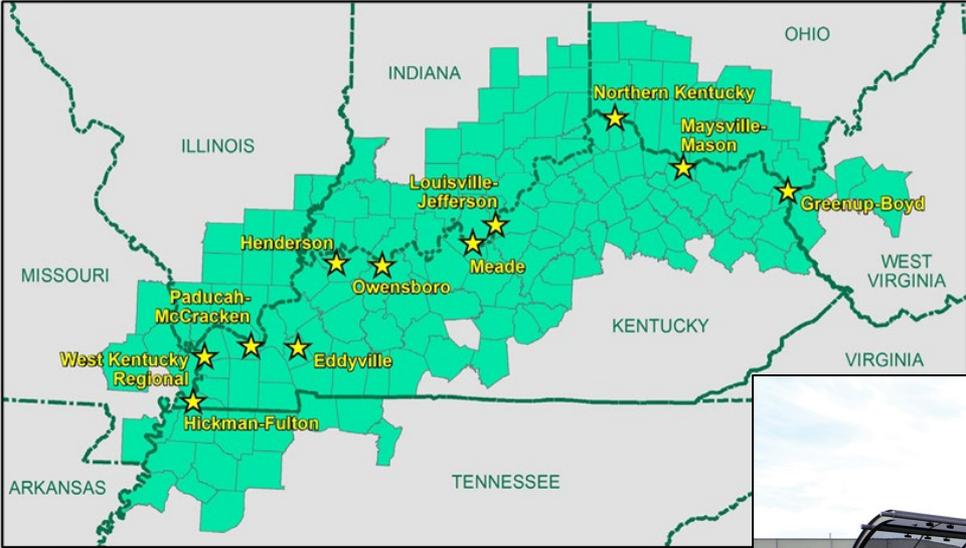
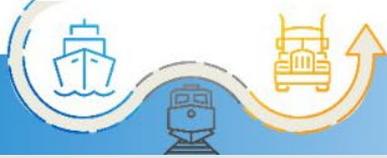
Opportunities in the Supply Chain: Metal, Plastic, Rubber, Chemicals





What Choices do We Face?

- **Invest in Restructuring Vs. Scaling Back**
- **Build Home Markets Around Ports?**
- **Collaboration Vs. Completion**



Riverport Hinterlands are Multi-State Development Markets



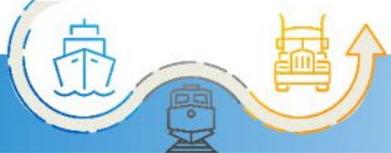


KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Restructuring of Ohio River is a National and Regional Issue





Possible Federal Funding Sources

KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Type	Program	Funding
Infrastructure	ATCMTDP	\$ 12,000,000.00
	BUILD	\$ 900,000,000.00
	Farm Storage	\$ 500,000.00
	INFRA	\$ 856,000,000.00
	Marine Highway	\$ 7,000,000.00
	Passenger Ferry	\$ 33,000,000.00
	PIDP	\$ 292,730,000.00
	RRIF	\$ 35,000,000,000.00
	Transp Alts Set Aside	\$ 850,000,000.00
	WIFIA	\$ 5,000,000.00
Economic Development	Econ Dev Assistance	\$ 3,000,000.00
	Planning Grant	\$ 300,000.00
	APRA-E	\$ 500,000.00

Type	Program	Funding
Resiliency	Disaster Loan Assistance	\$ 200,000.00
	Emergency Relief	\$ 1,000,000.00
	HSGP	\$ 1,095,000,000.00
	PSGP	\$ 100,000,000.00
	SaTC	\$ 1,200,000.00
	TSGP	\$ 88,000,000.00
	Environment	Clean Diesel
Coastal Program		\$ 500,000.00
CMAQ		\$ 2,500,000,000.00
Endangered Species		\$ 99,999.00
Marine Debris		\$ 2,500,000.00
Pollution Prevention		\$ 500,000.00
SRA		\$ 260,000.00
Targeted Airshed		\$ 4,000,000.00
Wetland Program Development Grants		\$ 300,000.00

Total Funding = \$41.7 Billion, 1% = \$417 Million

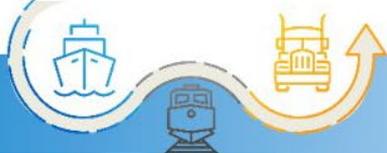


Infrastructure Investment & Jobs Act: Section 21106.

The IIJA authorizes states and certain other local governmental entities that are regionally linked with an interest in a specific multi-State freight corridor to enter into multi-State compacts to promote the improved mobility of goods. This section requires the Secretary to establish a grant program to provide financial assistance to compacts in amounts up to **\$2 million** for a new multi-State compact and **\$1 million** for an existing multi-State compact

Ohio River is a Multi-State Marine Corridor of National Significance





What's Next for Kentucky Riverports?

- **Legislative Riverport Caucus**
- **Strategic Capacity Review & Prioritization**
- **Riverport Hinterland Compact**



- ✓ **Frame Issues of Riverport Hinterland Market in State Economic & Infrastructure Policy**
- ✓ **Support Resolutions for Inter-Governmental and Inter-State Collaboration**
- ✓ **Assess Grant Programs, Development Priorities, Workforce and Funding Priorities**
- ✓ **Facilitate KY Participation in Hinterland Compact**

Legislative Riverport Caucus





- ✓ **Use Riverport Study to Seek EDA or other national funding partners**
- ✓ **Involve State and Regional Entities**
- ✓ **Focus on Riverport Hinterland as Top Priority**
- ✓ **Initiation Study Creates Concept of Operations & Funding Sources**
 - * Recruitment of Core Waterway Clients*
 - * Ongoing Review of Capacity & Modernization Needs*
 - * Establishment of Multi-State Funding*
 - * Make Business Intelligence Available*

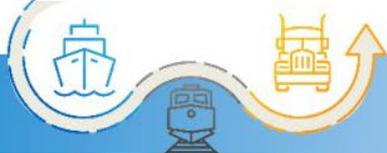
Riverport Hinterland Compact





What Does the Future Hold?

- **Aggressive Strategies for Client ACRE**
- **Smaller But Strategic Placement of Riverports in Hinterland Value-Chain**
- **Emergent Hinterland Focus for Funding, Business and Infrastructure Priorities**



Questions/Discussion