

# Kentucky Riverports, Highway & Rail Freight Analysis Study

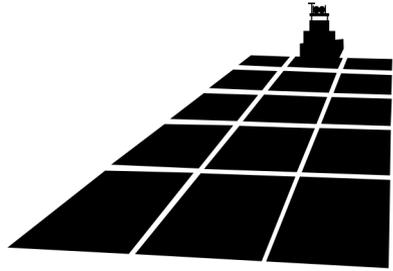
## POLICY SUMMARY



# How Was the Study Conducted?



# What Have We Learned About Riverports?



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**1**

**15-Barge Tow**

**216**

**Rail Cars**

**1,050**

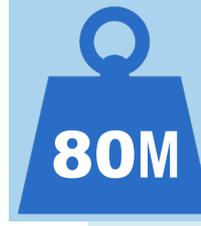
**Trucks**



# What Have We Learned About the Riverport Market?



Riverports connect Kentucky to the national and global economy



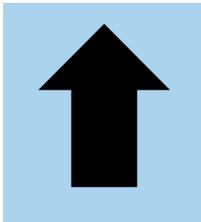
Kentucky's waterways carry over **80** million tons of freight each year, worth over **\$18 Billion**



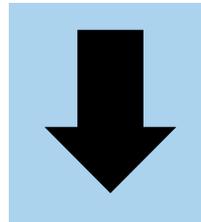
Approximately **19%** of Kentucky's tonnage moves by water, but only **3%** of the value



**59%** of new jobs in Kentucky in 2020 were from new business locations, suggesting opportunities and new markets



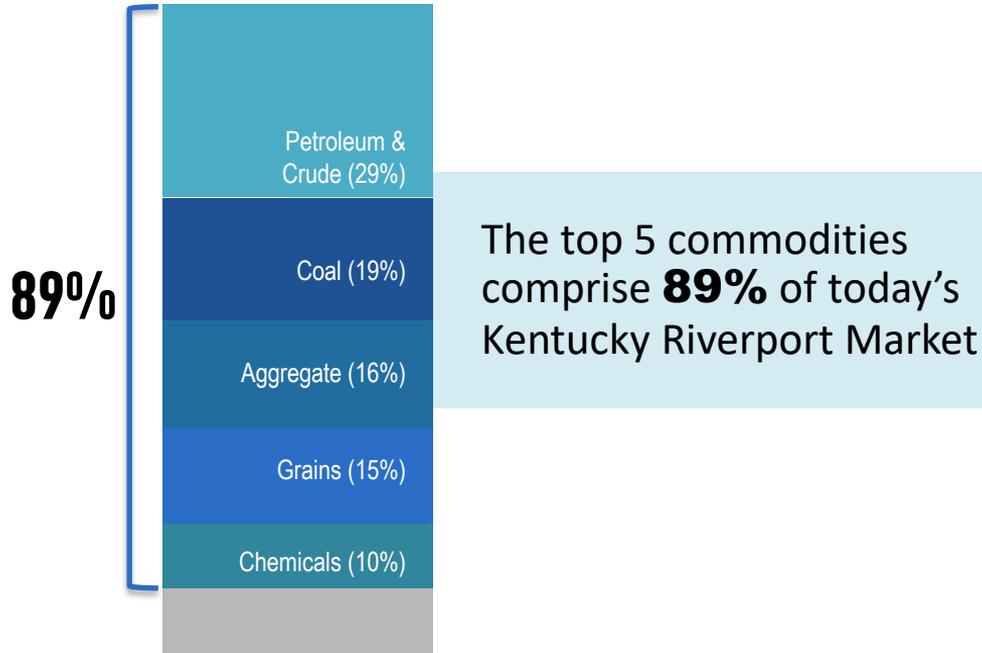
Growth potential includes manufacturing, food & beverage, trade/logistics, aluminum



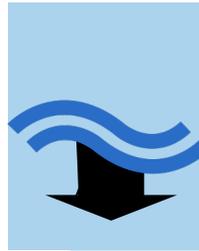
Kentucky's current funding level lags behind other ports



# What Have We Learned About the Commodity Mix?



Growth in Oils, Plastics, Warehouse/Distribution and Grain, but offset by reductions in Coal



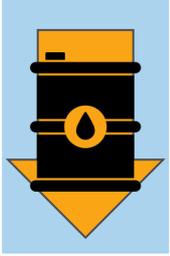
**18%** Freight growth is expected by 2045 , but slight decline in use of waterways



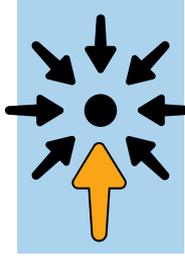
More than **50%** of Kentucky's freight could be carried by water on some portion of its journey



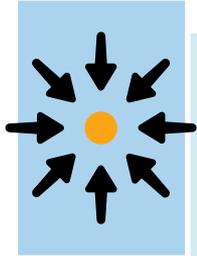
# What is Changing in the Riverport Economy?



Reduction in energy 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



# Demand is Shifting Away from Long-Standing Markets

## Fuels

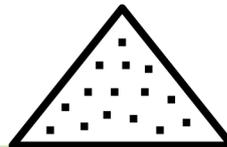


National market increased by **67%**

**Fuels** declined by **48%** in Kentucky

Expected to lose an additional **62%** by 2045

## Minerals



National market unchanged

**Minerals** declined by **95%** in Kentucky

Expected to lose an additional **26%** by 2045



# Smaller, Different Markets Will Increase

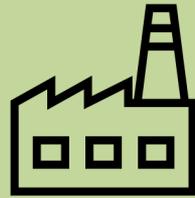
## Plastic & Machinery

## Food & Livestock

National increased by **17 X**

Kentucky increased by **11 X**

**Plastic/rubber,  
textiles and  
machinery**



1997-2017



**144%**

Increase in  
food projected



**81%**

Increase in  
livestock projected

2018-2045



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



# What Choices Do We Face?

Invest in  
Restructuring vs.  
Scaling Back



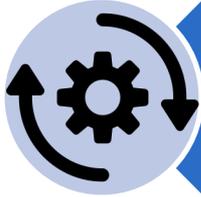
Build Home Markets  
Around Ports?



Collaboration vs.  
Competition



# What Does the Future Hold?



Aggressive Strategies for Client Attraction, Creation, Retention And Expansion



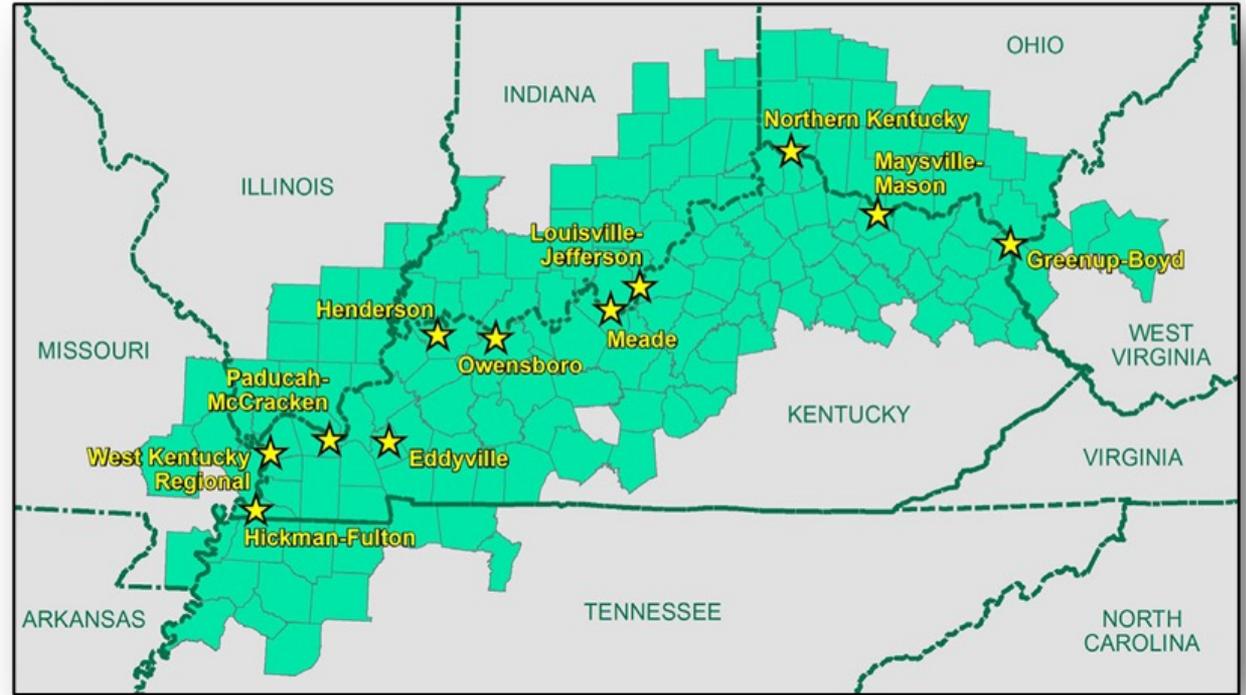
Smaller but Strategic Placement of Riverports in Hinterland Value-Chain



Emergent Hinterland Focus for Funding, Business and Infrastructure Priorities



# Riverport Hinterlands are Multi-State Development Markets



# Restructuring of the Ohio River Market is a National and Regional Issue



Appalachian  
Regional  
Commission

## Mid-America Freight Coalition

Regional Solutions for a Regional Issue



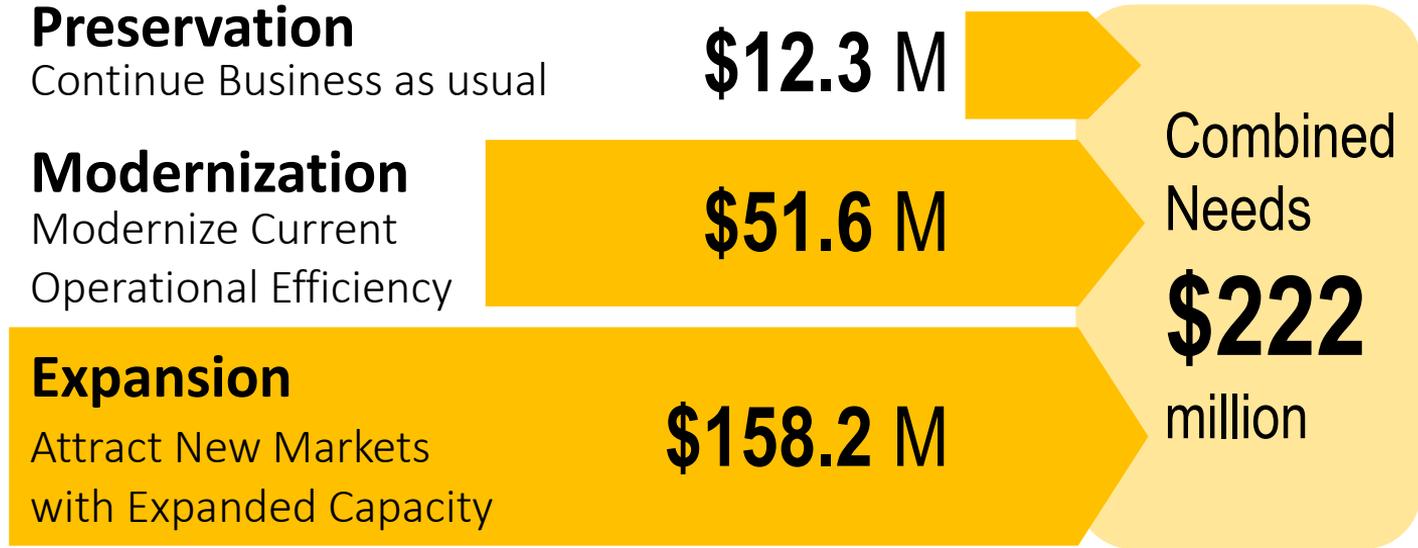
The American  
Waterways Operators

*The Tugboat, Towboat & Barge Industry Association*



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT ANALYSIS STUDY

# What Will Riverport Investment Cost?

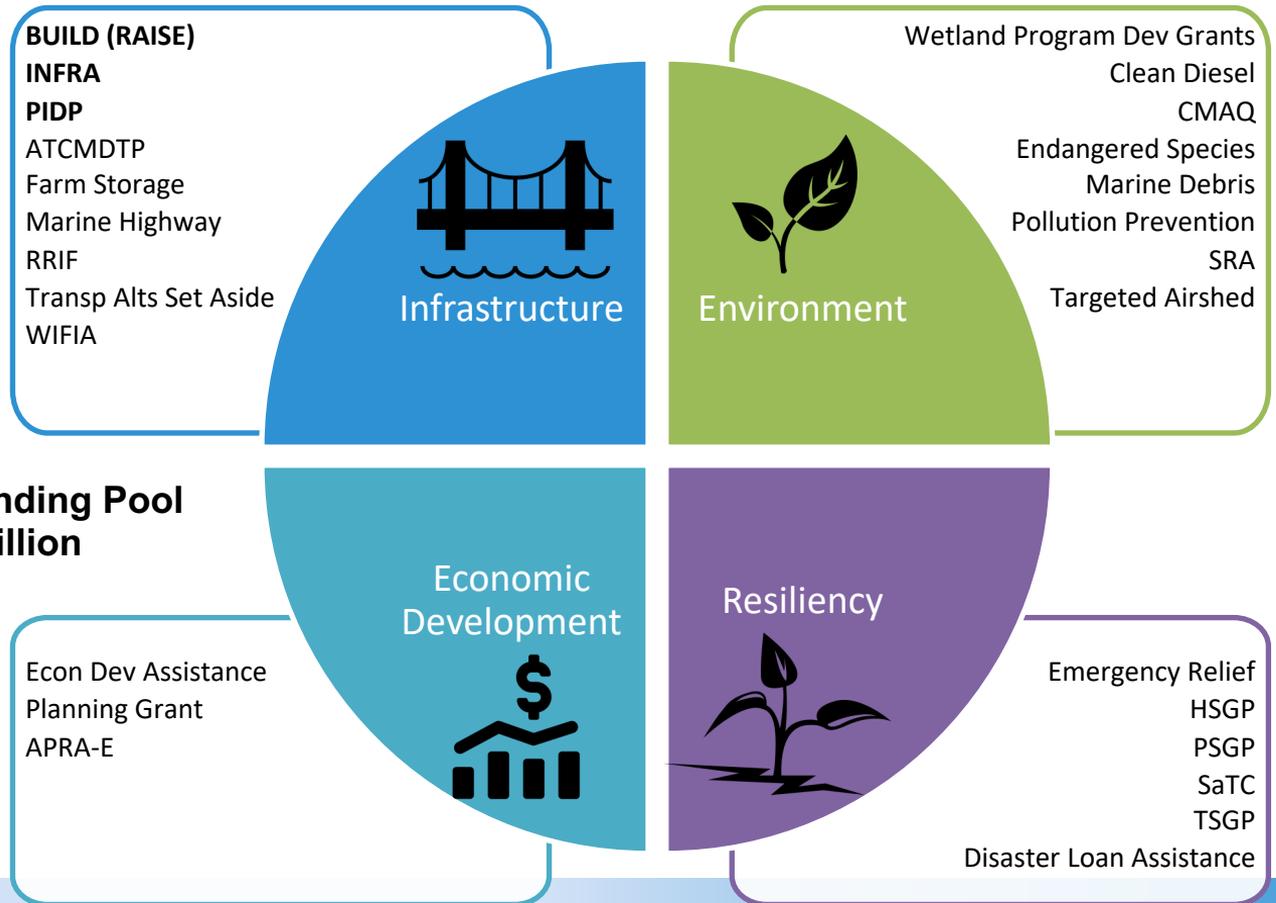


# How Much Should the State Invest?

Investment Category	Annual Cost	5-Year Capital Costs	Benefits to 2045
Preservation	<b>\$12.3 M</b> (one time)	\$ 12 M	\$ 29 M
Modernization	<b>\$6.7 M</b> (yearly for 5 years)	\$ 52 M	\$ 153 M
Expansion		\$ 158 M	\$ 834 M
<b>TOTAL</b>	<b>\$58 M</b> (5 years)	<b>\$222 M</b>	<b>\$1.02 B</b>



# How Can Statewide Investment Leverage Federal Dollars?



# What Are the Benefits of Investing?

	Investment Category	Five-Year Capital Costs	Benefits to 2045	Benefit-Cost Ratio
Business as Usual	Preserve	\$12.3 M	\$29 M	2.4
Optimize Port Efficiency	Modernize	\$51.6 M	\$153 M	3.0
New Market Positioning	Expand	\$158.2 M	\$834 M	5.3
	<b>Combined Total</b>	<b>\$222.1 M</b>	<b>\$1.02 B</b>	<b>4.6</b>



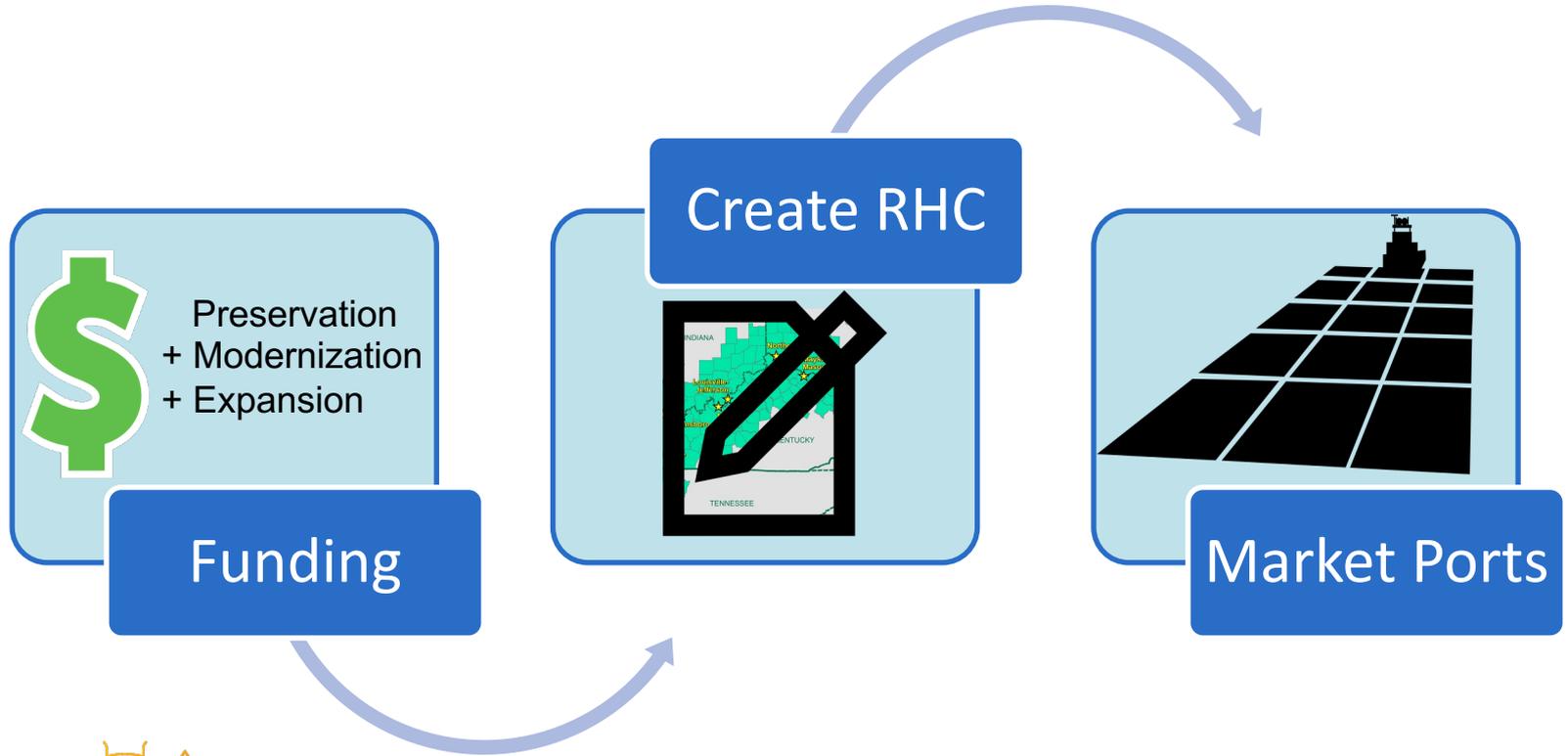
# How Can Investing Make Kentucky's Economy Stronger?

	Investment Category	5-Year Capital Costs	Business Sales	GDP	Household Earnings
Business as Usual	Preservation	\$ 12 M	\$ 37 M	\$ 17 M	\$ 11 M
Optimize Port Efficiency	Modernization	\$ 52 M	\$ 154 M	\$ 71 M	\$ 47 M
New Market Positioning	Expansion	\$ 158 M	\$ 473 M	\$ 216 M	\$ 144 M
	<b>TOTAL</b>	<b>\$ 222 M</b>	<b>\$ 665 M</b>	<b>\$ 304 M</b>	<b>\$ 201 M</b>





# What's Next for Kentucky Riverports?



# Waterways Legislative Caucus

- 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 Kentucky Participation in Hinterland Compact



# Riverport Hinterland Compact



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

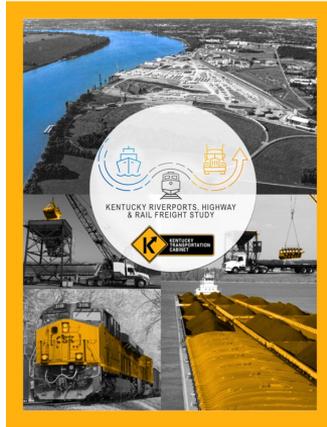
Ongoing Review of Capacity & Modernization Needs

Establishment of Multi-State Funding

Make Business Intelligence Available



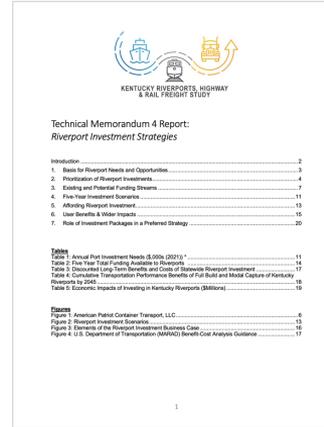
# For More Information



REPORT



PORT PROFILES



TECH MEMOS

<https://transportation.ky.gov/MultimodalFreight/Pages/Kentucky-Riverports,-Highway-and-Rail-Freight-Study.aspx>

