



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY

BUILDING A
COLLABORATIVE
COMMERCE
NETWORK
ACROSS
KENTUCKY

VIRTUAL RIVERPORT SUMMIT Q&A WITH SECRETARY GRAY

Moderated by Mikael Pelfrey | September 3, 2021

1) Would the Transportation Cabinet promote the need for the Kentucky Riverport Improvement funds to be a permanent budget allocation opposed to being funded from the general budget on an annual basis?

This is a good question. Because the Transportation Cabinet's budget is approved every two years by the General Assembly, nothing is truly considered a permanent budget allocation. The enacted law supersedes any previous laws providing funding for the Transportation Cabinet. Since FY 2013, the Transportation Cabinet budget crafted by the Governor and enacted by the Legislature has included \$500,000 annually in general fund revenue for Riverport Improvement. The Transportation Cabinet utilizes the general funds appropriated to it through the budget bill for the Riverport Improvement grants. We are constitutionally prohibited from using road fund dollars for non-highway modes of transportation. That is why there's no line item for riverports in the six-year highway plan.

Our Cabinet has always taken the position that you can never invest too much in infrastructure. We do the best we can with what we have but are never short of improvements that can be made if more funds were invested. If riverports authorities and operators want to advocate for a dedicated revenue stream, possibly into the Riverport Financial Assistance Trust fund (KRS 174.210), the best place to start is to identify legislative champions who would be responsible for enacting necessary legislation and contact the Governor's Office. If the ports were successful in establishing a dedicated stream of revenue into the Riverport Financial Assistance Trust fund, the Cabinet would happily administer it as outlined in the enabling legislation.

2) Does the Cabinet have a position on a Kentucky carbon tax? If so, could a portion of that tax be dedicated to a state funding source for the Riverports?

Since this tax is administered through the Energy and Environment Cabinet, not KYTC, we are not well-suited to take a position on the tax. It's no secret that passing legislation to fund infrastructure improvements through taxes is a challenge, but that's not to say it can't be done.

3) With the recent Federal Infrastructure Bill passage, would the Cabinet support and request the development of an I-157 east that would connect Kentucky to states west of the Mississippi River? Kentucky is the only state that does not have Interstate highway connectivity across the Mississippi River. This would significantly enhance the opportunity for manufacturing and warehouse distribution development in Western Kentucky while providing safer and less congested highways.

While a new connection between I-69 and I-57 might make sense one day, the current plans to replace the US 45/US 60/US 62 bridge at Cairo, Illinois will serve as more-immediate, much-improved access to this region. The new infrastructure bill could help fund the replacement of the Cairo Bridge, and we are excited about that possibility. We should note, however, that while the federal infrastructure bill is a promising, bipartisan effort to invest in infrastructure, no bill has yet been enacted. The House and Senate versions of the bill must be reconciled by both chambers and the ultimate bill then has to be signed by the President. That means there's still room for changes to be made as it makes its way through the process. One thing that appears to be a consistent theme is a greater focus on bridge funding. If there is strong local support for taking another look at an "I-157 connection," we would encourage you to work with the local ADD planners to have the project evaluated through the Cabinet's SHIFT process.

4) Does the Economic Development Cabinet have any input to state funds allocated to our Riverports?

The general funds appropriated to the Transportation Cabinet for the Riverport Improvement program do not receive input from the Economic Development Cabinet. As outlined in the budget bill language, applications for the funds are reviewed and prioritized by the Water Transportation Advisory Board and I make the final funding decision based on their recommendations. As noted previously, the Transportation Cabinet is constitutionally prohibited from using road fund dollars for non-highway modes, like riverports. The Economic Development Cabinet would be best suited to answer any questions about any funding sources they manage that could be utilized for riverport improvements.



- 5) **Considering the current financial constraints, the Transportation cabinet has to allocate dollars for roads and bridges, how or where do you see the needed riverport funding fitting in to the future KYTC plan?**
I have touched on the restrictive nature of where road fund dollars can be directed. Any state funding for riverport improvements would have to come from another source, such as the general fund. Once the study results are available, I encourage you to comb through it and see it as an advocacy tool for economic development opportunities riverport investments can unlock. I know you have a presence with groups like Kentuckians for Better Transportation to advocate on your behalf. The Cabinet is here to offer input and administrative support for funding opportunities using state and federal dollars.
- 6) **The mission of this freight study is to take a holistic state view of our riverports and transportation modes for the future growth of Kentucky. Once the study is complete, can you provide your guidance to the ports on how they can leverage the findings to increase funding to support the growth.**
Advocacy by the riverports is critical. Create a compelling case for legislators to work with you to find funding solutions and opportunities. As Secretary of the Transportation Cabinet, I want to see advancements in all modes of transportation to build a better Kentucky.
- 7) **Does you think the Kentucky State Transportation should consider reorganizing the Kentucky public ports and put them under one umbrella akin to how Indiana has structured the Ports of Indiana?**
I have learned over my years as mayor and now as Secretary of the Transportation to take your time and listen before making any drastic changes. I did some homework and there is no provision in the law that would even allow the Cabinet to take this type of action. And if there was, I wouldn't be quick to take a position on a reorg unless I heard feedback from local city and county officials that this is a course of actions they'd want to take. If there were interest in moving public ports under a statewide umbrella, that's something that is best to bubble up from the local level to the legislature. It may be an option to work with the legislature to form an Inland Waterways Caucus, similar to the Aerospace/Aviation Caucus that was recently formed. The topic of establishing a statewide port authority could be one of the first topics addressed by the newly formed caucus. The caucus could research the local interest, the fiscal impact to the state and determine the necessary legislation. To reiterate, I'm not here today to advocate for or against the idea, I just wanted to address the question.
- 8) **How does the Cabinet plan to help market the Kentucky riverports as a whole during economic development conversations throughout the region and across the nation?**
The Cabinet advocates for all modes of transportation. In our mission statement we are to provide a transportation system that delivers economic opportunity and enhances the quality of life in Kentucky. Improved transportation systems often bring economic opportunities, and economic opportunities often lead to a need for an improved transportation system. We are fortunate to have the Economic Development Cabinet that is charged with, and does a great job at marketing Kentucky and the economic development opportunities in the state. My hope is the final study will be a helpful tool for our partner agency to effectively market Kentucky's network of public and private ports. I also hope would be that this study can be a tool for economic development leaders, riverport managers, and local governments to promote Kentucky's natural advantage with our inland waterway network for both foreign and domestic commerce. As always, the Cabinet will work with the ports and our partners in economic development and remain supportive of their efforts.
- 9) **Are there any additional plans to continue the current study after this Summit concludes? What are the next steps KYTC is planning?**
The study is near completion with a target to wrap up by the end of October. In that time the project team will be finalizing future port utilization options, analyzing port investment scenarios, offering perspectives on potential investment strategies, and assessing public riverport capital improvement needs and economic development opportunities. The Transportation Cabinet conducted this study on behalf of the public riverports. So, the question really becomes what are the ports going to do with this information? Let me give you a few suggestions. Organize. Gather all the public ports together so you are speaking with one voice. Gather all your allies together, whether it is the Kentuckians for Better Transportation, the Kentucky Chamber of Commerce, or even the Economic Development Cabinet. Make a plan. Determine what goals you want to achieve based on the information learned from this study. And finally, take the information to your legislators and the governor. They are going to be the ones that set the administrative polies and have the power to make the budgetary and legislative changes. As always, I and the Cabinet are here for support.
- 10) **Can the public ports access the data from the study, specifically the projections for the individual riverports and how do they access that data?**
The dataset collected as part of this project is housed by KYTC. It is a massive dataset that requires extensive software experience to manipulate. The consultant team is developing a simplified method to allow ports to query the data. Port directors should expect to hear more from our project leads about the suggested method to access the data.