



**KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY**

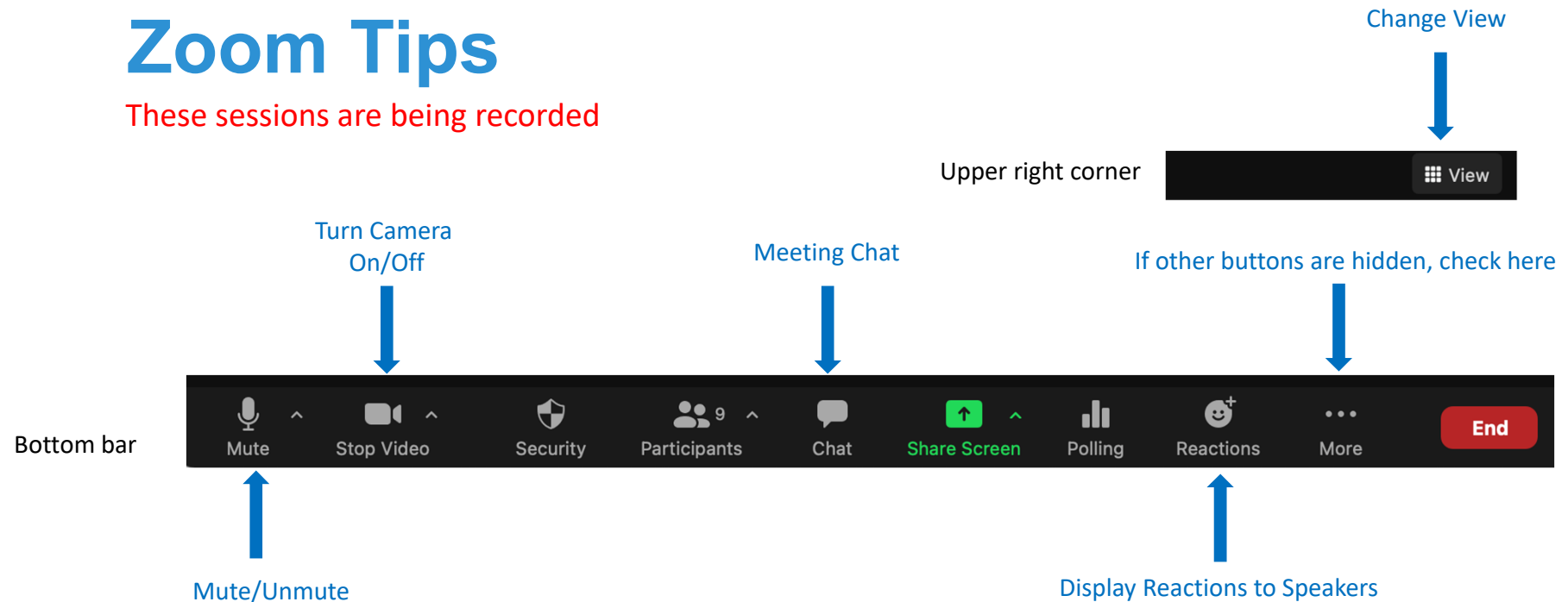
**Welcome to the Third
Kentucky Summit**

**Statewide Strategy for
Riverport Investment**



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Opening Session

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Tuesday August 31, 12:00-1:30



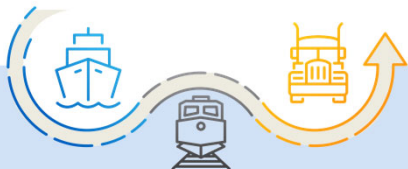
Opening Session

Speakers

| | |
|--------------------|---|
| Jimmy McDonald | Metro Analytics, Deputy Project Manager |
| Mikael Pelfrey | KYTC Division of Planning |
| Secretary Jim Gray | Kentucky Transportation Cabinet |
| Chandler Duncan | Metro Analytics, Project Manager |

Agenda

- Welcome/Introduction
- Overview of Study Tasks and Current Progress



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Welcome from Kentucky Transportation Cabinet

Speaker: Secretary Jim Gray

[Click Here:](#)

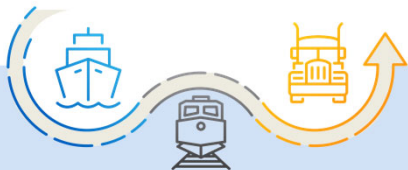
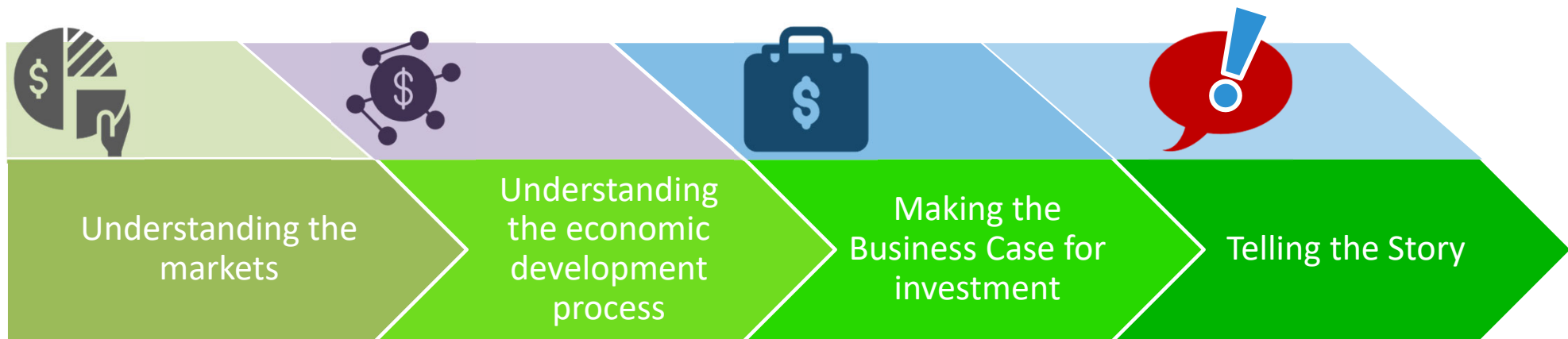
[Secretary Gray Video](#)



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Project Overview



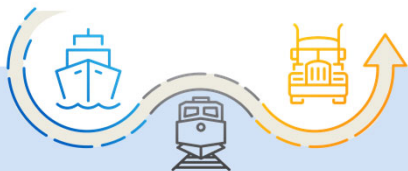
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Where we have been

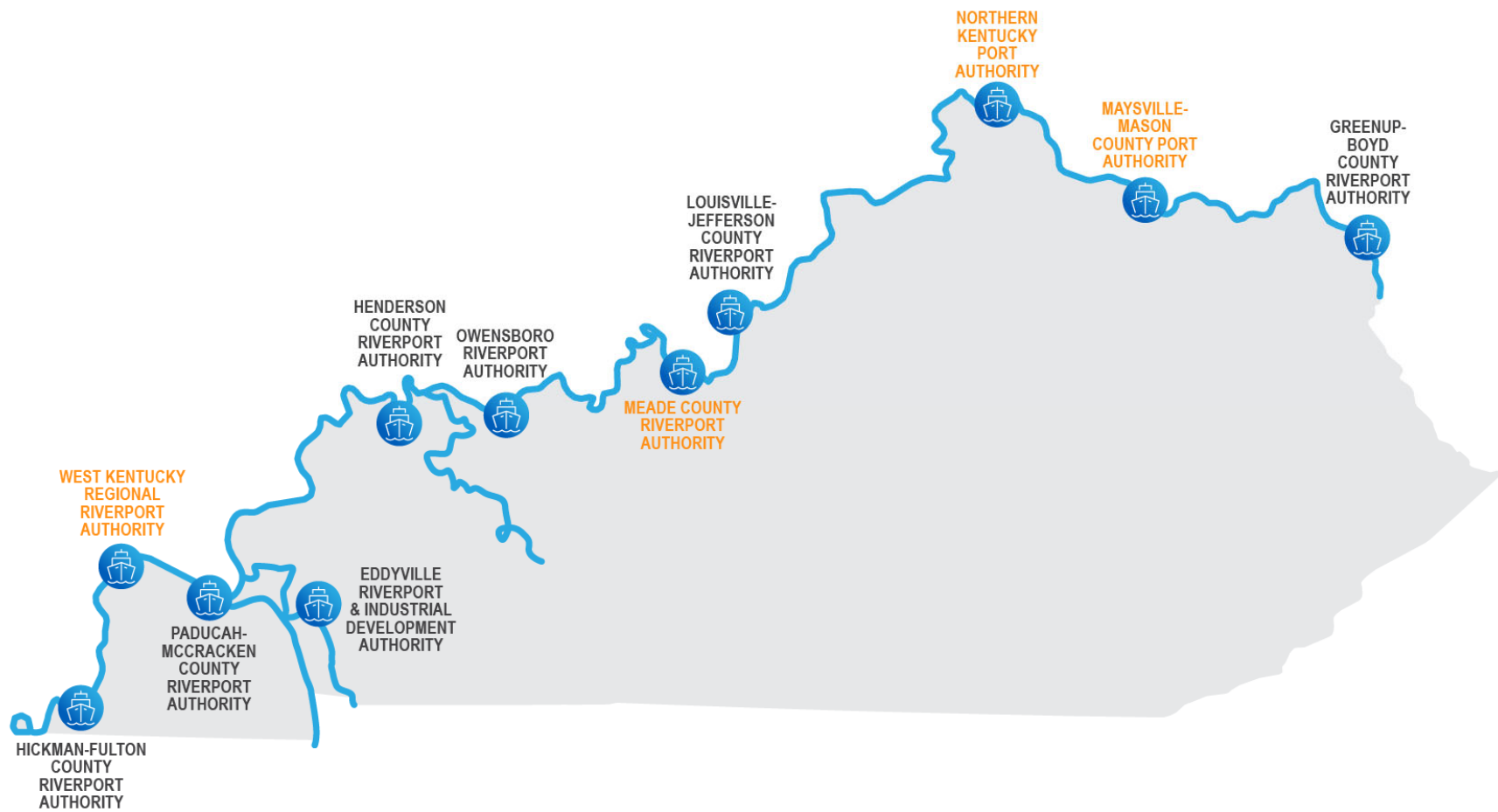


And where we are



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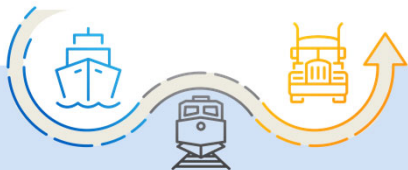




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What have we learned?



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Task 1

Existing Role of Kentucky Riverports & Freight in the Economy

- 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 Million Annual Port funding level lags behind other ports



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Task 2

Forecast Future Trade Volumes and Performance Implications

- The top 5 Commodities comprise 89% of today's Kentucky Riverport Market
- Petroleum and Crude (29%), Coal (19%), Aggregate (16%), Gains (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



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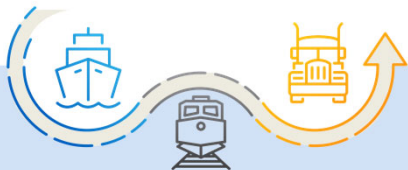




Task 3

Engage Stakeholders on Future Needs and Opportunities

- Two Rounds of Port Visits Have Revealed Needs for Preservation and New Investment Opportunities
- Input from Summits and Interviews have shown strong interest in market capture and business intelligence
- Stakeholder input will focus final products on translating economic forecast into market capture potential, “mineable” business intelligence and articulation of roles
- Final Stakeholder Discussions will focus on implementation and leave-behind value



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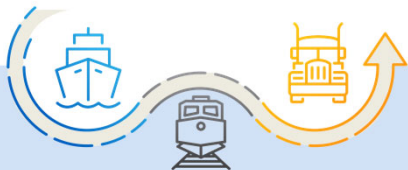


Task 4

Investment and Performance Scenarios

- Consideration of existing funding sources and priorities
- Extensive discussion of proposed projects, their rationale and benefits
- Opportunities to acquire new funding from new sources, as well as re-allocate funding
- Jobs, GDP, and business output impacts part of final report discussion

Product: Technical Memorandum 4: Coming on Web-Site (Material Presented in this Summit)



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Task 5

Scenario Impacts and Formation of Preferred Scenario

Key Focus of this summit

Exploit Opportunities for New Funding

Prioritize Highest Market Opportunities

Relate Port Investment to Market Capture

Ongoing Access to TRANSEARCH and other data/market intelligence resources used in the study

Product: Final Report Coming in October



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Task 6

Success Roadmap

Market Capture Concepts

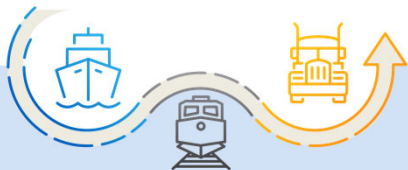
How Ports can Leverage Economic Development Process

Promotional Materials and Resources

Executive Briefing Materials

Implementation Resources

Product: Marketing Toolkit Coming in October



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Putting it all Together: After this Summit

- Final Report
 - Leave-Behind Data Resources
 - The “So What” of our effort
 - Implications of the future we see
 - How we invest in ports
 - The impacts we expect
 - The markets we capture
 - The story we tell
 - The support we seek
- Marketing Toolkit
 - How to use the Findings
 - Roles for Economic Development
 - Roles for Ports
 - Informational and Briefing Materials



Next Steps

Investment Scenarios

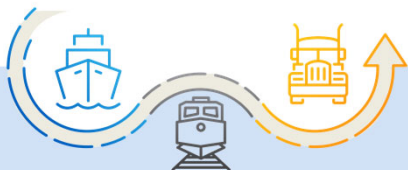
- Capital Investment Needs
- Benefits vs Costs
- Funding and Trade-offs

Technical Memos & Final Report

- Economic Future
- Funding Position
- Investment Concepts Final Report
- Monitor Website for Releases
- Questions?

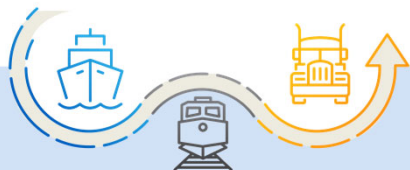
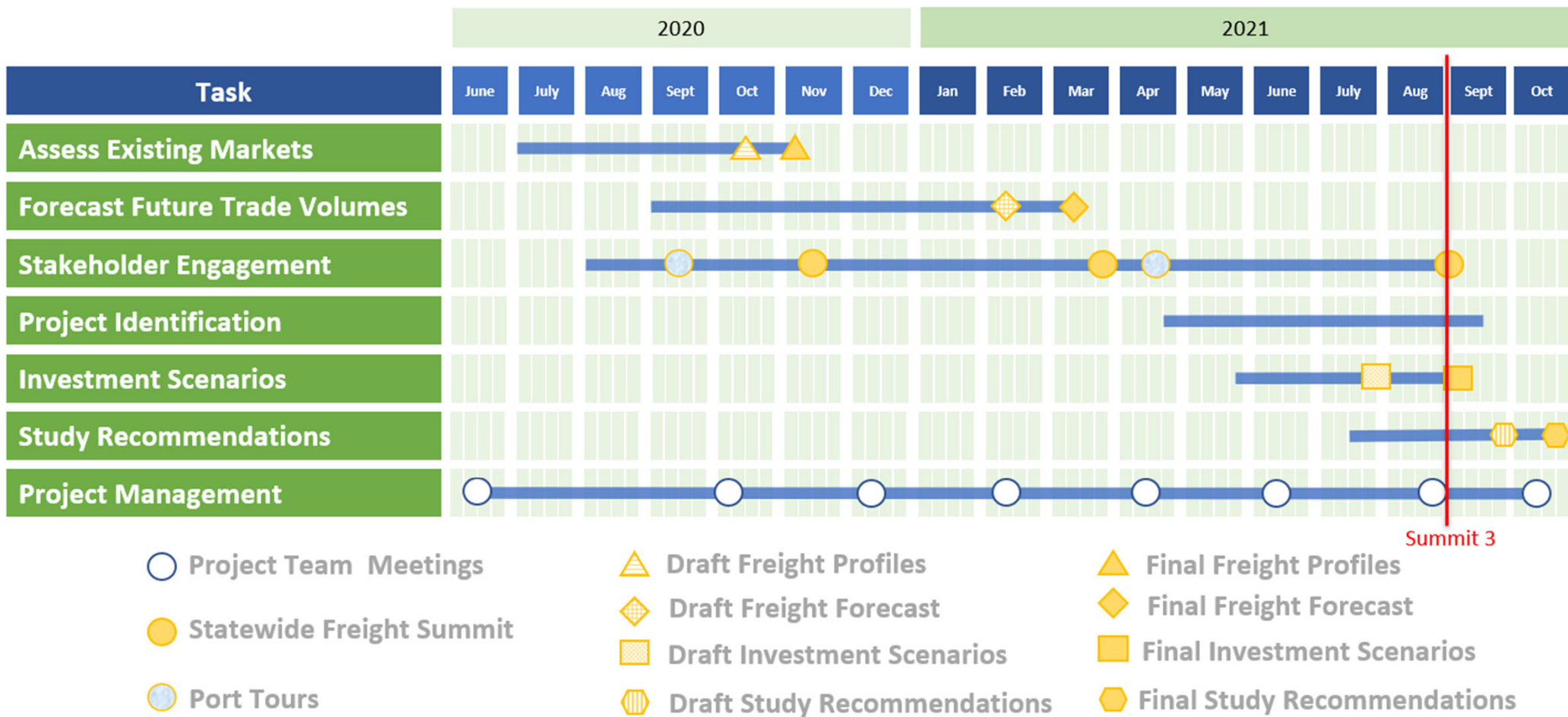
Marketing Toolkit

- Port-by-Port Data
 - Session 6 preview



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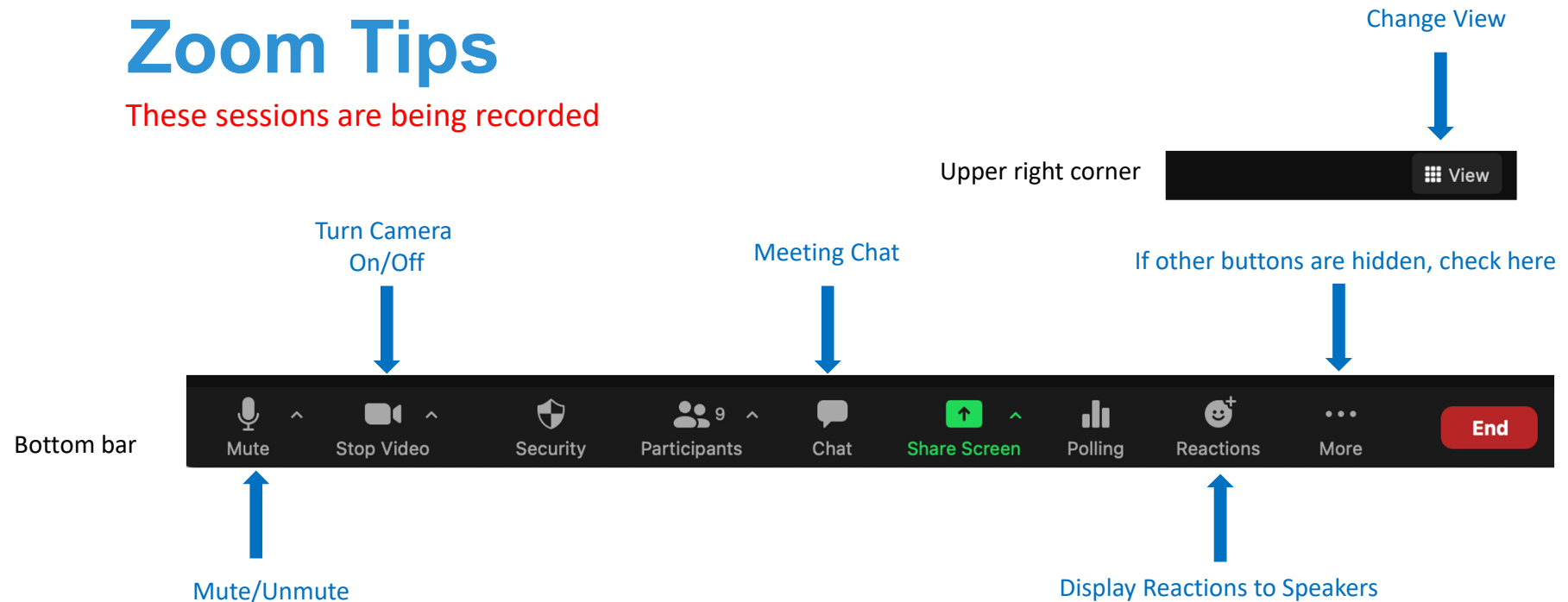
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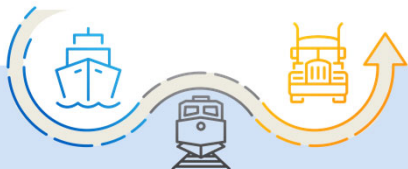
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**Connecting Ports to Global and
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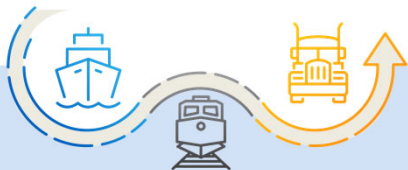
Connecting Ports to Global and Domestic Trade: A Conversation with Inland Barge Operators

Speakers

| | |
|-------------------------|---|
| Ken Eriksen (Moderator) | IHS Markit |
| Marty Hettel | American Commercial Barge Line, Jeffersonville, Indiana |
| Barry Gipson | James Marine, Inc., Paducah, Kentucky |
| Steve Alley | Ingram Barge Company, Nashville, Tennessee |

Agenda

- Q&A Session with Industry Representatives
- Resiliency in the Transportation Industry



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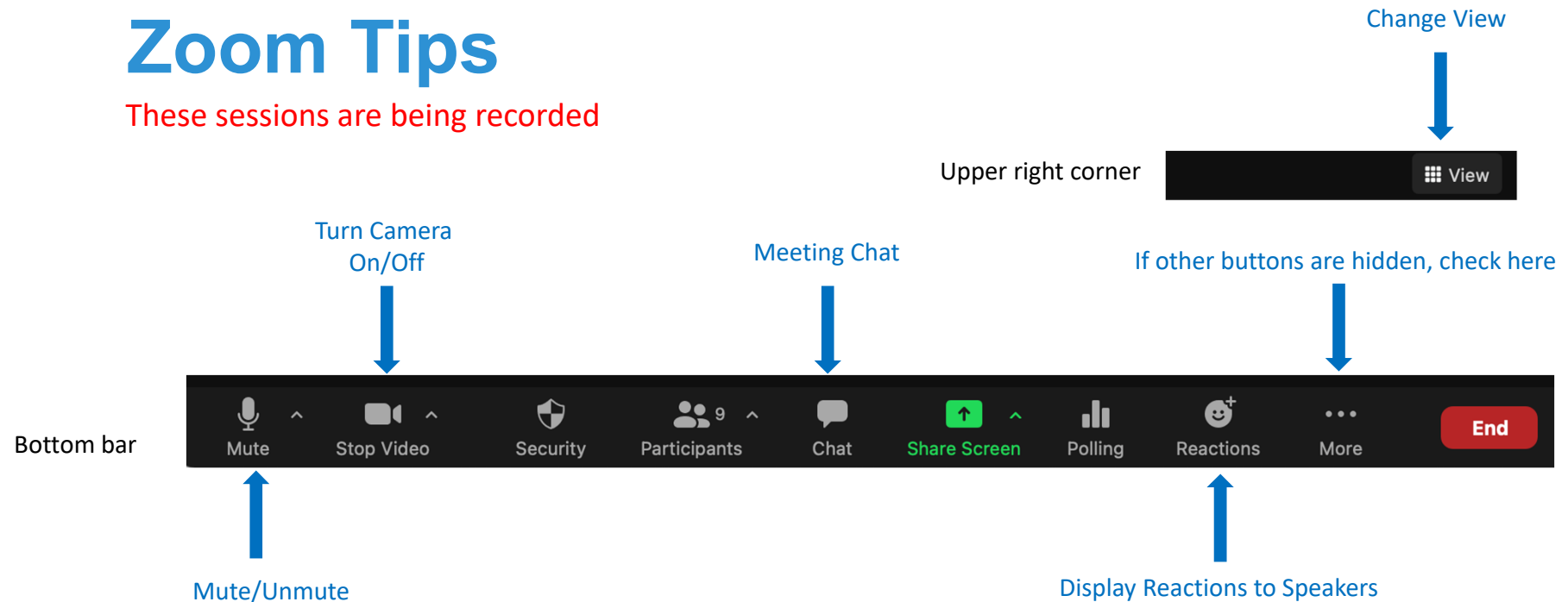
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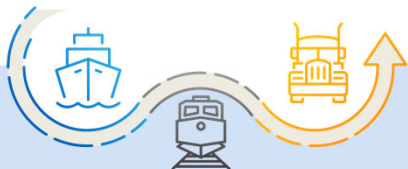
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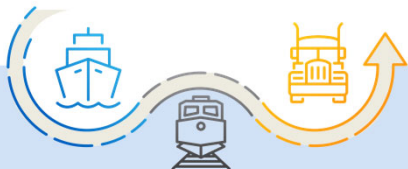
Anticipating the Evolution of Freight Commodities: A Conversation with Corn, Soy, and Aluminum Representatives

Speakers

| | |
|------------------------|---|
| Tim Hughes (Moderator) | Kentucky Department of Agriculture |
| Adam Andrews | Kentucky Corn Growers Association |
| Jonathan Miller | Soy Transportation Coalition, McClean County Farmer |
| Mike Keown | Commonwealth Rolled Products |

Agenda

- Q&A Session with Commodity Representatives



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Advocacy and Awareness Efforts



Trade Missions,
every other
September.



KY Corn Production and Utilization

Production: 255 million bushels

Utilization:

- 60 Million Bu – livestock feed (33M to poultry alone)
- 25 Million Bu – Ethanol Production
- 20 Million Bu – Bourbon Distilling
- 40 Million Bu – Food Processing (mostly tortillas and taco shells)
- 110 Million Bu – exported from KY (but only 31.6 M Bu was exported via OH River, the rest went to a neighboring state – to be exported).



-
- China hogs – 416M head (75M in US)
 - 30% increase in 2021
 - May 2021 corn imports increased 4x from May 2020
 - 2021-2022 US corn imports to China projected at 26 Million Tons
 - 2021 China No. 1 Document
 - KY Agriculture could be in a better position to capitalize on this export growth.



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Kentucky Riverports Summit

September 2021

Commonwealth Rolled Products – Lewisport, KY

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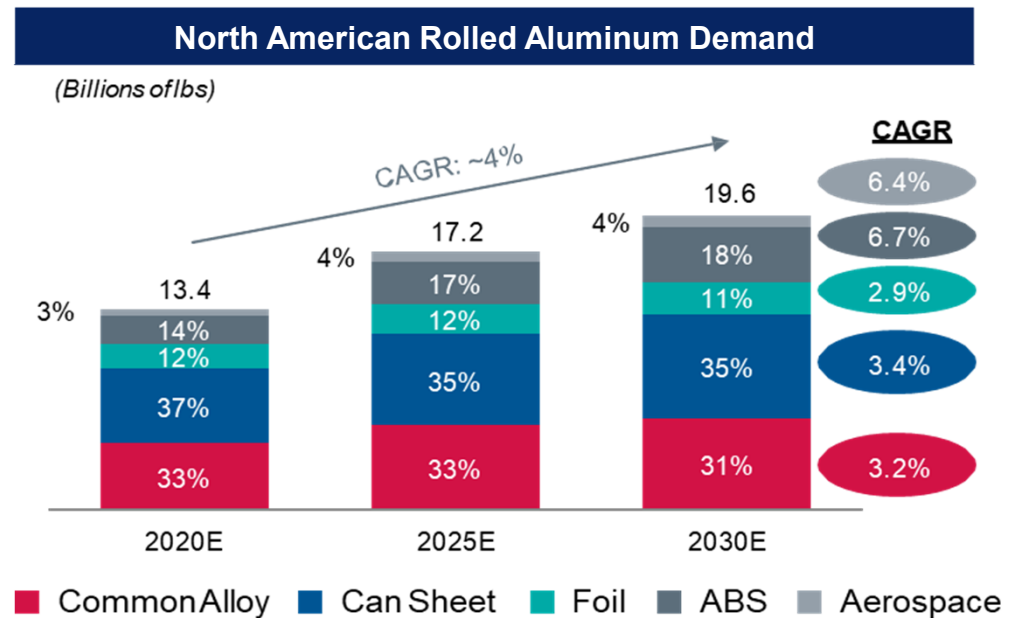


- Over 55 years of delivering industry leading quality in aluminum rolled products
- Approximately 1100 employees
- 54 acres under roof (2,352,240 ft²)
- Continuous 24 hr. operation
- United Steelworkers representation
- Established benchmark Automotive Body Sheet (ABS) and Industrial Products facility with recent ~\$600M expansion and modernization
- ~\$150-200M of additional investment in the coming years



Favorable Long-Term Aluminum Market Dynamics

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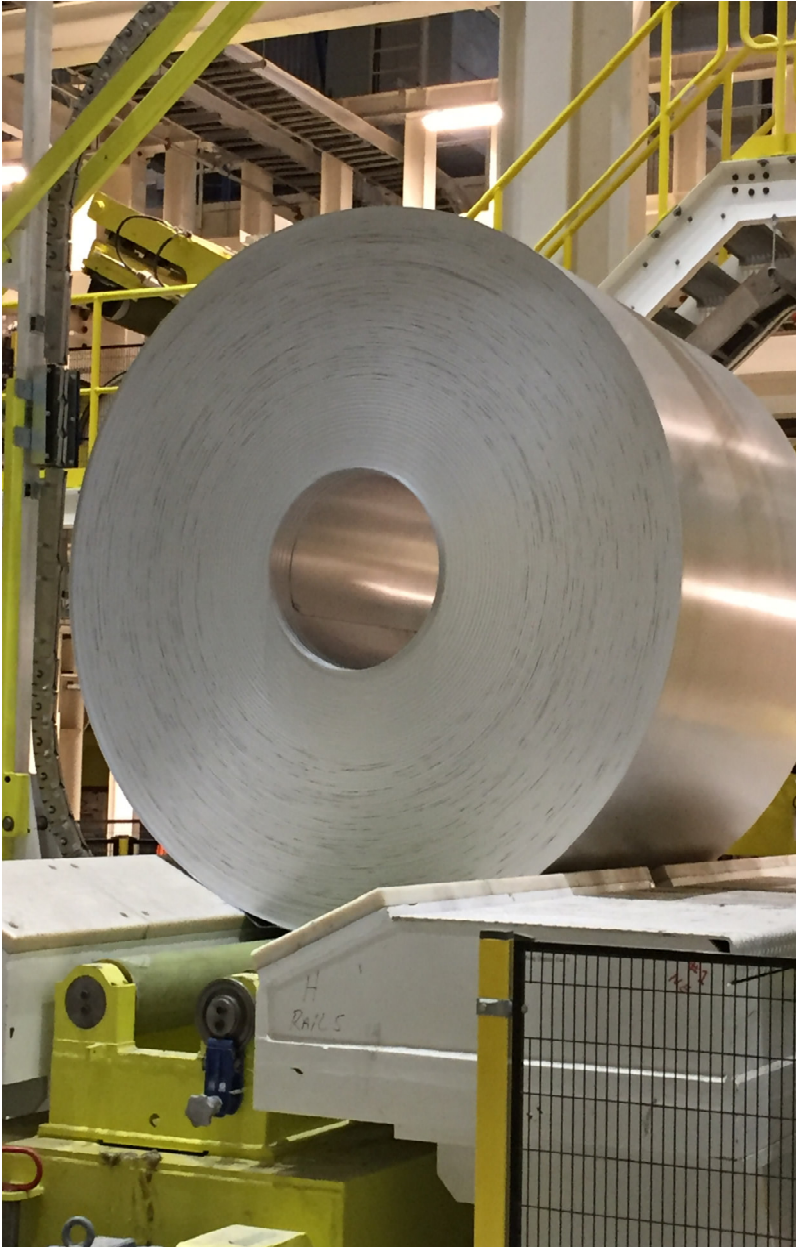


Source: Harbor Aluminum – North American Rolled Products Market 2019 - 2030

- Solid CAGR across all segments; lead by ABS and Can Sheet
- ABS demand growth expected at ~9% CAGR through 2026
- Aluminum content growing from ~460 lbs. to 515 lbs. per vehicle from today to 2026. Driven by light weighting, EV growth and sustainability
- Common alloy trade case improving domestic economics
- U.S. Aluminum industry delivers \$174B to the US economy and over 700,000 jobs

Strong Local Infrastructure Critical

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- Large aluminum manufacturing presence in Kentucky (rolling, smelting, extruding, processing)
- Significant investments by the aluminum industry in the state over the last 5 years
- Kentucky is an attractive central location for OEM's and aluminum suppliers
- Strong warehousing, rail, trucking, port systems critical to ensure industry efficiency and long term competitiveness



KENTUCKY
DEPARTMENT OF
AGRICULTURE



**Kentucky
Department
of Agriculture**

Ryan F. Quarles, Commissioner

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Timothy D. Hughes

Senior Trade Advisor
Office of the Commissioner
Kentucky Department of Agriculture
105 Corporate Drive
Frankfort, KY 40601
Phone: (502) 782-9265
Mobile: (502) 330 -1262
TimD.Hughes@ky.gov
www.kyagr.com/trade



Diagram illustrating a sequence of states: Illinois, Ohio, Missouri, Indiana, Tennessee, and Kentucky. An arrow points from Missouri to Indiana.



<https://kam.us.com/land-forums>



LAND

Linking Agriculture for Networking & Development



LAND

Linking Agriculture for Networking & Development



Jackson LAND Forum

Thursday, September 9th
10:30 a.m. to 3:00 p.m. E.S.T.

Robinson Center for Appalachian
Resource Sustainability
130 Robinson Rd., Jackson, KY

Register for **free** at:
<https://kam.us.com/land-forums/>

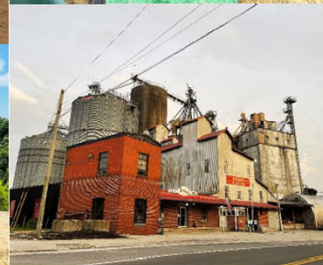


Shelbyville LAND Forum

Tuesday, September 14th
10:30 a.m. to 2:00 p.m. E.S.T.

Gallrein Farms
1029 Vigo Rd, Shelbyville, KY

Register for **free** at:
<https://kam.us.com/land-forums/>



Please join Commissioner Quarles, the Kentucky Association of Manufacturers, and representatives from local businesses as we come together **in-person** to discuss the unique partnership and economic opportunities between the region's agricultural and manufacturing communities!

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**Kentucky
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Timothy D. Hughes

Senior Trade Advisor

Office of the Commissioner

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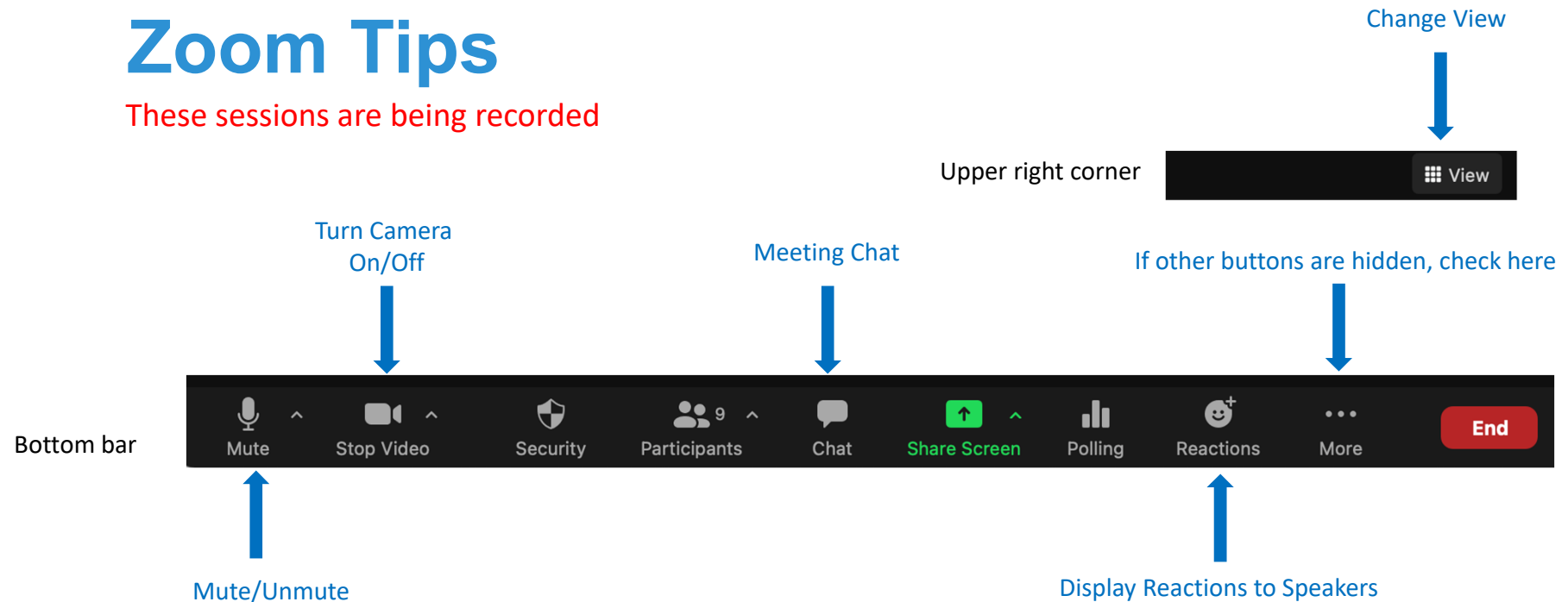
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Modeling Scenarios and Riverport Investment Strategies

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Wednesday September 1, 12:00-1:30





Agenda

- Understanding ports' investment needs
- Breakdown of planned investments into three basic categories
- Consideration of potential funding sources
- Going forward – Investment Strategy Considerations

Speakers



Chandler Duncan

Project Manager
Managing Partner, Metro Analytics



Noël P. Comeaux, AICP, PMP

Task Memo 4 (Investment Strategies) Manager
Task Memo 5 (Final Report) Manager



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Role of Investment Analysis Within the Riverport Market Study





Use of Investment Strategies/Packages

- Combine riverport needs to reflect overall investment levels for different **system-wide** strategic objectives informed by market forecasts.
- Enable consideration of potential funding sources to achieve **system-level benefits** (instead of only individual port-level 'wishes')
- Recognizes that while individual projects or components may have small ROI, when taken together – a compelling business case emerges.
- Investment package benefits can serve as the basis for articulation of wider benefits (jobs, earnings, business sales) in final Riverport Market Study Report.





Port Investment Opportunities - Methodology

Needs and Costs

- Strategic interviews and dialogue with each Kentucky Riverport
- Focus on both existing programming and future needs based on market forecasts and conditions
- Needs may include:
 - Preserve existing assets
 - Optimize performance & efficiency
 - Sustain & enhance market position

Benefits and Impacts

- Benefits represent overall benefits to society (not just to riverports or to Kentucky)
- Sources of Benefit Include:
 - Ongoing use of ports (preservation benefit)
 - Savings to port operators or users
 - Modal efficiency from attraction of new users to ports from less efficient competing alternatives
- Benefits provide basis for wider impacts to be address
 - Benefits will create jobs, business sales, GDP

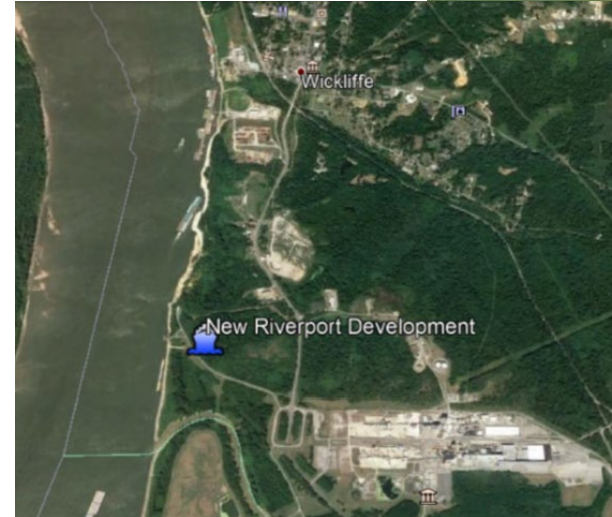


Understanding Ports' Investment Needs

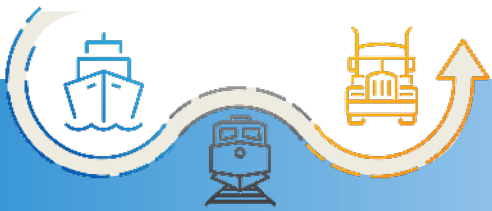
- Greater than 15 projects totaling more than \$195 million.
- Consideration for commodities, cargo types (dry bulk) & on-site and off-site improvements.
- Current and new commodity origins and destinations.



Existing Port Developments



New Port Developments





Considering Needs

- Projects are categorized in the following three types:
 1. **Maintenance projects** limited to preserving existing port assets, reducing the depreciation or cost of later repair
 2. Projects that **optimize port efficiency** reduce operating ports, enhance what ports are able to do, and not changing market dynamics
 3. Strategic investments that **preserve/capture market position**, attract modal share, reroute additional tonnage to use Kentucky Riverports at lower cost or improved access than competing ports and yielding a considerable net gain to the size of Kentucky's riverport economy and the efficiency of the overall US economy.
- Investments with Category 3 benefits usually cost more, likely require funding, and would possibly meet the criteria for additional investment opportunities.



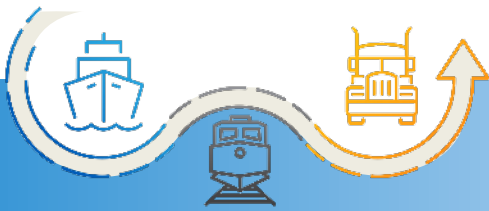
User Benefits & Wider Impacts

User Benefits (\$)

- Consider how projects create benefits “globally;” e.g.:
 - A new port creates costs, but can improve the movement of goods compared to the original mode
 - A current port’s new development improves its own service and the economic state of the Commonwealth of Kentucky
- Consider costs for the mode and distance to and from the development

Wider Impacts (Jobs, Earnings, Sales)

- Uses the direct transportation user benefits to determine economic benefits; e.g., employment.
- Takes the Present Value (2019 dollars) of benefits and costs related to each project to determine the Benefit-Cost Ratio (BCR).
- Considers U.S. Department of Transportation (Maritime Administration) guidance for grant applications and Benefit-Cost Analysis (BCA).



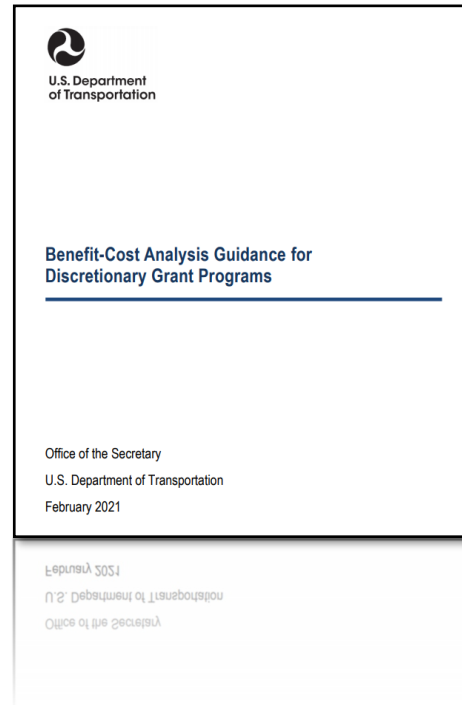


Benefit-Cost Ratio Ranges



Maritime Administration's Port Infrastructure Development Program

- Four BCA ranges:
 - $BCR < 1$
 - $BCR 1.0 - 1.5$
 - $BCR 1.5 - 3.0$
 - $BCR > 3.0$



Kentucky Riverport Project

- $BCR < 1.5$
 - Maintenance projects that do not provide additional throughput capacity
- $BCR 1.5 - 3.0$
 - Port projects that provide additional capacity but does not necessarily benefit users or facilities outside the port, which also means that internal improvements will only help the port meet exterior capacity or still be constrained by exterior capacity (whether in or outside the state)
- $BCR > 3.0$
 - Port projects that provide additional capacity and provide benefit to users and/or facilities outside the port, which also means that that external capacity will not provide any limits on throughput to internal improvements. This includes external capacity or facilities outside the Commonwealth of Kentucky.





Goods Movement – Origins & Destinations

- Based on what Port Directors provided Metro Analytics team
- Alternate consideration was using the Transearch Data, given it focuses on historical goods movements
- Demonstrating benefits from a national perspective
- Reminder - Transearch Base Calendar Year 2018; Forecast Horizon of 2045



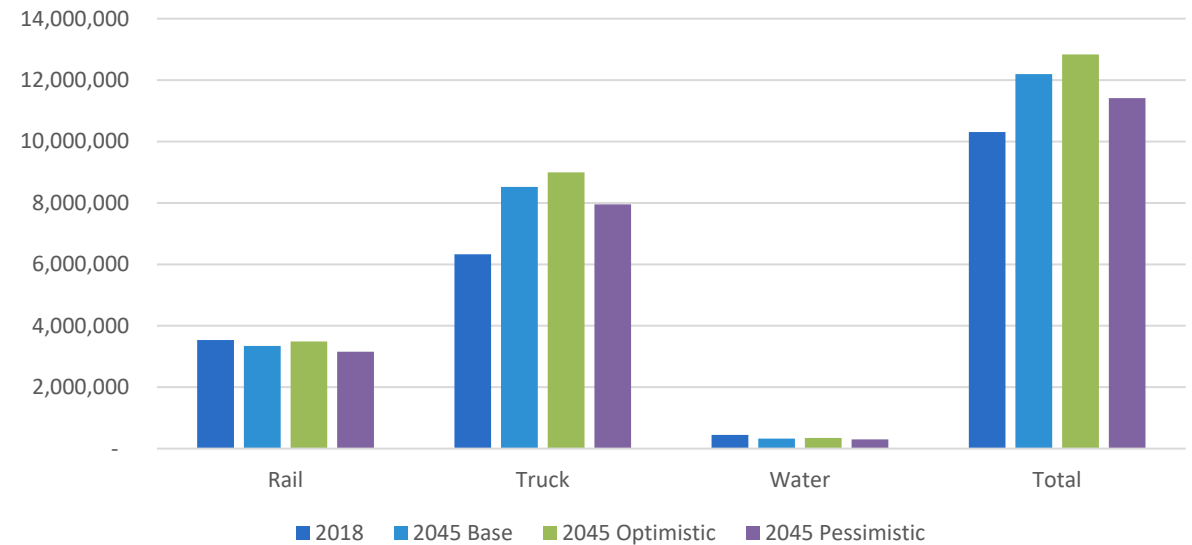
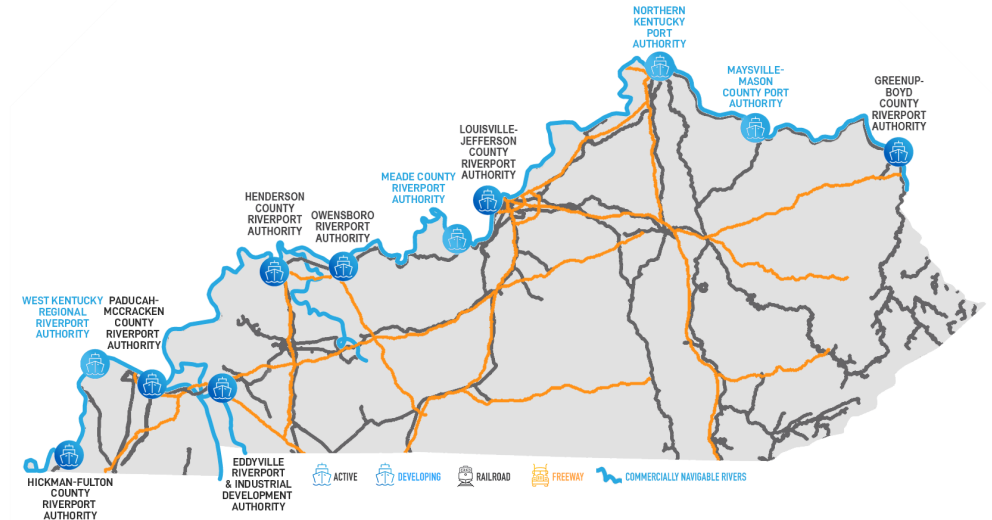
Source: OKI Regional Freight Plan, Appendix A :
Commodity Flow Report





Modal Diversions

- Three basic modes – water, rail and truck
- Key issue is the practical diversion to an alternate mode given the market where the goods are respectively destined.
- Consideration for Forecast Scenarios by commodity/cargo type



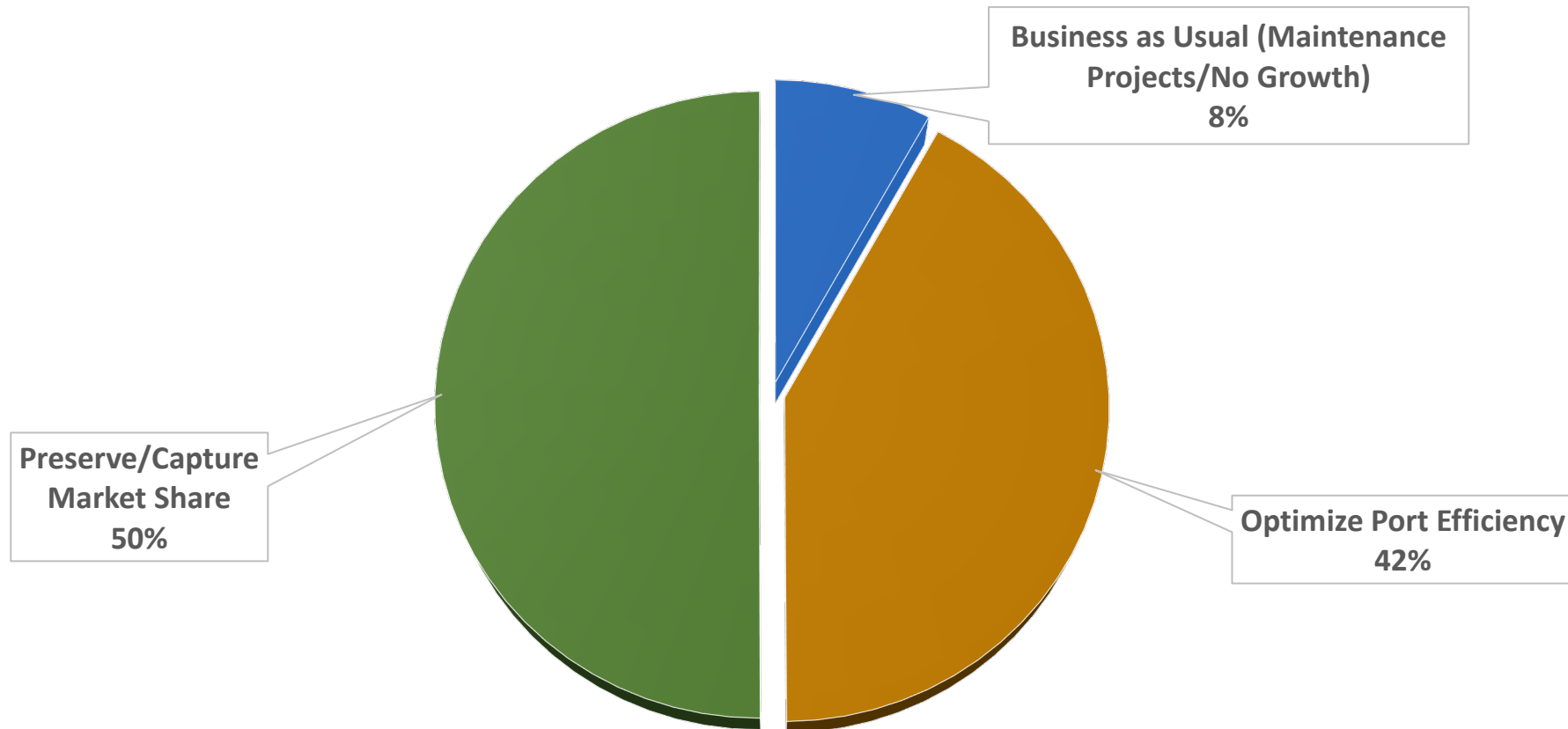


Current Funding Needs (Five-Year)

| Infrastructure Type | Business as Usual (Mntce/No Growth) | Optimize Port Efficiency | Preserve/Capture Market Position | Total |
|---|--|--------------------------|-------------------------------------|-------------------|
| Equipment | \$ 5,224,850.00 | \$ 45,523,809.50 | \$ 3,300,000.00 | \$ 54,048,659.50 |
| Highway Access | \$ - | | \$ 1,659,500.00 | \$ 1,659,500.00 |
| Land Acquisition & Development | \$ 1,700,000.00 | \$ 8,310,000.00 | \$ 53,635,000.00 | \$ 63,645,000.00 |
| Other (Planning, Engineering, Economic Studies, etc.) | \$ 925,000.00 | | | \$ 925,000.00 |
| Rail Access | \$ 155,000.00 | | \$ 16,256,000.00 | \$ 16,411,000.00 |
| Security & Technology | \$ 30,000.00 | \$ 630,000.00 | | \$ 660,000.00 |
| Warehousing | \$ 3,124,000.00 | \$ 17,821,000.00 | \$ 9,600,000.00 | \$ 30,545,000.00 |
| Waterfront Infrastructure | \$ 4,737,395.00 | \$ 9,800,000.00 | \$ 13,811,000.00 | \$ 28,348,395.00 |
| Grand Total | \$ 15,896,245.00 | \$ 82,084,809.50 | \$ 98,261,500.00 | \$ 196,242,554.50 |



Shares of Current Funding Needs





Business as Usual

Project Types

- Paint Shed, UAN and Thiosul Tanks
- Replace or repair roofing
- Fix or replace equipment
- Fund Study
- Crane mats for spud barge
- Lighting fixtures

Riverport's new crane on its way to Paducah

By DAVID ZOELLER dzoeller@paducahsun.com
Aug 15, 2017



Source: Paducah Sun, August 15, 2017. Available at
https://www.paducahsun.com/news/local/riverports-new-crane-on-its-way-to-paducah/article_3ade7ea0-8a00-5924-a24f-e6ea1b1a5a24.html.





Optimize Port Efficiency

Project Types

- Improve equipment
- New warehouse space
- New technology
- Land acquisition

Port of Paducah – MARAD Grant





Preserve/Capture Market Position

Project Types

- New rail terminal/on-site rail improvements
- Land development
- Improved truck access
- New or expanded marine dock

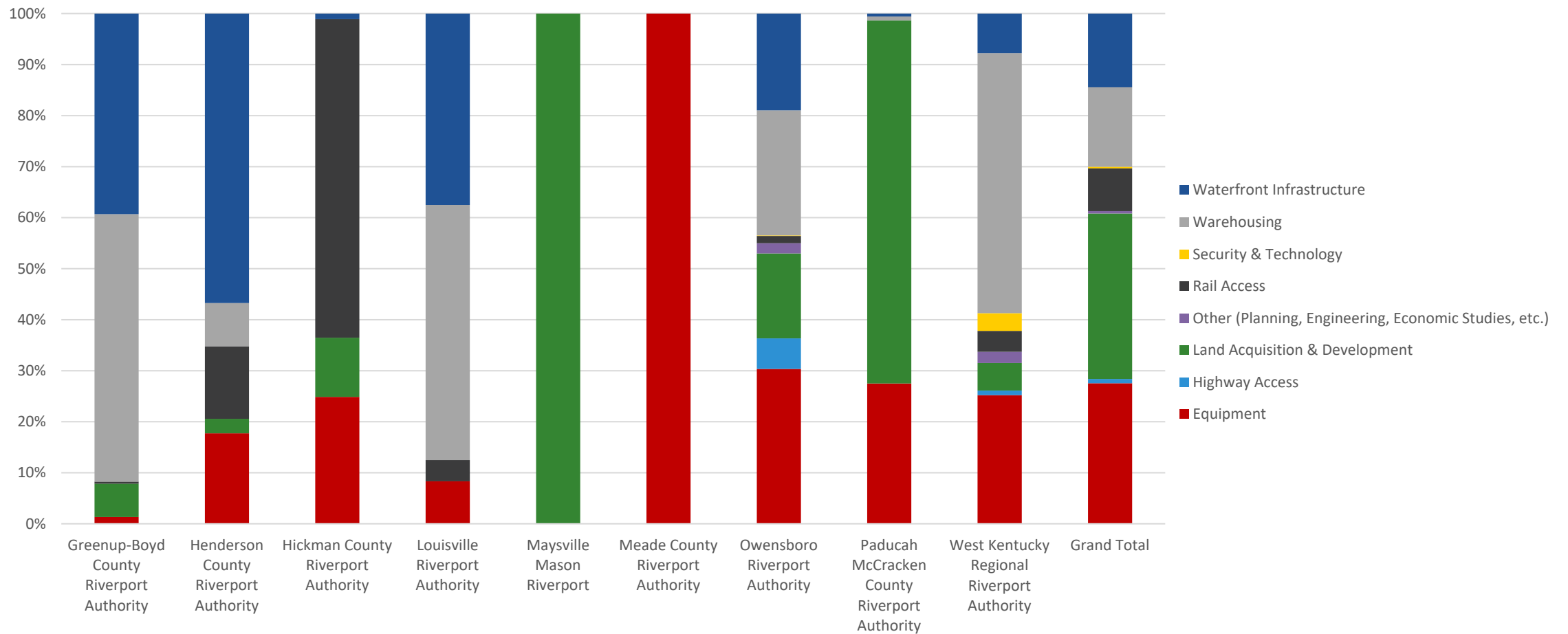


Port of Owensboro Rail Loop





All Needs





Possible Federal Funding Sources

| 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 | \$ 4,000,000.00 |
| | 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 |

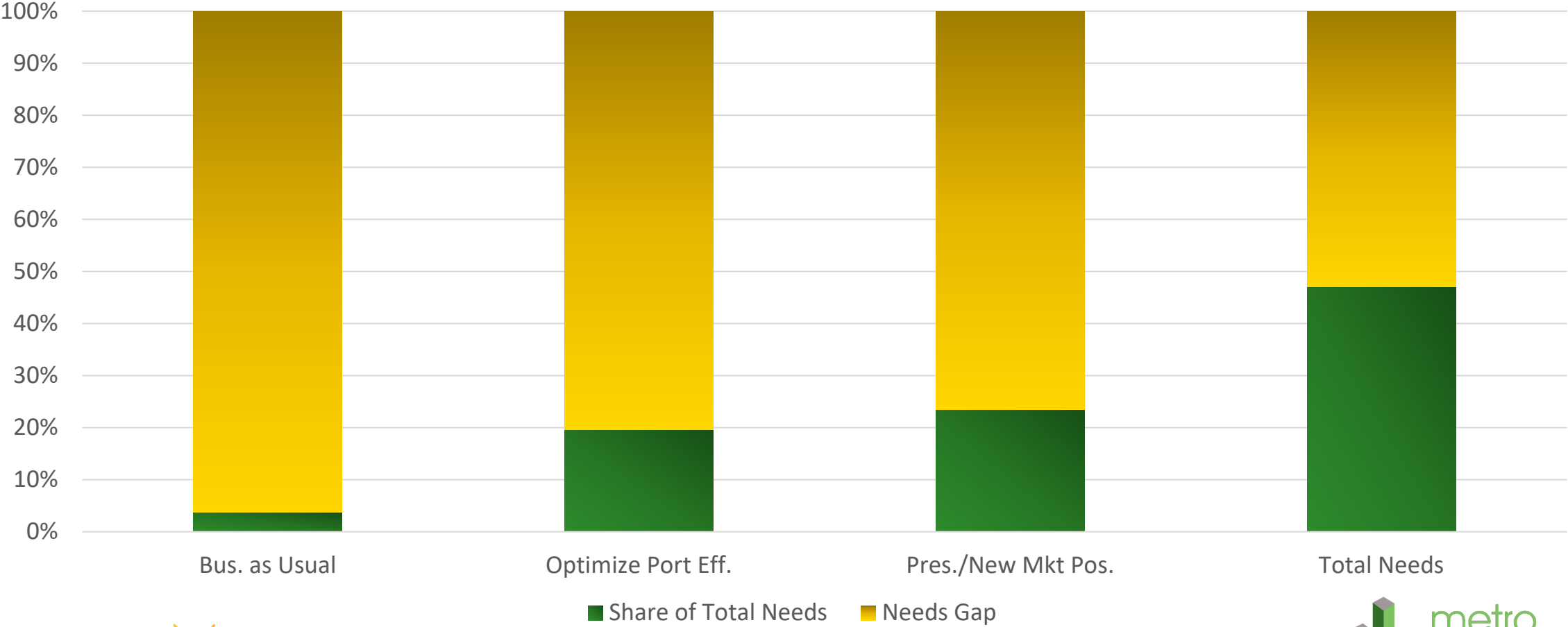
Total Funding = \$417,575,589,999

1% = \$427,575,900





Investment Needs Gap(s)





Ports' Needs – Average & Total

| Needs Category | Avg BCR | Subtotal |
|--------------------------------|---------|-------------------|
| Preserve/ New Mkt Position | 2.6 | \$ 98,261,500.00 |
| Optimize Port Eff. | 1.7 | \$ 82,084,809.50 |
| Business as Usual | 0.6 | \$ 15,896,245.00 |
| Average BCR / Total Investment | 1.2 | \$ 196,242,554.50 |

- Minimal preferred investment = \$15.9 million
- To maintain existing business = +\$66.2 million
- To grow = +\$16.2 million



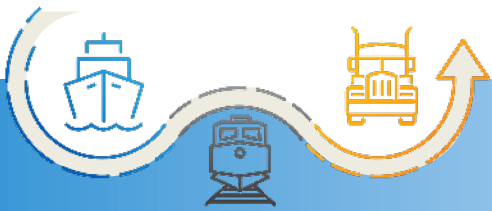
Best Investment Strategy...

| Consideration | Example |
|------------------------------------|------------------------------------|
| Inland Water Transportation Market | Container-on-Barge |
| Current market trends | E-Commerce |
| Where to Invest | Waterfront Infrastructure |
| Partner Ports | Port of New Orleans |
| Goals | Resiliency, Capacity, Safety, etc. |

Consider public-private partnerships for monies beyond federal funding

Don't Watch the Rust Form!





KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





**KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY**

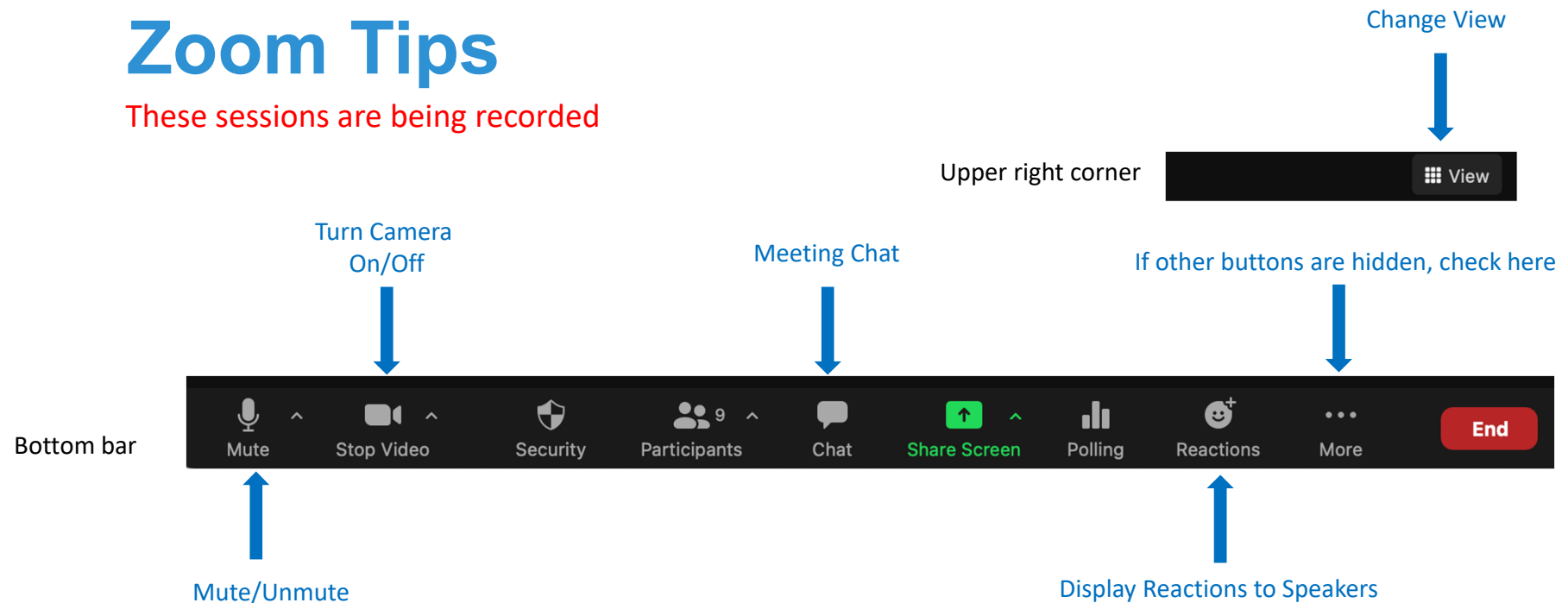
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KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





**KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY**

Funding Programs: Riverport Capital Improvement Needs

**Welcome to the Third Kentucky Summit
Statewide Strategy for Riverport Investment**

Wednesday September 1, 2:00-3:30



Funding Programs: Riverport Capital Improvement Needs

Session

5

Jimmy McDonald
Senior Maritime Planner
(Metro Analytics)



Tim Cahill
Executive Port Director
(Paducah-McCracken
County Riverport Authority)



**KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY**



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Outline of Discussion Topics

- State Funding Programs
- Peer State Investments Review
- Federal Funding Programs
- Port Capital Improvement Programs (CIPs)
- Conversation with the Port Director - Tim Cahill, Paducah



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Kentucky's Riverport Improvement Program (KRI)

- The State of Kentucky Currently Provides \$500,000 Annually
- The program currently has a 50% local match requirement
- Over the past decade it provided \$4.9 million to Riverport projects
- With State and Match a minimum of \$10 million in infrastructure funds

| Riverport | Number of Projects | Allocation Amount |
|---|--------------------|-------------------|
| Owensboro Riverport Authority | 17 | \$ 1,382,691 |
| Hickman-Fulton County Riverport Authority | 14 | \$ 860,320 |
| Louisville-Jefferson County Riverport Authority | 9 | \$ 832,480 |
| Henderson County Riverport Authority | 7 | \$ 660,390 |
| Eddyville Riverport Authority | 13 | \$ 569,835 |
| Paducah-McCracken County Riverport Authority | 8 | \$ 436,066 |
| Greenup-Boyd County Riverport Authority | 2 | \$ 157,338 |
| Grand Total | 70 | \$ 4,899,119 |



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Kentucky's Riverport Improvement Program (KRI)

- There has been 17 Equipment Project at \$1,5 million
- Majority of allocations are to access related projects, highway, rail, waterway 48 projects and nearly \$3.3 million in funds.
- Over the past decade the state provided 70 projects overall.

| Project Type | Number of Projects | Allocation Amount |
|---------------------------------------|--------------------|-------------------|
| Equipment | 17 | \$ 1,459,340 |
| Highway Access | 20 | \$ 1,430,288 |
| Rail Access | 13 | \$ 985,920 |
| Waterfront Infrastructure | 15 | \$ 851,794 |
| Land Acquisition and Land Development | 2 | \$ 94,278 |
| Warehousing | 2 | \$ 70,000 |
| Security and Technology | 1 | \$ 7,500 |
| Grand Total | 70 | \$ 4,899,119 |



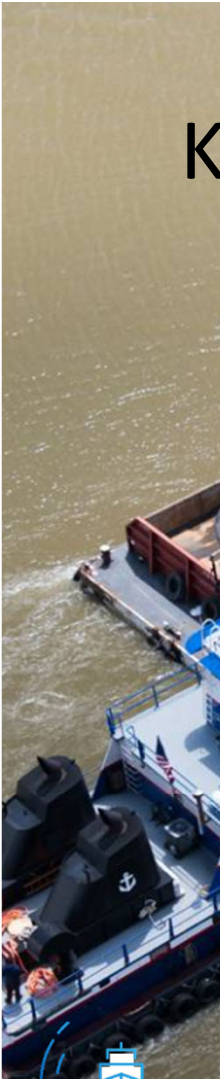
Kentucky's Riverport Improvement Program (KRI)

Opportunities

- Provides \$500,000 of general revenue funds for port specific development
- Consistent annual fund allocation
- Matching fund requires 50/50 state any other public or private funds

Constraints

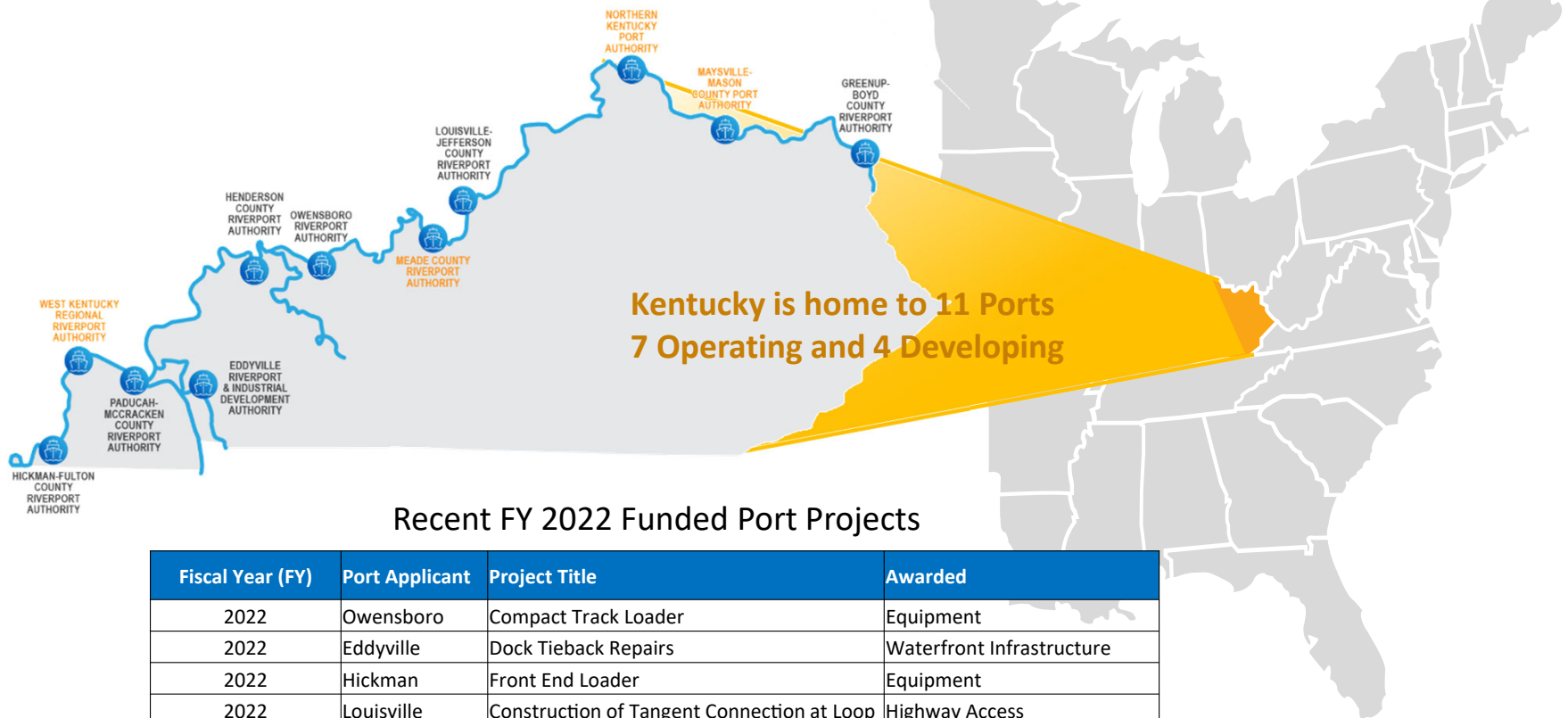
- Lacks Carryover Authority
- Ports must use state prequalified contractors lacking maritime expertise
- Transportation Advisory Board required for budget reallocation
- Funds are line item in General Revenue can be vetoed by Governor
- Funds are limited with \$500,000 annual allocation
- Matching requirements are 50/50, a higher 80/20 state match could help



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State Funding Directly For Ports



Recent FY 2022 Funded Port Projects

| Fiscal Year (FY) | Port Applicant | Project Title | Awarded |
|------------------|----------------|--|---------------------------|
| 2022 | Owensboro | Compact Track Loader | Equipment |
| 2022 | Eddyville | Dock Tieback Repairs | Waterfront Infrastructure |
| 2022 | Hickman | Front End Loader | Equipment |
| 2022 | Louisville | Construction of Tangent Connection at Loop | Highway Access |
| 2022 | Paducah | Clamshell Bucket Replacement | Equipment |



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Why Are States Investing in Their Waterways Systems?

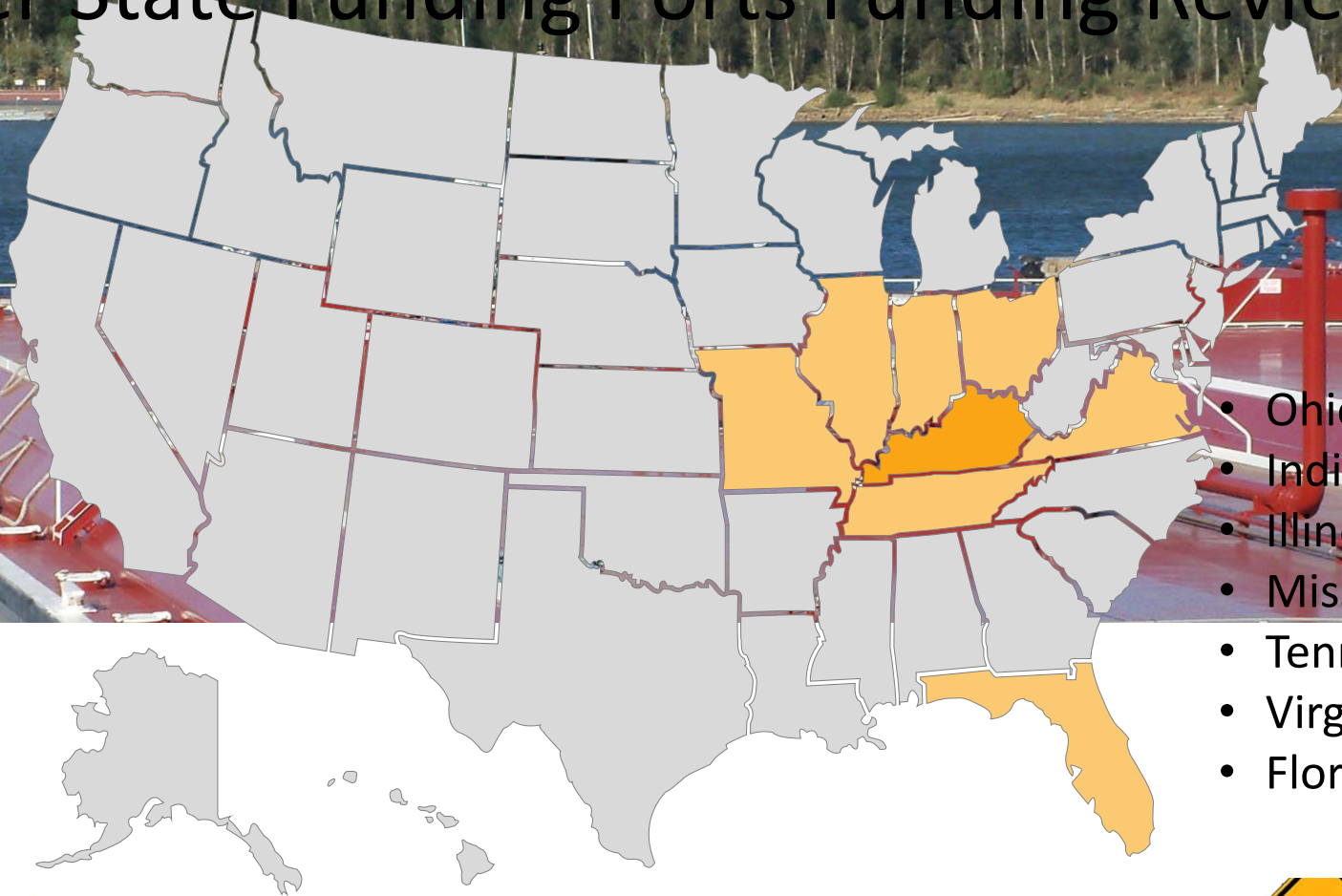
- Fuel-efficiency with smallest carbon footprint across modes
- Divert tons from the highway to the waterway
- Cheapest mode for shippers (and consumers)
- Higher paying highly skilled workforce
- Facilitates U.S. Competitiveness
- Provides greater system capacity
- Strong return on investment
- Supplies industrial development



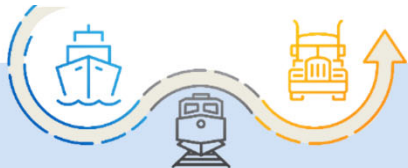
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Peer State Funding Ports Funding Review



- Ohio
- Indiana
- Illinois
- Missouri
- Tennessee
- Virginia
- Florida



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Matrix of Peer State Funding Programs

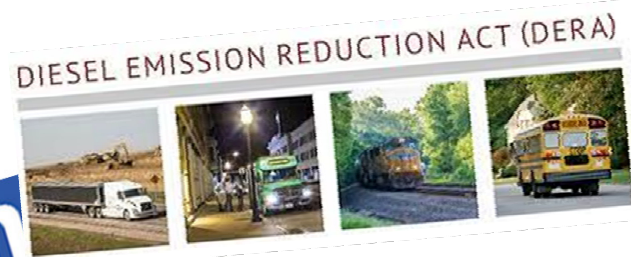
| | Kentucky | Ohio | Indiana | Illinois | Missouri | Tennessee | Virginia | Florida |
|--|----------|---------|---------|----------|----------|-----------|----------|---------|
| State Port Authority | | | X | | | | X | |
| Number of Public Port Terminals | 11 | 8 | 3 | 19 | 15 | 5 | 5 | 15 |
| State Budget Dedicated Funds Greater than \$500,000 Annually | | \$7.5 M | | | \$600 K | | \$42 M | \$76 M |
| State Budget Dedicated Funds Less than \$500,000 Annually | \$500 K | | | | | | | |
| State Ports Grant Programs | | \$ 23 M | | \$150 M | \$9.4 M | | \$5 M | \$44 M |
| State Rail Grant Programs | X | | | X | | X | | X |
| State Technical Assistance | | X | X | X | | | X | X |
| Provide Market Outreach Programs or Plans | X | X | | X | X | X | X | X |
| Economic Development Business Community Partnerships | X | X | | X | | X | X | X |



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Federal Funding Programs



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Port Eligible Federal Funding Programs

- Federal Infrastructure Bill – Transportation (Senate) 1.2 Trillion – \$17 Billion for ports
- INFRA Grants – 2021 budget - \$906 Million
- FEMA Port Security Grant Program – 2021 budget - \$100 Million
- EPA DERA – Diesel Emissions Reduction Act – 2021 budget – \$46 Million
- FAST Act was funded through 2020 for \$4.5 Billion, likely to be “Build Back Better”
- USDOT RAISE Grant Program – 2021 budget \$1 Billion in discretionary grant funds
- MARAD - Port Infrastructure Development Program – 2021 budget - \$230 Million
- MARAD Marin Highway Program – 2020 Budget - \$10.8 Million
- FHWA Section 130 Rail Crossing Program – FY2020 Budget - \$245 Million
- RRIF Railroad Rehabilitation and Improvement Financing – Low Interest Loan



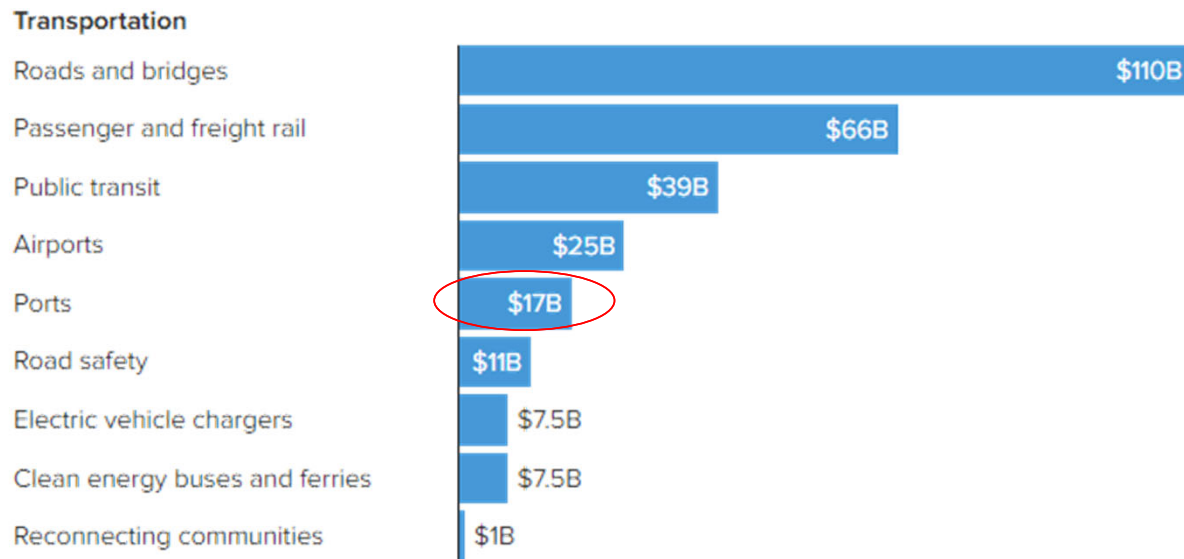
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Congress Set to Pass \$1.2 Trillion Dollar Infrastructure Bill

- Whitehouse Estimates Kentucky to Receive \$6.1 Billion for Transportation Infrastructure
- The same estimate shows Waterway Transportation for Kentucky at \$647 Million

United States Transportation Infrastructure Bill



Source: <https://www.cnn.com/2021/08/31/infrastructure-bill-map-which-states-get-the-most-money.html>



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



zk | #DcWkLv#Exqglj#WdnB

Port 5-Year Capital Improvement Program (CIP) by Port

| Port | FY 2021/2022 | FY 2022/2023 | FY 2023/2024 | FY 2024/2025 | FY 2025/2026 | Total by Port |
|--|----------------------|----------------------|----------------------|---------------------|----------------------|-----------------------|
| Greenup-Boyd County Riverport Authority | \$ 20,000 | \$ 1,500,000 | | \$ 6,000 | | \$ 1,526,000 |
| Henderson County Riverport Authority | \$ 600,000 | \$ 750,000 | \$ 1,500,000 | \$ 3,000,000 | \$ 15,300,000 | \$ 21,150,000 |
| Hickman County Riverport Authority | | \$ 6,000,000 | \$ 2,100,000 | | \$ 10,000,000 | \$ 18,100,000 |
| Louisville Riverport Authority | \$ 500,000 | \$ 11,500,000 | \$ 12,000,000 | | | \$ 24,000,000 |
| Maysville Mason Riverport | | | | | \$ 5,000,000 | \$ 5,000,000 |
| Meade County Riverport Authority | | \$ 12,000,000 | | | | \$ 12,000,000 |
| Owensboro Riverport Authority | \$ 10,489,030 | \$ 4,284,175 | \$ 3,660,250 | \$ 3,737,000 | \$ 2,815,100 | \$ 24,985,555 |
| Paducah McCracken County Riverport Authority | \$ 2,843,000 | \$ 400,000 | \$ 51,000,000 | | \$ 17,000,000 | \$ 71,243,000 |
| West Kentucky Regional Riverport Authority | \$ 234,000 | \$ 15,354,000 | \$ 1,950,000 | \$ 350,000 | \$ 350,000 | \$ 18,238,000 |
| Total By Fiscal Year | \$ 14,686,030 | \$ 51,788,175 | \$ 72,210,250 | \$ 7,093,000 | \$ 50,465,100 | \$ 196,242,555 |

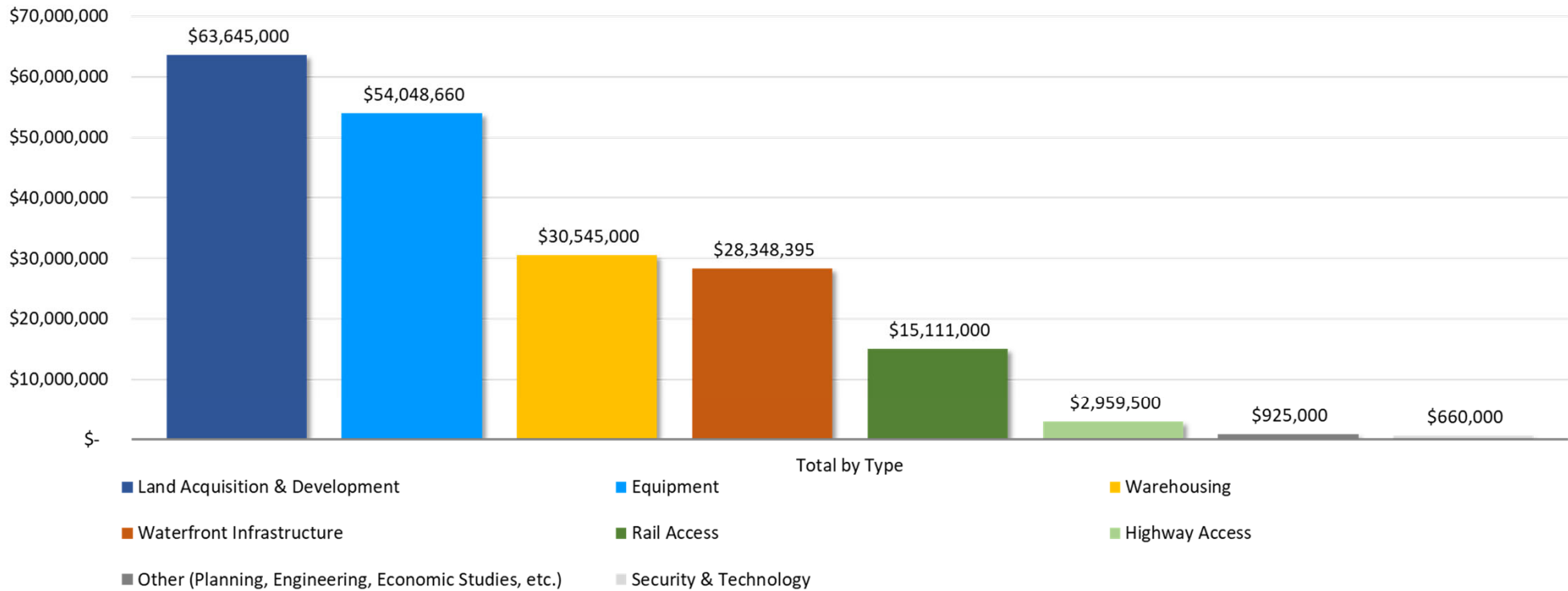


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zk | #Dowk | #Exqglj | #WdnB

Port Capital Improvement Program (CIP) Project Type

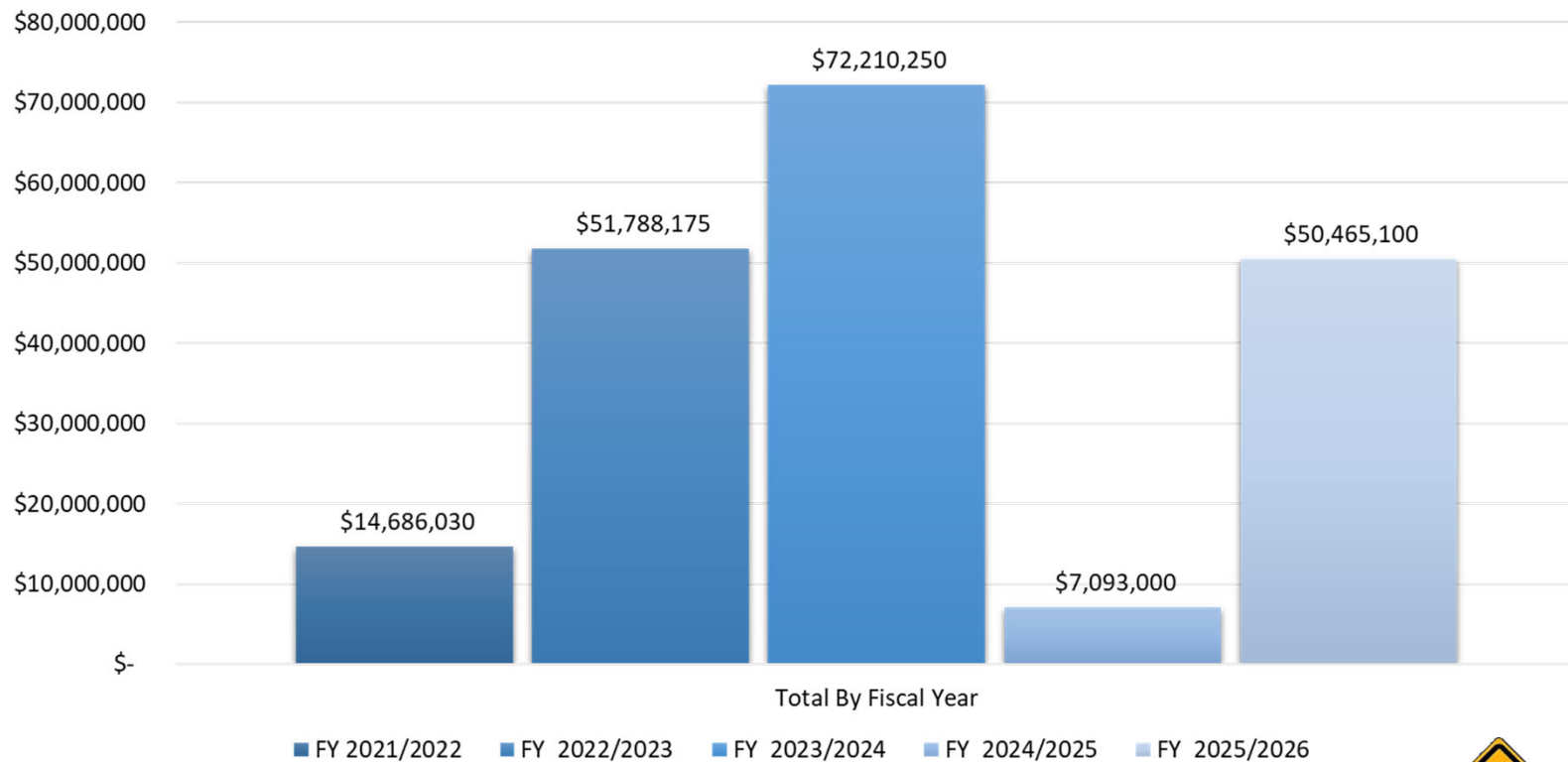


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zk | #Dowk | #xqglj | #WdnB

Port Capital Improvement Program (CIP) Total by Year



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Strategies for a Collaborative Kentucky Riverports Approach to Investment in Economic Development

- Directly and collectively advocate for the needs across all state public riverports
- Develop a strong grassroots campaign with Cabinet for Economic Development, Chamber of Commerce, Kentuckians for Better Transportation, and Private Sector Partners
- Deliver the riverport message to state legislature and congress



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY



Kentucky Port Director Discussion Panel

- Please Type questions in chat, We will have an open mic town hall question and comment session towards the end!
- **Please Welcome:**

Tim Cahill – Executive Port Director, Paducah-McCracken County Riverport Authority



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





**KENTUCKY RIVERPORTS, HIGHWAY
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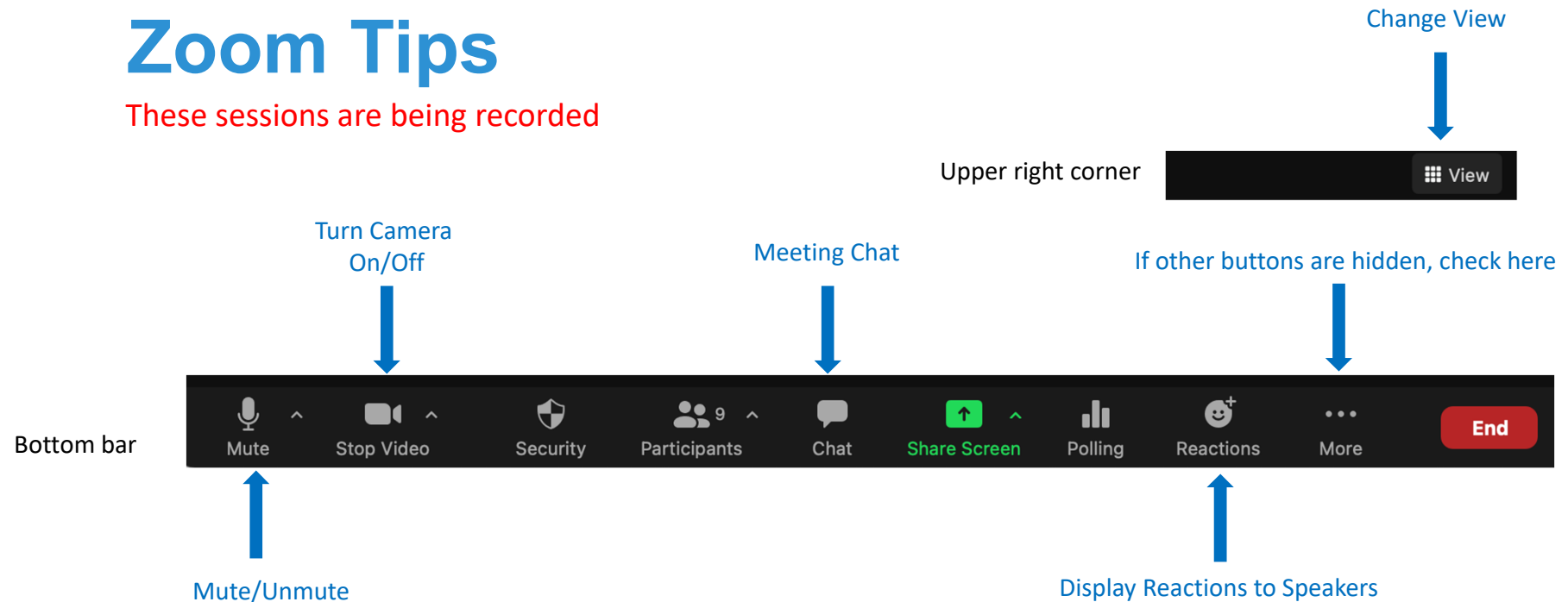
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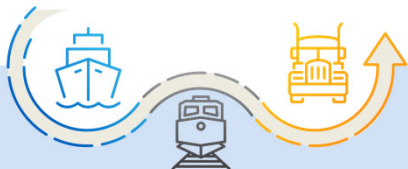
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KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





**KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY**

Economic Development: Advancing our State's Riverports

**Welcome to the Third Kentucky Summit
Statewide Strategy for Riverport Investment**

Thursday September 2, 9:30-11:00



Economic Development: Advancing our State's Riverports

Speakers

Mimi Rasor

Rasor Communications

Kevin Johns

Metro Analytics, Technical Lead

Agenda

- Overview of Marketing Toolkit and Next Steps
- Recommended Economic Development Strategies



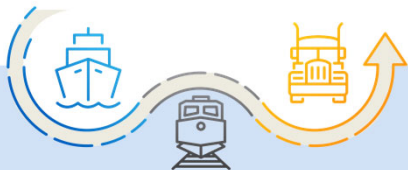
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Marketing Toolkit Development

GOAL:

To gather data and information prepared as a result of this study and provide content and materials to the port directors that can aid in building awareness and educating potential clients of their capabilities and services.



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AWARENESS



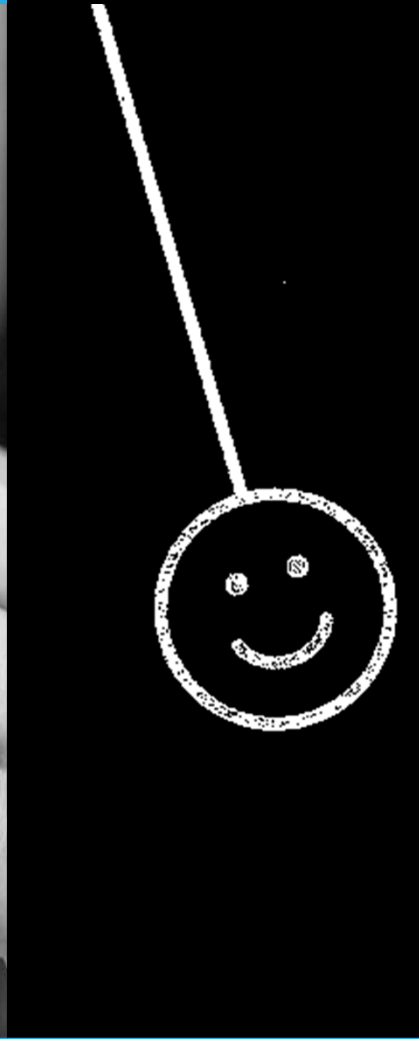
INTEREST



TRIAL



EVALUATION



ADOPTION



Marketing Toolkit Development

PRIMARY COMPONENTS

- Riverport Profiles
- Updated website content for the KAR website
- Updated website content and linkage from the KYTC and CED websites
- Outline of next steps in determining appropriate “go-to-market” strategy for each riverport
- Recommendations for future collateral materials



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





KEY FEATURES:

- Annual freight movement: \$8.3 billion, 47 million tons
- 4,000 sq ft of river frontage with 42,000 sq ft of open dock space
- 236 acres; 93.5 available
- 185 acres available for industrial development
- 24/7 cargo handling for both bulk and packed products

COMMODITY GROWTH FORECAST (WITHIN DRAW AREA):

- Grain replaces coal as #1
- Soybeans in oil, kernel, nuts, and seeds #3
- Mixed consumer products are #4
- Iron and steel #5
- Industrial chemicals #6
- Coal #2 but in decline



WATERWAY:
Ohio River mile 808;
J.T. Myers Pool



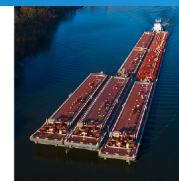
RAILROAD:
12,800 ft of Class I rail,
4 spurs, CSX Railroad



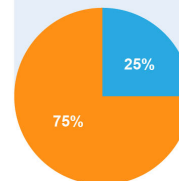
ROADWAY:
KY 136 and KY 425
connect to I-69



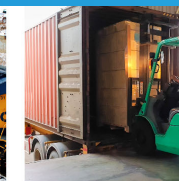
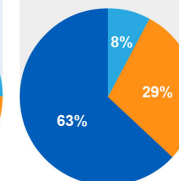
AVIATION:
Henderson City/County Airport
one mile west of the riverport;
5,500 ft paved runway



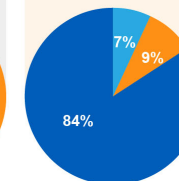
BARGE CARGO:
Coal, agricultural commodities, petroleum products, chemicals, construction materials, and fertilizers



RAIL CARGO:
Coal, grain, agricultural commodities, fertilizer, consumer goods, iron and steel, construction materials, and petroleum products



TRUCK CARGO:
Agricultural commodities, construction materials, coal, food products, chemicals, and consumer goods



CARGO MOVEMENTS BY MODE, 2018 HINTERLAND = INBOUND | OUTBOUND | THROUGH

FUTURE INFRASTRUCTURE INVESTMENT



FY 20
Forklift Replacement/
Truck Hopper
\$137,500



FY 21
Mooring Dolphin
Replacement
\$208,000

PORT FACILITY INFRASTRUCTURE

Waterside: One terminal; four docks (two with conveyor belts); switching and fleet services available around the clock

Equipment: 125-ton electrical pedestal crane for loading barge, truck, or rail; 10 forklifts; three loaders; loading capacity of 800 tons per hour through system with truck scales

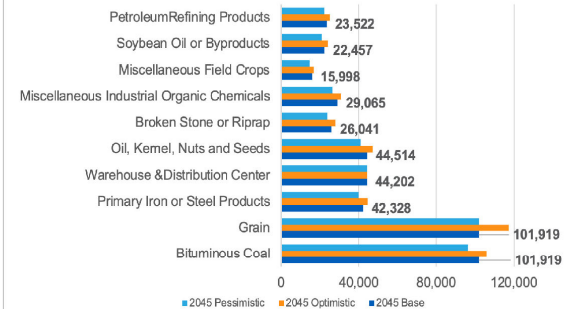
Storage and Warehouse: Three 135-foot fertilizer domes with liquid or dry storage capabilities of up to 33,000 tons; four warehouses with a total of 60,000 sq ft

Laydown Space: Five acres

Long-Term Tenants: Eastern Alloys, Hydro Aluminum, Security Seeds

Workforce: The most common occupations in Henderson County are production (2,430), office and administrative support (2,270), and sales (1,828).
Source: datausa.io

Freight Forecast Scenarios: Top Commodities





IMPLEMENTATION

*Using Business Intelligence and Public Private Partnerships
To attract \$220 million to modernize the Kentucky Riverport
Network and Address Statewide Economic Goals*

A TOOL KIT OF QUESTIONS



HYPOTHETICALLY DO YOU NEED \$220 MILLION?

- If you wanted to successfully apply for \$220 million federal dollars from the new \$17 billion ports allocation package, \$8.9 billion RAISE, \$3 billion EDA funds how would you do that? Individually? Or as a state? Will Transportation, Economic and Education Cabinets team up to highlight the port system as a catalyst for Future Proofing the State? Either way you will need a 20% to 50%, \$20 - 100 million + match. The competition will be intense. Kentucky Ports need a compelling case of ROI, teamwork, Equity, and Public Private Partnerships that distinguish the Riverports from other state applications. USDOT options have traditionally been Discretionary, Formula, Loans and P3s. But now.....
- Money loves company. And Equity is the priority. ROI, P3 partnerships and equitable economic development are the highest "rated" criteria. <https://www.transportation.gov/rural/toolkit/maximizing-award-success-introduction-evaluation-criteria>
- To best compete, create a policy framework "application" for the State and riverport system that is equitably and economically powerful. You have the new business intelligence. The best applications will address new DOT and EDA priorities. That criteria requires applicants to leverage infrastructure dollars, foster equity, create workforce innovations (I suggest Einstein Projects for eliminating youth poverty), install port city innovation hubs, joint city county port industrial, office and mixed-use business parks, options to coal, apply business intelligence, apply smart tech, and advertise for P3s to document speed and leveraging capabilities. The resulting Kentucky port network strategy will be nationally replicable, resilient, data driven, with measurable cash positive ROI. Tapping the underutilized youth in poverty talent pipeline and attracting matching resources from local cities and counties suggests a collective value-added impact team approach that optimizes state and federal dollars.

THE INFRASTRUCTURE PLAN: WHAT'S IN AND WHAT'S OUT

BY AATISH BHATIA AND QUOCTRUNG BUI - UPDATED AUGUST 10, 2021 - NYT

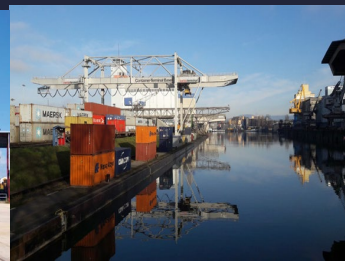
- The Senate's infrastructure bill is undeniably large: It calls for new federal spending of about \$550 billion (as part of a \$1 trillion bill that also renews existing transportation spending). The new spending is roughly equivalent to the cost of the Interstate Highway System, after adjusting for inflation. These charts show which states will get the most money from Biden's infrastructure bill - AUGUST 2021

<https://www.cnbc.com/2021/08/31/infrastructure-bill-map-which-states-get-the-most-money.html>.

Biden's Infrastructure Proposal Includes \$17 Billion for Ports and Waterways.



- But the bipartisan deal is less than a quarter the size of the \$2.6 trillion plan that President Biden proposed in March, which included \$2.2 trillion in spending and around \$400 billion in tax credits.





U.S. Department of Transportation

TIGER GRANTS BECOME RAISE “EQUITY” GRANTS

- RAISE Grants. Ports that are catalysts to national objectives are more likely to be approved. U.S. Senate passed a \$1 trillion infrastructure plan, with \$550 billion in new spending.
- A new federal framework for ensuring racial equity will guide the implementation of the bipartisan infrastructure plan, says EPA Administrator Michael Regan. August 11, 2021 <https://www.bloomberg.com/news/articles/2021-08-11/an-infrastructure-bill-built-on-environmental-justice>
- The Racialized ‘Equity’ Agenda in Biden’s Infrastructure Bill August 5, 2021, <https://www.nationalreview.com/2021/08/the-racialized-equity-agenda-in-bidens-infrastructure-bill/>
- Secretary of EPA: These are environmental justice issues, and questions abound about how to ensure that this new funding – if it passes through Congress whole – and the jobs created from it will be vested in communities that have historically been marginalized in large-scale government projects.
- To address those questions, the White House has developed an environmental justice framework called Justice40. It commits the federal government to directing 40% of climate and clean energy investments into communities impacted by environmental injustice. The initiative aims at redressing legacy problems such as disproportionate pollution exposure and climate impact risks in communities of color and low-income neighborhoods.

EDA INVESTMENT PRIORITIES

- Document that the applicant can or will leverage other resources, both public and private, and demonstrate the applicant's capacity to commence the proposed project promptly, to use funds quickly and effectively, and provide a clear scope of work that includes a description of specific, measurable project outputs.
- EDA's investment priorities -- Competitive grant applications will be responsive to the evaluation criteria listed under each individual funding announcement, including at least one of the below investment priorities.
- **1. Equity:** Economic development planning or implementation projects that advance equity across America including but not limited to women, Black, Latino, and Indigenous and Native American persons, Asian Americans, and Pacific Islanders or AREAS systematically denied a full opportunity to participate in aspects of economic prosperity such as Persistent Poverty Counties (XLSX), and rural areas . <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>
- **2. Recovery & Resilience:** Economic development planning or implementation projects that build economic resilience to and long-term recovery from economic shocks, like those experienced by coal and power plant communities, or other communities impacted by the decline of an important industry or a natural disaster, that may benefit from economic diversification-focused resilience.
- **3. Workforce:** Economic development planning or implementation projects that support workforce education and skills training activities directly connected to the hiring and skills needs of the business community and that result in well-paying, quality jobs.



EDA \$3 BILLION AVAILABLE

- The Build Back Better Regional Challenge: This \$1 billion TARGETS resources to grow new regional industry clusters or scale existing ones through planning, infrastructure, innovation and entrepreneurship, workforce development and access to capital. At least \$100 million of the funding will be directed towards coal communities.
- The Good Jobs Challenge: This \$500 million program invests in collaborative skills training systems and programs, emphasizing historically underserved populations and areas. These systems will create and implement industry-led training programs designed to provide skills for and connect unemployed or underemployed workers to existing and emerging job opportunities. EDA is allocating \$500 million in ARPA funding for the Economic Adjustment Assistance program, including \$200 million to support coal communities. Counties are eligible to apply for the program, and the NOFO is available [here](#).
- The Travel, Tourism & Outdoor Recreation program: This program provides \$510 million for non-competitive state tourism grants and \$240 million for competitive grants to help communities impacted by challenges in the travel, tourism and outdoor recreation sectors. The competitive grants can be used to invest in infrastructure, workforce or other projects to support the industry's recovery and economic resilience.
- The Statewide Planning, Research & Networks program: This program provides \$59 million for statewide planning grants and \$31 million for Research and Network Grants to invest in research that assesses the effectiveness of EDA's programs and provides support for stakeholder communities

POTENTIAL NEW ECONOMIC PARTNERS

EXAMPLES OF WHO CAN HELP YOU

- P3s and resulting new revenue streams improve the potential to generate a large federal grant match. Here is a research team starter portfolio who can aid long term economic resiliency of the ports and governments

Team Ports with Cities, Counties and CEOs to offer performance-based property tax incentives or partnerships to companies and infrastructure contractors who tutor children out of poverty for high paying careers (Einstein Projects) <https://genesysworks.org/about-us/>, <https://jausa.ja.org/>, <https://www.ibm.com/blogs/corporate-social-responsibility/2020/06/redesigning-high-school/>; <https://www.nlc.org/article/2017/11/09/how-austin-texas-got-equitable-economic-development-right/>

Team with ROI driven Private Infrastructure Investment Funds <https://www.cg-la.com/about>, <http://www.gldpartners.com>; <https://giia.net/>, <https://gresb.com/partner/global-infrastructure-investor-association/>

Team with ROI driven Innovation Hubs, start ups and recruitment of talent and technology companies, <https://www.kyinnovation.com/>; <https://www.innovationnewsnetwork.com/inland-ports-as-innovation-hubs/4884/>

Team with ROI driven governments and developers for added tax value to industrial, office and mixed - use real estate parks <https://piernext.portdebarcelona.cat/en/people/port-innovation-districts-synergies-between-the-city-and-the-port/>; <https://www.louisvilleriverportauthority.com/>; <https://portworkspaces.com/>

A TOOL KIT OF QUESTIONS TO ASK YOURSELVES

- 1) Do you have a plan to team up with your city / county to **build and share tax profits on development** of industrial, office and mixed-use employment centers near the river and in port environs?
- New Employment centers are a convincing story to tell federal funders and private investors. For government and citizens these centers also reduce commute costs, increase local family disposable income, lesson pollution and congestion, foster small business, add live work quality of life oriented, and benefit ports and cities/counties with tax producing new revenue streams in the form of TIFS, CIDS, BIDS, PIDs (tax improvement districts).
- 2) Do you have a cooperative agreement with your city/county to provide property tax incentives for manufacturing, logistics and technology recruitment, and or other joint public private partnerships to encourage businesses to expand in the riverport?

A TOOLKIT OF QUESTIONS CONTINUED:

CONNECTING EDUCATION TO YOUR ECONOMY

- 3) Do you have a CEO network that meets annually with schools; speaking frankly on curricula and tutoring to eliminate youth poverty and foster entrepreneurship, management, STEM, logistics, creatives?
- Building alliances is easy. Brittaney Johnson and Brian Wright in Owensboro are working together to expand a CEO driven Einstein Project for youth. The ROI, resiliency and commitments address US DOT criteria for federal funding.
- 4) Do you have a formal relationship with education? Are you able to be an economic leader in equity, in Einstein Projects that produce cash positive ROI including net new taxes to the city/county governments?
 - eliminate the pipeline of youth into poverty,*
 - reduce government expenses in public health, court, social services, police, jails, housing*
 - provide an organically grown supply of logistics managers, businesses and technology innovators to fuel port functions and expansions*

A TOOL KIT OF QUESTIONS CONTINUED

ADULT WORKFORCE CONNECTIVITY

- Are you connected to existing state and local adult workforce initiatives?
- Kentucky Department of Education: <https://education.ky.gov/CTE/nsfy/Pages/KY-NSFY.aspx> - A New Vision for Kentucky Youth, Innovation Districts
- Kentucky Department of Agriculture: <https://www.kyagr.com/ky-agnews/press-releases/2021/KDA-KAM-announce-fifth-year-of-LAND-forums.html> - Partnerships with Manufacturing

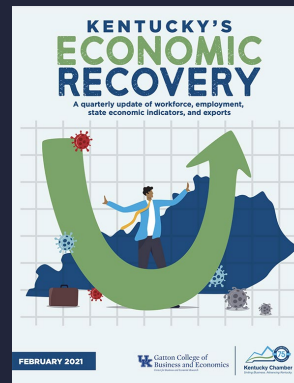


- <https://transportation.ky.gov/Education/Pages/default.aspx> - Scholarships
- Cabinet for Economic Development: https://ced.ky.gov/Entrepreneurship/Accelerators_Incubators; Bluegrass State Skills Corporation <https://ced.ky.gov/Workforce/BSSC>. "18,300 Kentuckians helped via private-sector businesses industry-specific training programs. "
 - manufacturing, agribusiness,
 - non-retail service or technology,
 - headquarters operations,
 - state-licensed hospital operations,
 - coal severing and processing,
 - alternative fuel, gasification,
 - renewable energy production, or carbon dioxide transmission pipelines.



**KENTUCKY DEPARTMENT
OF AGRICULTURE**

Dr. Ryan F. Quarles, Commissioner



A TOOL KIT OF QUESTIONS CONTINUED

ARE YOU CONNECTED TO KENTUCKY INNOVATION

- 5) Why create regional Innovation Hubs at your ports?
- KY Innovation Hubs already exist in two inland river ports <https://www.kyinnovation.com/>



- Attract investment, new revenues and grow talent from underutilized assets. KY Innovation Hubs are the states' approach to building vibrant, regional innovation clusters across the state and growing the overall economy. This modernizes support for entrepreneurs and high-tech, high-growth-potential startups. The hubs unite universities, established companies, ports and industry sectors, entrepreneurs, business accelerator and incubator programs.

SPECIAL THANKS MOST RECENTLY:

- Gary Moore, Judge Boone County, Amazon Deal experience
- Jeff O'Brien Co-Chief Louisville Forward,
- Matt Yates VP Louisville Riverport,
- Anthony Ellis, Executive Director KY Innovation,
- Greg Pridgen, President Port of Henderson,
- Brian Wright, Director Port of Owensboro,
- Brittaney Johnson, President/CEO Greater Owensboro EDC
- Chaplain Kempton Baldridge, Seamen's Church Institute



**KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY**

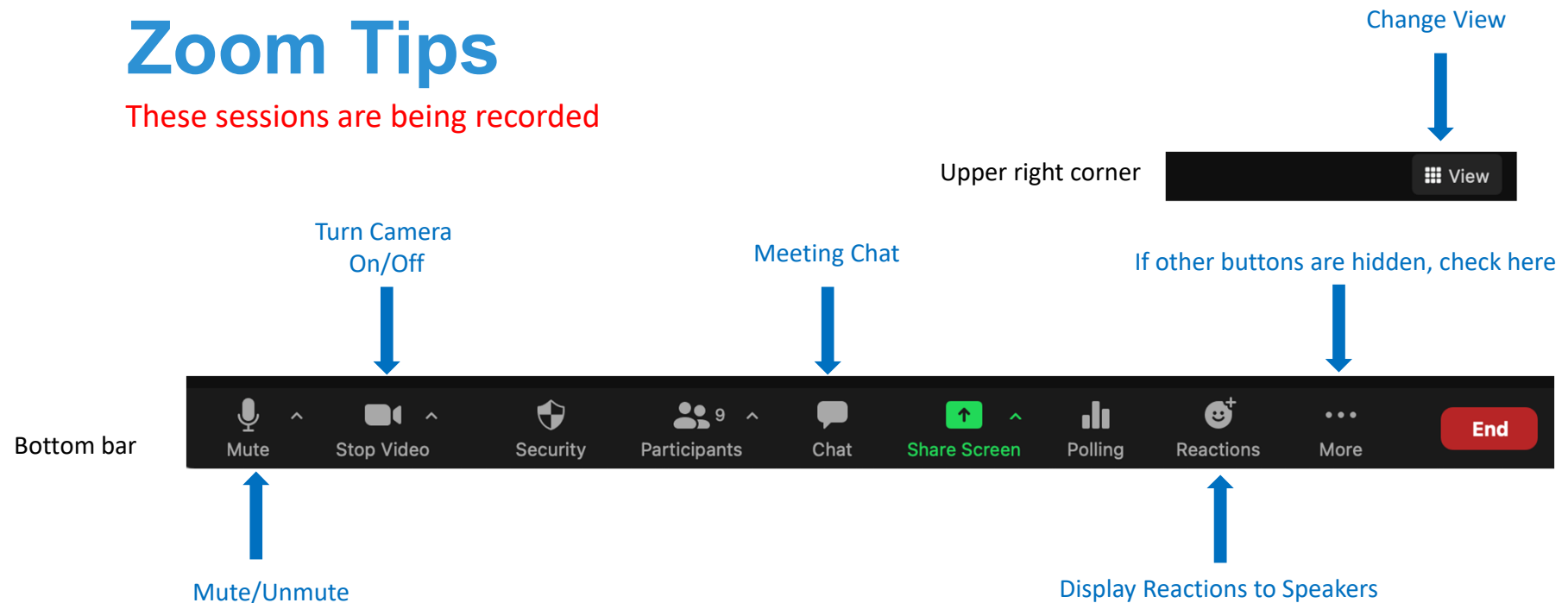
**Welcome to the Third
Kentucky Summit**

**Statewide Strategy for
Riverport Investment**



Zoom Tips

These sessions are being recorded



Please keep your microphone muted when you are not speaking

Please use the chat button to submit questions to the speakers or wait until the Question and Answer portion of the session

Please use the "Reactions" button to raise or lower your hand or provide other non-verbal feedback to the host (if enabled)

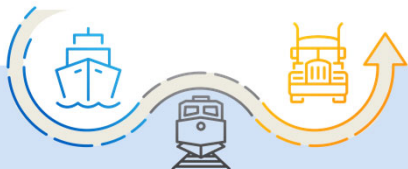
In the upper right corner you can select "speaker view" or "gallery view"



Kentucky Summit on Statewide Strategy for Riverport Investment

- All sessions will be recorded
- Attendees can participate in sessions via Zoom – video and/or audio

| | |
|--|------------------------------|
| Opening Session | Tuesday Aug 31, 12:00-1:30 |
| Connecting Ports to Global and Domestic Trade: A Conversation with Inland Barge Operators | Tuesday Aug 31, 2:00-3:30 |
| Anticipating the Evolution of Freight Commodities: A Conversation with Corn, Soy, and Aluminum Representatives | Wednesday Sept 1, 9:30-11:00 |
| Modeling Scenarios and Riverport Investment Strategies | Wednesday Sept 1, 12:00-1:30 |
| Funding Programs: Riverport Capital Improvement Needs | Wednesday Sept 1, 2:00-3:30 |
| Economic Development: Advancing our State's Riverports | Thursday Sept 2, 9:30-11:00 |
| Closing Session | Thursday Sept 2, 12:00-1:30 |



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





KENTUCKY RIVERPORTS, HIGHWAY
& RAIL FREIGHT STUDY

Closing Session

**Thank you for your participation in the
Third Kentucky Summit
Statewide Strategy for Riverport Investment**

Thursday September 2, 12:00-1:30



Closing Session

Speakers

Mikael Pelfrey

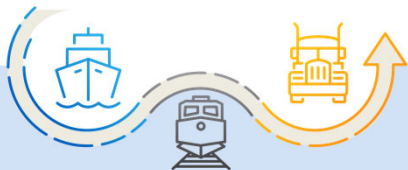
Secretary Jim Gray

KYTC Division of Planning

Kentucky Transportation Cabinet

Agenda

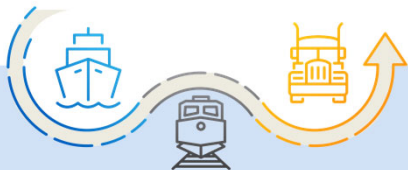
- Concluding Remarks



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY

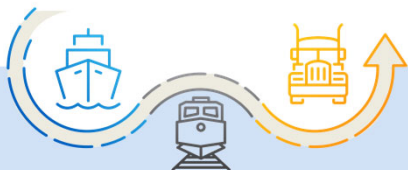
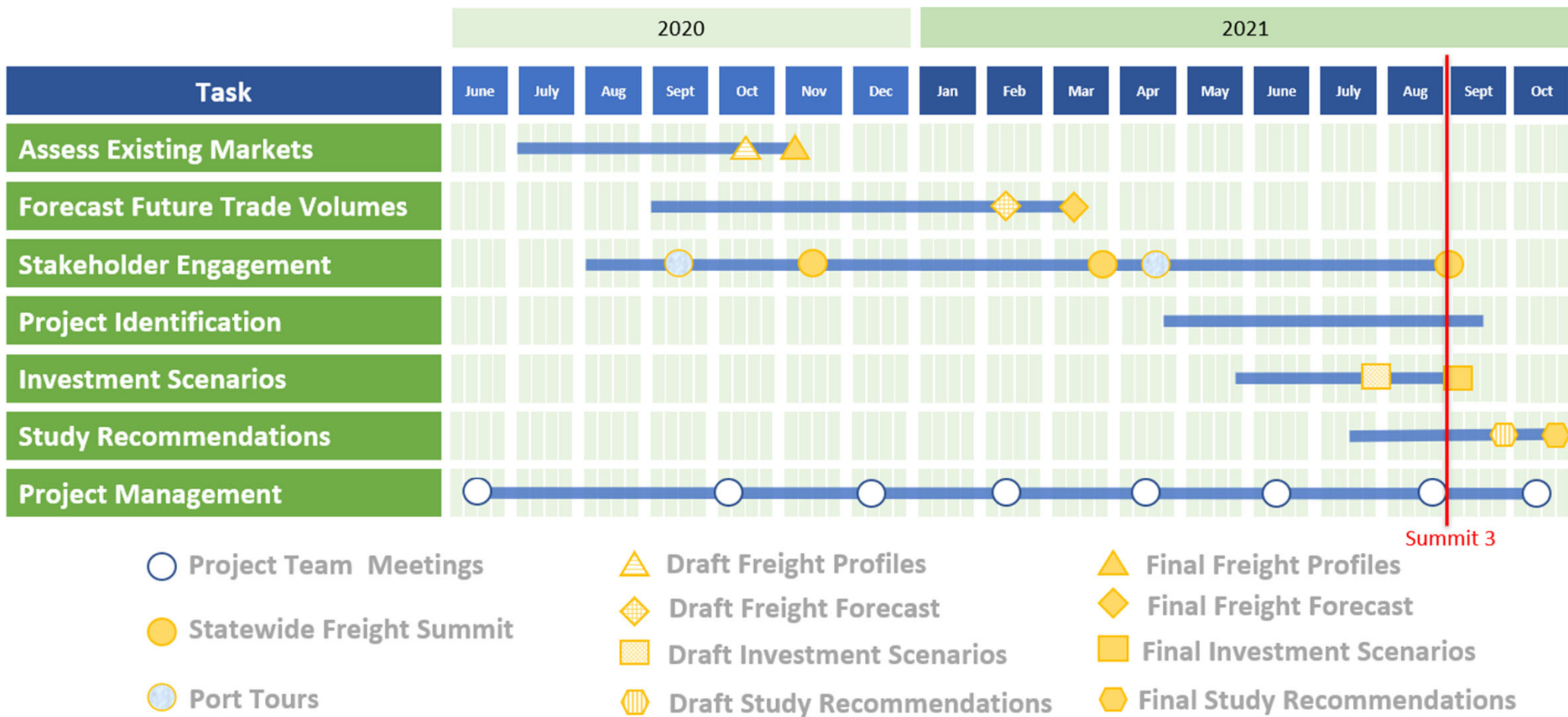


What have we learned?



KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY





KENTUCKY RIVERPORTS, HIGHWAY & RAIL FREIGHT STUDY

