

ACTION STEPS

The State of Kentucky can lead the effort by passing a 5-year funding package of \$46 million to leverage additional federal funding.

Call a Governor's Summit to work cooperatively with other states to **create a Riverport Hinterland Compact (RHC)**.

The riverports will have to modernize/expand and create new clients to generate new revenue.

CURRENT RIVERPORTS EFFORTS

**STATE/GOV ELECTED OFFICIALS
STATE AGENCIES**

Seeking grant funding + local matching

Pass State Funding Package

Building regional coalitions

Develop Kentucky Waterways Legislative Caucus

Modernize/Expand

Call Governor's Summit on Ohio River Economy

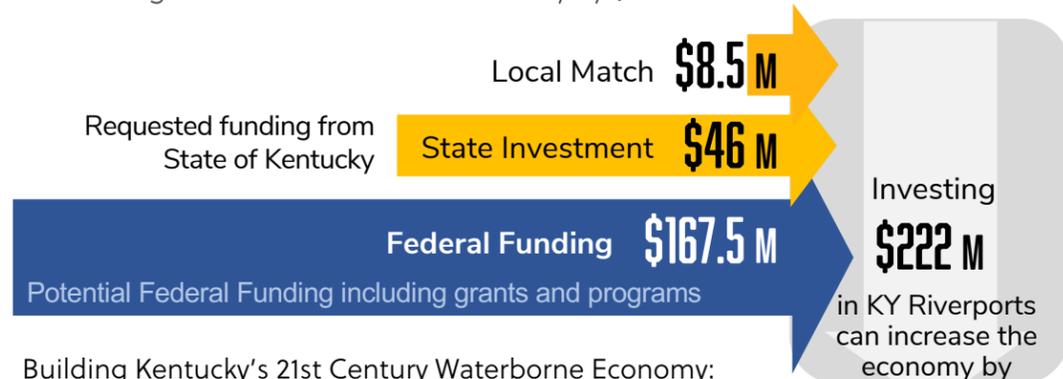
Build strong 'home market'

Create Riverport Hinterland Compact

Riverports increasingly must gain new clients in key growth industries such as textiles, machinery, and chemical manufacturing

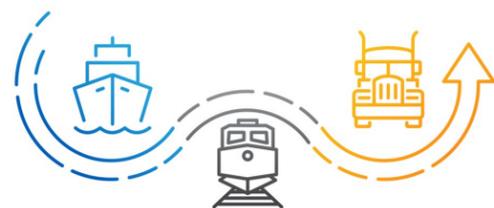
For every dollar invested in Kentucky's public riverports, the Commonwealth can anticipate between \$2.40 and \$5.30 in return.

If the State of Kentucky invests \$46 million over the next 5 years, with an \$8.5 million match from local communities, it can potentially leverage an additional \$167.5 million in Federal grants and increase the economy by \$1 billion.



Building Kentucky's 21st Century Waterborne Economy: The riverports will use these funds to build a strong 'home market' of locally based clients for Kentucky's riverports, sustaining a robust business community for waterborne commerce throughout the Ohio River region.

\$1 BILLION to Kentucky & the national economy by 2045



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY

For more information

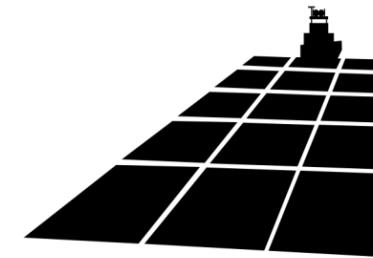


transportation.ky.gov/MultimodalFreight/Pages/Kentucky-Riverports,-Highway-and-Rail-Freight-Study.aspx



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY

Kentucky's waterways create value by enabling the Commonwealth to trade with the world.



Kentucky's energy, chemical, agriculture/food/lumber, and metals/minerals supply chains are highly dependent on Kentucky's waterways.

Waterways are more efficient for business than other modes:

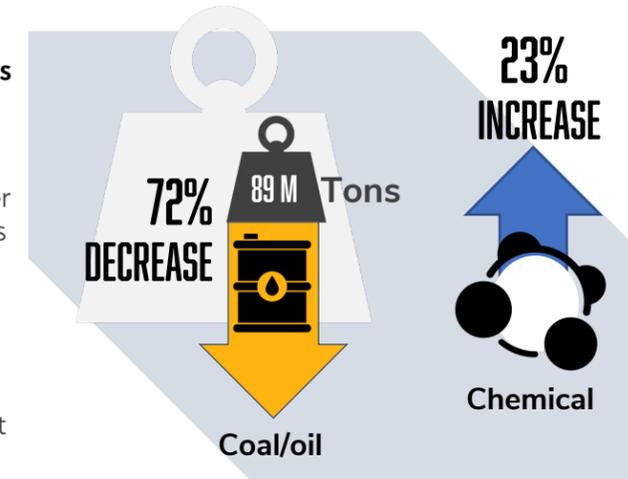


A single 15 barge tow moves as much tonnage as 216 rail cars or 1,050 trucks.

Kentucky's Waterborne Commerce Market is Changing

Coal, fuels, and minerals will play less of a role in Kentucky's waterborne economy.

In 2018, Kentucky traded over 89 million tons of freight using inland waterways, valued at over \$18 billion. But the commodities mix is changing. By 2045, Kentucky is projected to be trading 23.2 million tons less in coal than it was in 2018, representing a net reduction in the demand for riverport freight travel of 72%.



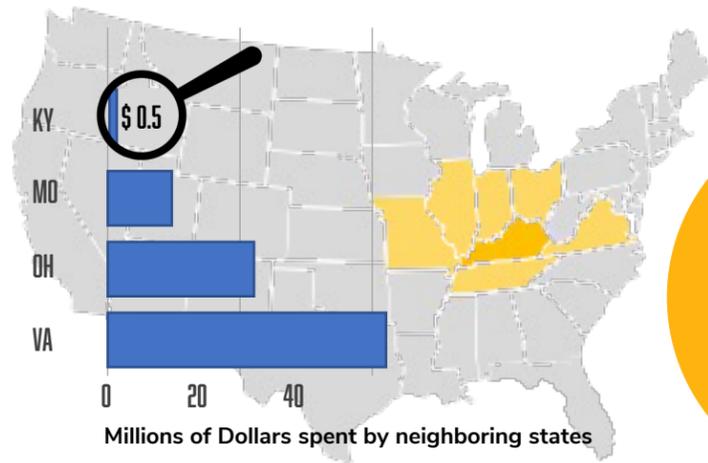
Waterways will have to compete for new markets in plastics, chemicals, and agricultural products. To offset the loss of coal, the ports will have to find new clients, like the chemical industry which showed a 23% increase.



Kentucky's 2018 freight tonnage moved by water would require 3.5 million trucks.



But Funding Isn't Keeping Pace. Kentucky Riverports Need Preservation, Modernization, and Expansion Investments.



Kentucky is currently investing \$500,000 annually which is significantly less than most of its neighbors. This study shows how Kentucky can increase the value of the ports in the future.

An initial state investment of **\$12.3 million** combined with local and state contributions of **\$8.4 million each year for 5 years** could generate **\$1 billion in benefits** over the next 25 years.

Business Case to Invest in Ports

\$222 million in Capital Cost Needs

Preservation Needs

A one time **\$12.3 million** investment to preserve existing capacity, facilities, and equipment.

Essential preservation needs may not be able to wait for uncertain grant funding or match up with existing grant cycles.

Modernization Needs

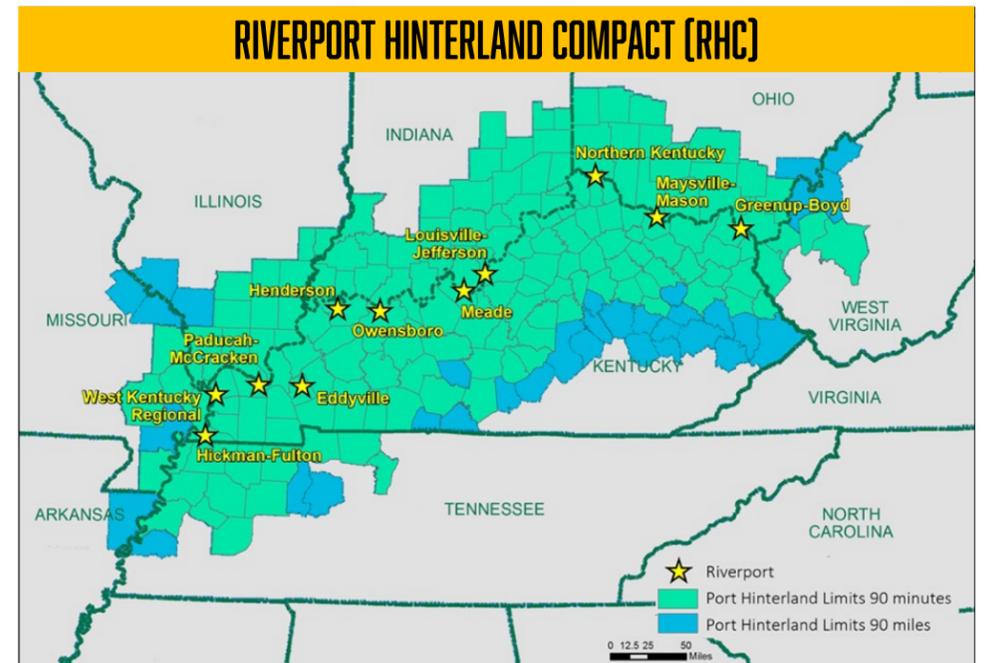
\$52 million of 5-year improvement needs to modernize the ports to handle their existing cargo types at lower costs than competing ports.

Expansion Needs

\$158 million in 5-year improvement needs provide amenities that would attract anchor tenants in new industries to Kentucky.

INITIAL INVESTMENT

Forming a Riverport Hinterland Compact (RHC) offers a strategic advantage for obtaining the funding and achieving these benefits. The hinterland (region where a port sells its services) reaches across state and economic boundaries. The proposed RHC is defined as a new quasi-public entity with an explicitly stated mission of supporting the economic transition of the Ohio River hinterland and its port infrastructure from the coal-centered market of today to new and more competitive future markets.



Investment Enables Ports to Qualify for Larger Federal Matches.

This funding level can attract up to **\$167.5 million** of new federal money to the Kentucky's public riverports predicated on the benefits and impacts that full investment can provide.

Investment Category	State Cost	5-Year Capital Costs	Benefits to 2045
Business as Usual	\$12.3 M (one time)	\$ 12.3 M	\$ 29 M
Optimize Port Efficiency	\$6.7 M (yearly for 5 years)	\$ 52 M	\$ 153 M
New Market Positioning		\$ 158 M	\$ 834 M
	\$46 M (5 years)	\$222 M	\$1 B

Investing Maintains Competitive Transportation Costs for Kentucky Businesses

For every dollar invested in Kentucky's public riverports, the Commonwealth can anticipate between \$2.40 and \$5.30 in return.

Investing Supports Jobs, Business Sales, and GDP

Kentucky can anticipate over \$660 million in business sales, over \$300 million in GDP gain, and over \$200 million in household earnings in a 25-year period by fully investing in the public riverports.

\$46 M
5-year total investment

\$167.5 M

+

Federal Match

A **\$46 million** investment from KY could attract up to **\$167.5 million** in Federal money and generate **\$1 billion** in benefits over the next 25 years.

\$1 BILLION

\$660 M in Kentucky Business Sales