



Technical Memorandum 3:

KY Riverports' Needs: S.W.O.T., Multimodal Needs & Funding

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INTRODUCTION

This third Technical Memorandum in the Kentucky Transportation Cabinet (KYTC) *Riverport, Highway & Rail Freight Study* provides a strategic review of the riverports' Strengths, Weaknesses, Opportunities, and Threats (SWOT) and a review of external funding options for the portfolio of projects identified as needs by Kentucky's riverports. External funding is that which could be available to Kentucky's riverports through the Commonwealth of Kentucky, through Federal grant and loan programs, and private sector sources, e.g., Public-Private Partnerships.

Appendix 1 provides a synopsis of the external funding programs and how to currently access information on them. **Appendix 2** provides a review of funding options established by nearby states for the ports within those states to inform the Commonwealth on options they could consider or pursue.

This Technical Memorandum follows two prior memoranda, available on the study's website:¹

- Technical Memorandum 1 provides a basic understanding of Kentucky's freight transportation economy for the 11 public riverports. The memo identifies the existing conditions, inventories strengths and weaknesses, and conveys the roles of the riverports. It also provides an overview of contemporary coordination efforts, key takeaways from port visits, and Kentucky riverport descriptions.
- Technical Memorandum 2 presents freight forecasts, describing the freight market for Kentucky's 11 public riverport authorities—including all relevant freight modes—and identifies long-term forecasts for regional modal freight flow demands. Three 2045 future scenarios are presented, intending to represent a range of possible future outcomes. Considering rail-based, highway, and waterborne modes, freight volumes moving through the combined hinterland² are projected to grow by 10.7% to 24.5% by 2045 (depending on the scenario).

1. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Kentucky riverports' competitive position beyond 2021 can be best considered through understanding the strengths, weaknesses, opportunities, and threats observed and discussed with port directors and from an in-depth understanding of the Marine Transportation System (MTS).

¹ Online at <https://transportation.ky.gov/MultimodalFreight/Pages/Kentucky-Riverports-Highway-and-Rail-Freight-Study.aspx>

² Defined as all counties within a 90-minute one-way drive time from the nearest public port

From a high-level perspective, there are considerable strengths in the Kentucky Riverport system that will help it to grow beyond the 89.1 million tons and \$18.1 billion worth of waterborne freight it handled in 2018.³ Those benefits are attributable to the expected growth in the next five to 20 years and signify the gain Kentucky residents will realize. The system's connections to key interstate corridors (I-24, I-64, I-65, I-69, I-75) and Class I rail (CSX, Canadian National (CN) and Norfolk Sothern (NS)), Class II (The Paducah & Louisville Railway (PAL)) , and Class III (Kentucky West Tennessee Railway (KWT), Louisville & Indiana Railroad (LIRC), and Tennken (TKEN)) provide the intermodal connection points that will facilitate this growth. The support of the Kentucky Cabinet for Economic Development (CED), Kentucky's Association of Riverports (KAR), and local economic development associations provide the organizational underpinning to support this growth. Lastly, the potential funding opportunities outlined in **Section 3** of this document could facilitate its growth even further.

1The waterway system within which the KY riverports operate faces the impending weakness of aging infrastructure; several federal locks and dams built in the 1930s and 1940s need modernization. At the individual port level, operating budget constraints are limiting some ports' abilities to hire additional administrative personnel who could facilitate grant applications which would subsequently expand operations.

Significant opportunities exist to invest in Kentucky riverports through new development by leveraging federal programs for riverport infrastructure and economic development which are fully discussed in **Section 3**. One of the opportunities identified includes relatively inexpensive infrastructure improvements such as land and dry storage (warehousing) given the prevalence of dry bulk cargo; moreover, the relatively inexpensive cost of warehousing development means a significant ability to tap into the aerospace, automotive (including parts), and aluminum consumption industries.

Finally, the riverports face competitive threats. One of the threats identified is Kentucky's riverport market position has historically been dependent on fossil fuels, with nearly half of all the tonnage moved by Kentucky's riverports being either petroleum/crude (29%) or coal (19%). By the year 2045, Kentucky's waterborne coal movements are anticipated to decline 58% in both tons and value while waterborne commerce movements of general cargo and other bulk goods—including oils, plastics, and grain—can provide new opportunities for the riverports.

The project team met with public port directors and Kentucky freight transportation stakeholders to gain a clear understanding of the strengths, weaknesses, opportunities, and threats for each of the seven functional and four developing public ports in Kentucky. This information was blended with the team's

³ IHS Markit TRANSEARCH Data

knowledge and experience in the Marine Transportation System. To consider the future of the Kentucky Riverport system, the team focused on ports' current on- and near-port assets—considering existing market conditions; infrastructure preservation, modernization, or expansion needs; forecast scenarios presented in Technical Memorandum 2; and current trends impacting the supply chain. The final report for the study will disclose the specific strengths, weaknesses, opportunities, and threats of each individual port property within the context of final recommendations based on the entire study process.

The team reviewed the systems and assets Kentucky riverports offer as well as the resulting changes in modal commodity flows outlined in Technical Memorandum 2. The team also leveraged its background in the industry including the development of America's Marine Highway Program and the provision of short sea services to international shipping services to develop the SWOT.

The team then conducted a comprehensive qualitative analysis of current systemwide strengths, weaknesses, opportunities, and threats based on state and federal transportation policy/funding priorities and general goods movement/transportation challenges—e.g., intermodal transfer in or near the Port of New Orleans, supply chain disruptions, and changes in federal priorities. The team also considered the *Kentucky Freight Plan* (2017)⁴ and direct input from port directors. The result of this systemwide analysis is outlined in **Table 1**.

⁴ Online at <https://transportation.ky.gov/MultimodalFreight/Pages/FREIGHT.aspx>

Table 2: Kentucky Riverport System SWOT Analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> Multimodal System Federal Designation(s) Foreign Trade Zone designations New Port Development Local Support 	<ol style="list-style-type: none"> State Funding Limited Port Personnel Lock and Dam Infrastructure Currently Available Port Space and Budget Need for rail infrastructure improvement Public Perception
Opportunities	Threats
<ol style="list-style-type: none"> Lock and Dam Maintenance/Improvement Licking River Federal Funding Kentucky legislation⁵ Available Land New Tenants Existing and New Markets Berth Space Container-on-Barge services SHIFT Tool 	<ol style="list-style-type: none"> USACE Lock & Dam Infrastructure Budget Riverport Competition Short Line Rail Service Port Equipment Needs Rail Competition Seasonal/Non-Seasonal River Conditions Supply Chain Disruptions

NOTE: Air cargo services are excluded due to its time sensitive nature in contrast to the bulk-value nature of marine cargo movements. Further, pipelines are also excluded as analysis herein addresses general cargo and dry bulk.

Strengths

Four key strengths (**Table 2**) support the riverport system. Strengths highlight the Commonwealth’s ability to be an industry leader in maintaining, modernizing, and expanding its freight system to support related industries, statewide economic development, and the quality of life for residents.

⁵ According to law, any governmental unit in Kentucky may establish a riverport authority with the KYTC Secretary’s approval. Riverport authorities provide oversight on their riverport development activities, as well as conduct normal riverport business.

Table 3: Kentucky Riverport System Strengths

Strength	Description
Multimodal System	<p>The Kentucky Riverport System...</p> <ul style="list-style-type: none"> Lies at the confluence of the Mississippi and Ohio Rivers Has access to 10 interstate corridors including urban beltways and 10 state parkways Can utilize 15 primary freight rail corridors: five Class I railroads, one Class II railroad, nine Class III railroads, and one riverport railroad (Louisville) Lies along three primary navigable waterways, all of which are designated Marine Highways Has five ferry services on the Ohio River which can be used for goods movement.
Federal and State Designations	<ul style="list-style-type: none"> 593 miles of Kentucky’s roadways were designated to the Primary Freight Network (PFN) by the U.S. Department of Transportation (USDOT). In addition, there are several designated Marine Highway Corridors/Projects to leverage program funding. The Kentucky Transportation Cabinet has designated a State Primary Road System and National Truck Network.
Foreign Trade Zone (FTZ) designations	<p>FTZs in/near Kentucky include the Louisville & Jefferson County Riverport Authority, the Greater Cincinnati FTZ, Inc., and the Paducah McCracken County Riverport Authority.</p>
New Port Development	<p>There are four developing riverports, showing the greater market potential for the maritime industry in the Commonwealth.</p>
Local Support	<p>There is significant support by local political and economic development leaders such as the Kentucky Cabinet for Economic Development (CED)</p>

Weaknesses

There are six weaknesses (**Table 3**) affecting Kentucky’s Riverport freight system.

Table 4: Kentucky Riverport System Weaknesses

Weakness	Description
State Funding	<p>There is a need for a dedicated revenue system to meet current and projected needs of the aging public riverports. KRI funds must be included in each biennial budget approved by the Kentucky General Assembly. Historically, they have voted to dedicate \$500,000 from the General Fund each fiscal year to provide grants for the 11 public Riverport authorities. These grant funds have requirements and restrictions (e.g., application process, eligible costs, 50% match, all funds must be expended within a fiscal year, etc.) that limit how they may be utilized. A higher funding level with greater flexibility would meet more needs and enable larger projects to occur over multiple fiscal years providing opportunities to leverage KRI funds to seek larger federal funding amounts.</p>
Limited Port Personnel	<p>Operating budgets limit some ports’ abilities to expand administrative personnel who could manage a grant application, and which would subsequently expand operations.</p>

Weakness	Description
Lock and Dam Infrastructure	Most Ohio River locks and dams are 40+ years old, while seven built in the 1930s and 1940s need rehabilitation from the federal government.
Currently available port space and budget	Some public ports are currently constrained for space. In some cases, they do not have the land available to store potential new cargo. With other public ports, there is not available undeveloped land nearby or available budget to expand the footprint.
Need for rail infrastructure improvement	Some ports need rail infrastructure rehabilitation including new or improved connections to help serve markets further than 300 miles.
Public Perception	There is a lack of public understanding of the role or contemporary value of the inland waterway system.

Opportunities

There are also then key opportunities (**Table 4**) that the Kentucky Riverport freight system can further leverage to foster job growth and support its economy.

Table 5: Kentucky Riverport System Opportunities

Opportunity	Description
Lock and Dam Maintenance/Improvement	Completed in 2020, the Olmsted Locks and Dam west of Paducah replaced two 90+ year old locks/dams on the Ohio River, providing a fourfold increase in throughput.
Licking River	Licking River has no locks and dams and could be developed to service a future Northern Kentucky Riverport.
Federal Funding	Ports can leverage grant funding from the USDOT including the Port Infrastructure Development Program, Marine Highway Program, and other sources outlined below.
Kentucky Legislation	Kentucky Revised Statute (KRS) 65.520 outlines the laws that regulate establishment, powers (further specified in KRS 65.530), and KYTC’s oversight of public riverports in Kentucky. This provides further opportunity to expand services.
Available Land	Certain riverports can leverage available land that is already owned/leased or purchase land to expand operations and therefore revenues.
New Tenants	New tenants have expressed an interest in leasing existing and new facilities if available.
Existing and New Markets	The prevalence of dry bulk cargo means relatively inexpensive infrastructure improvements including land and dry storage (warehousing). The relatively inexpensive cost of warehousing development means a significant ability to tap into the aerospace, automotive (including parts), and aluminum consumption industries.
Berth Space	Some ports expressed a need to increase berth space which would allow them to handle more cargo; in these cases, landside storage was not the limiting factor.
Container-on-Barge Services	Container-on-barge services are possible with federal funding to offset rail congestion between Chicago and New Orleans. Further, the development of a new offshore or Mississippi River by the Port of New Orleans or Port Plaquemines could help container on barge services.
SHIFT Tool	Ports can leverage the Strategic Highway Investment Freight Tool (SHIFT) predictive model developed by the FHWA pooled-funds Institute for Trade and Transportation Studies to identify interstate trade investment opportunities.

Threats

There are seven threats that face the Kentucky Riverport freight system. **Table 5** lists threats and respective descriptions.

Table 6: Kentucky Riverport System Threats

Threat	Description
USACE Lock & Dam Infrastructure Budget	The USACE budget, given five of the KY navigable waterways have one or more locks and dams, could be increased given the age of the USACE-maintained lock and dam system. The current budget levels could be threatening to Kentucky riverports.
Riverport Competition	There are approximately 71 private river terminals in Kentucky that are competition. Further, there is continued expansion of neighboring state port authorities, facilities, and services such as in Indiana and Illinois.
Short Line Rail Service	Short line rail provision can be unreliable.
Port Equipment Needs	Port equipment needs to be upgraded/replaced; without the funding, economic development in the respective counties could be limited.
Rail Competition	The acquisition of Kansas City Southern by either Canadian National or Canadian Pacific can mean further competition from rail.
Seasonal/Non-Seasonal River Conditions	High water conditions can offset shallow draft barge operations, hindering service, and hampering business in the Commonwealth.
Supply Chain Disruptions	Supply chain disruptions, in part caused by international trade imbalances, affect the entire supply chain. This includes the need for a backhaul of goods moved by water to New Orleans for export.

Next steps are to consider the strengths, weaknesses, opportunities, and threats together to consider how to improve the Commonwealth’s freight system based on available resources including federal, state, and private-sector funding.

2. PORT INFRASTRUCTURE NEEDS

The project team heard consistent feedback from several riverport executives and from Governor Beshear on the economic impact of Kentucky’s riverports nationally, stressing the need to modernize and maintain the system. “One of our greatest natural assets in Kentucky is our abundance of navigable waterways, and river commerce is an indelible part of our rich history,” Governor Beshear said.⁶ “Our Kentucky riverports help move the nation’s cargo, and it is essential to keep them modernized and well maintained.”

Funding is a critical challenge to repairing and replacing aging infrastructure or to support growth opportunities for industries directly and indirectly related to the ports. It is among the top issues and

⁶ “Kentucky Officials Award Funds to Freight-Moving River Ports,” Transport Topics, September 11, 2020. Available at <https://www.ttnews.com/articles/kentucky-officials-award-funds-freight-moving-river-ports#:~:text=%E2%80%9COne%20of%20our%20greatest%20natural,modernized%20and%20well%20maintained.%E2%80%9D>.

opportunities identified through riverport industry research, port profile development, and stakeholder interviews conducted during two rounds of statewide port visits with riverport executives.

Through on-site visits and subsequent dialogue during spring and summer of 2021, Kentucky riverports provided an illustrative list of investment, collectively identifying 171 capital needs ranging from waterfront infrastructure to cargo handling equipment. These line-items were grouped into 12 projects based on cargo type and port, totaling \$188 million in capital improvement needs over the next five years. In the views of their respective directors, these projects express the needs riverports must meet to expand economic development objectives or opportunities for the Commonwealth. The current needs by port and type are shown in Figure 1.

To evaluate these needs relative to available funding programs, needs were placed in categories or types of projects that could be considered eligible project types for the programs that were considered. Project types are based on how the projects were identified by the ports:

- **Equipment** includes various types of material handling equipment such as forklifts, conveyor cranes, and mobile harbor cranes to help move dry bulk, neo-bulk (non-palletized cargo, e.g., rolls of paper), and other forms of cargo. This category contained 79 of the 171 line-item needs (46%).
- **Warehousing** includes warehouse development, improvement, or maintenance. This category contained 25 of the 171 line-item needs (15%).
- **Land Acquisition/Development** includes purchasing or improving land, adding utilities and/or paving an open laydown storage area, representing 20 line-item needs (12%).
- **Rail Access** includes on-site rail improvements like new track and a new truck-rail transfer station/terminal in Fulton County for the Hickman-Fulton County Riverport, representing 15 line-item needs (9%).
- **Waterfront Infrastructure** includes berthing improvements: expanding the cargo handling dock, adding berth space (mooring piers), installing/upgrading equipment pertaining to waterfront operations, and/or stabilizing a retaining wall for dock/apron operations. This category contained 11 of the 171 line-item needs (6%).
- **Highway Access** includes highway improvements for access to a port facility. This category contained 8 line-item needs (5%).
- **Other** (Planning, Engineering, Economic Studies, etc.) includes items such as professional consulting services and administrative office improvements. This category contained 7 line-item needs (4%).
- **Security and Technology** includes technology improvements like new servers or other IT upgrades. Four line-item needs (2%) fit into this category.

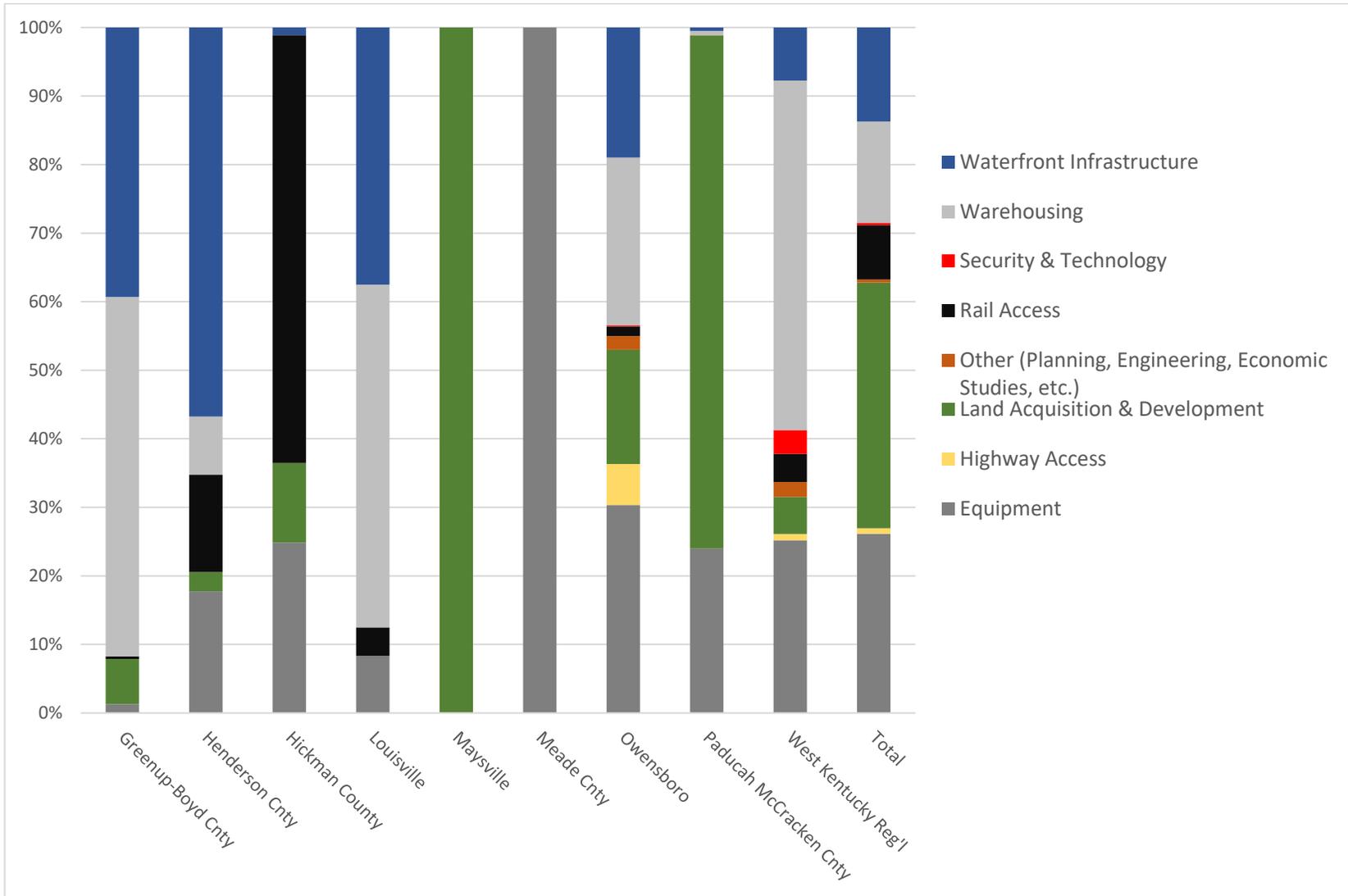


Figure 1: Breakdown of Port Needs by Geography and Type

3. EXTERNAL FUNDING OPTIONS

Funding programs, whether they are grant or loan programs that operate at local, state, or federal levels, identify objectives established by program sponsors. Each program establishes eligibility requirements for the applicants, establish which types of projects are eligible, establish evaluation criteria that eligible projects must meet to be competitive, and usually set matching requirements. These criteria are not permanent; they can change when programs are reauthorized or at the discretion of program sponsors. Some programs are well established and routinely funded, while others exist for only a legislative cycle.

The information in this technical memorandum addresses the state of these programs as of the date of this memorandum. When pursuing external funding sources as part of the overall funding strategy for capital improvements, it is very important to routinely review existing programs including Notices of Funding Opportunities (NOFO), program webpages, points of contact, and industry partners.

It is also important to note that most of the grant programs are oversubscribed. That is, the total funding requested for each cycle usually far exceeds the amount of funding available. For example, in FY2021, the demand for U.S. Department of Transportation (USDOT) Infrastructure for Rebuilding America (INFRA) grants far exceeded available funds. The USDOT evaluated 157 eligible applications from 42 states and territories. Applicants collectively requested approximately \$6.8 billion in grant funds—more than seven times the \$905 million in available program funding. In this competitive environment, grant funding can be an uncertain component of a larger capital strategy.

Ports use diversified business models and generate revenues from a diverse set of activities and properties. Kentucky ports receive operating funds through various local taxes, user fees, dockage and wharfage fees, terminal operating agreements, equipment lease, commercial buildings leases, land leases, and other fees based on cargo flows. These capital funds are typically planned for ongoing business activities, maintenance of operations, and meeting customer demands. A key feature of most capital improvement grant programs is a matching requirement. The matching requirements can range from a 50/50 split to an 80/20 split. An 80/20 matching requirement means that the applicant must provide 20% of the project costs. There are many ways that a match can be provided: funding resources noted above, local or state funds, loan proceeds from federal programs or local/state bonds, or funds from other federal programs. Alternatively, planning grants usually provide a lower match; some are 100% funded by the program.

It is important to clearly understand what is allowed for a match and what is not. Many programs require a clear commitment and designation of match funds, not just an indication from the applicant that the matching funds will be provided. Reserving matching funds for a grant application effectively makes those

funds unavailable for other purposes. Since grant programs are a very effective way to leverage funds and stretch existing resources, this presents a challenge to a port’s capital budgeting.

Funding Options by Project Type

Based on the project categories defined in **Section 2**, corresponding programs are identified based on broad programmatic objectives. For example, the Kentucky Association for Economic Development’s (KAED) Kentucky Product Development Initiative clearly states that grant requests must be property-specific and should be for fixed/hard/physical assets and improvements. It supports developing property, pointing toward project types like warehousing, rail or highway access, or waterfront infrastructure. It is not possible to definitively state whether a particular project would be eligible absent contacting the program administrators and discussing the scope of the project. However, it is quite clear that mobile equipment or economic studies would not be eligible. **Table 6** summarizes how available funding streams align with the eight project types at a programmatic level.

Table 7: Project Types with Corresponding Funding Stream Options (Further explored in Appendix A)

Project Type	Potential Funding Streams
Equipment	<ul style="list-style-type: none"> • KRI Program • Diesel Emission Reduction Act (DERA) National Grants
Warehousing	<ul style="list-style-type: none"> • KRI Program • Kentucky Product Development Initiative • Port Infrastructure Development Program (PIDP)
Land Acquisition and Development	<ul style="list-style-type: none"> • KRI Program
Rail Access	<ul style="list-style-type: none"> • KRI Program • Kentucky Product Development Initiative • Kentucky Rail Crossing Improvement Program • Kentucky Business Investment Program Tax Credit for rail development • Nonrefundable tax credit for railroad improvement supporting energy resources • PIDP • RAISE (BUILD/TIGER) Discretionary Grant Program • FHWA Section 130 - Rail-Highway Crossings Program – for safety elements only • Transportation Infrastructure Finance and Innovation Act (TIFIA) Credit Assistance • Railroad Rehabilitation & Improvement Financing (RRIF) Loan Guarantees • RRIF Express Program (new) Expedited, Low-Cost Loans for Short Line & Regional Railroads
Waterfront Infrastructure	<ul style="list-style-type: none"> • KRI Program • Kentucky Product Development Initiative • America’s Marine Highway Program • PIDP • RAISE (BUILD/TIGER) Discretionary Grant Program



Project Type	Potential Funding Streams
Highway Access	<ul style="list-style-type: none"> • KRI Program • Kentucky Product Development Initiative • America’s Marine Highway Program • PIDP • RAISE (BUILD/TIGER) Discretionary Grant Program • INFRA Grant Program • TIFIA Credit Assistance
Other	<ul style="list-style-type: none"> • Kentucky Riverports Marketing Assistance Trust Fund, to the extent that the effort is for marketing activities, including research, advertising, participation in trade shows, and preparation of promotional materials • State Trade Expansion Program, for international export development activities • RAISE (BUILD/TIGER) Discretionary Grant Program if submitted as a planning grant application • Federal Emergency Management Agency (FEMA) Port Security Grant Program
Security and Technology	<ul style="list-style-type: none"> • KRI Program • FEMA Port Security Grant Program

Appendix A: Funding Source Synopsis

Below is a synopsis of potential grant or loan programs that are currently available. If funding from any of these programs is sought in the future, it is important that an applicant access current information on these programs before applying.

KENTUCKY STATE PROGRAMS

This section provides an overview of some of the most applicable sources of state funding utilized by ports.

Kentucky Riverport Investment (KRI) Program

In FY2013, Kentucky initiated the use of state General Funds to fund this program at \$500,000 a year. The primary purpose of the KRI program funds is to provide financial assistance on improvements and new facility development at Kentucky’s public riverport facilities. These projects include new construction, repairs, or replacement of docks, wharves, equipment, port buildings, storage facilities, roadways and railroads, other onsite improvements, and related professional services. These funds are not to be used on routine maintenance, port operations, or plans/studies. The program provides 50% maximum project cost reimbursement and matching funds can be from any public or private source. For the past ten years, the KRI program has funded the types of projects summarized in **Table 7** where project categories align port needs identified in the Five-Year Capital Improvement Plan.

The next section of the tech memo will analyze and describe the ports capital improvement program.

Table A-1: KRI Program Awards by Project Type (FY2013 to FY2021)

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

Source: *Project Funding Analysis* <https://transportation.ky.gov/MultimodalFreight/Pages/Ky-Riverport-Grant-Program.aspx>

Kentucky Riverports Marketing Assistance Trust Fund

The Kentucky Riverports Marketing Assistance Trust Fund is administered by the Kentucky CED.⁷ The purpose of the riverport marketing assistance trust fund is to promote and market Kentucky's riverports to industrial, business, and commercial prospects to attract economic development. Grants are available to riverport authorities for marketing activities, including research, advertising, participation in trade shows, and preparation of promotional materials. Grants shall not be used for activities such as salaries, administrative expenses, or internal newsletters. It does not have a dedicated funding stream; it accepts donations from public and private interests. Grants are provided up to \$15,000 per project or \$30,000 per applicant each year and the project must be completed within the funding year. This program requires a 50/50 match from the applicant. To date, the Kentucky Riverports Marketing Assistance Trust Fund has not received any funding, so no grants have been awarded.

Kentucky Product Development Initiative (PDI)

The Kentucky Association for Economic Development (KAED), in partnership with the Kentucky CED launched an innovative program called the Kentucky Product Development Initiative (PDI)⁸ in 2019. It engaged a company called the Site Selection Group (SSG) to manage this program. The broad objective of the PDI program is to promote corporate investment and job growth across the Commonwealth of Kentucky. CED committed funds for the third round of the PDI Program in 2021. Funding for 2021 has a 50/50 match requirement.

A summary of the basic eligibility requirements to participate in this economic develop program are rigid yet strive to be inclusive. If a potential applicant is confident in the competitiveness of its real estate option but unsure of eligibility, CED strongly encourages them to contact SSG for guidance. Grant requests must be property-specific and should be for fixed/hard/physical assets and improvements.

State Trade Expansion Program (STEP) Grants

The U.S. Small Business Administration's Office of International Trade awarded a \$2.3 million grant to Kentucky's Export Initiative so they could administer STEP grants for Kentucky.⁹ These grants provide 100% reimbursement to eligible small businesses for allowable international export development activities including:

- Trade show exhibitions to showcase and demonstrate products and services internationally.

⁷ Online at <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=2981>

⁸ Online at <https://files.constantcontact.com/5b45d4b6401/df975011-9fb7-4191-8dca-342fd1139260.pdf>

⁹ Online at <http://kyexports.com/step-grant/>

- Subscription to services provided by The U.S. Department of Commerce to expand or enter a market based on demand.
- Payment of website fees to build and/or enhance a robust online e-commerce platform; may include website translations into foreign languages.
- Design of Marketing Media to strengthen international export potential and reach target audiences.
- Participation in Training Workshops to directly benefit the company while gaining credible knowledge of export policies, regulations, and/or best practices.

Kentucky Rail Crossing Improvement (KRCI) Program

This program currently receives \$1.6 million annually for public safety and service improvements of railroads. KYTC oversees this program that funds at-grade railroad crossing reconstruction, railroad crossing safety equipment improvements, and the removal of obstructive vegetation. Eligible applicants for KRCI funds¹⁰ are any entities that own and/or are responsible for maintaining a public, at-grade railroad crossing. Funding for these projects has an 80/20 match requirement.

Kentucky Business Investment (KBI) Program Tax Credit

Kentucky Revised Statute provides for a rail development tax credit¹¹ in KRS 154.32-010(14)(a)7. This tax credit is for corporations, LLCs, partnerships, limited partnerships, sole proprietorships, business trusts or other entities in manufacturing, agribusiness, non-retail service, technology or national or regional headquarters operations for the construction and installation of railroad spurs as needed to connect economic development projects to existing railroads.

Nonrefundable tax credit for railroad improvement supporting energy resources

Per KRS 141.385, this 50% tax credit is for Class II & Class III railroads, or any person who transports property using the rail facilities of a Class II railroad or Class III railroad located in Kentucky or furnishes railroad-related property or services to a Class II railroad or Class III railroad located in Kentucky, to maintain or improve railroads located in Kentucky, including roadbeds, bridges, and related structures.

¹⁰ Online at <https://transportation.ky.gov/MultimodalFreight/Documents/FY%202021%20and%20FY%202022%20Kentucky%20Rail%20Crossing%20Improvement%20Guidance%20Document.pdf>

¹¹ Online at https://ced.ky.gov/Locating_Expanding/kybizince

Nonrefundable tax credit for railroad expansion or upgrade to accommodate transportation of fossil energy resources or biomass resources

Per KRS 141.386, this 25% tax credit is for corporations that own fossil energy resources or biomass resources and transport these resources using rail facilities; or for railway companies that serve a corporation that owns fossil energy resources to expand or upgrade railroad track, including roadbeds, bridges, and related track structures, to accommodate the transport of fossil energy resources or biomass resources.

FEDERAL PROGRAMS THAT SUPPORT PORTS

There are many federal programs that support port development through technical support and grant funding.¹² The following eleven represent those that the study team believes are more directly relevant to Kentucky Riverports:

1. America's Marine Highway Program
2. Port Infrastructure Development Program
3. Rebuilding American Infrastructure with Sustainability and Equity Grant Program
4. Infrastructure for Rebuilding America Grant Program
5. U.S. Army Corps of Engineers (USACE) Work Plan
6. Port Security Grant Program
7. FHWA Section 130 Rail-Highway Crossings Program
8. 2020 Diesel Emissions Reduction Act National
9. Transportation Infrastructure Finance and Innovation
10. Railroad Rehabilitation & Improvement Financing (RRIF) Loan Guarantees
11. Railroad Rehabilitation & Improvement Financing Express Program Expedited, Low-Cost Loans for Short Line & Regional Railroads

America's Marine Highway Program

The goal of the Maritime Administration's (MARAD) Marine Highway Program is to expand the use of America's navigable waters. Currently, the Marine Transportation System (MTS) is comprised of over 25,000 miles of navigable channels. Kentucky has the M-55, M-65, and M-70 corridors. Further, the corridors connect to a greater system including the M-10 near New Orleans. See Figure A-1.

¹² See the "Federal Funding Handbook for Marine Transportation System Infrastructure," 4th Edition (November 2019), U.S. Committee on the Marine Transportation System (https://www.cmts.gov/downloads/Federal_Funding_Handbook_2019_FINAL_Jan2020_corrected.pdf) for more information.

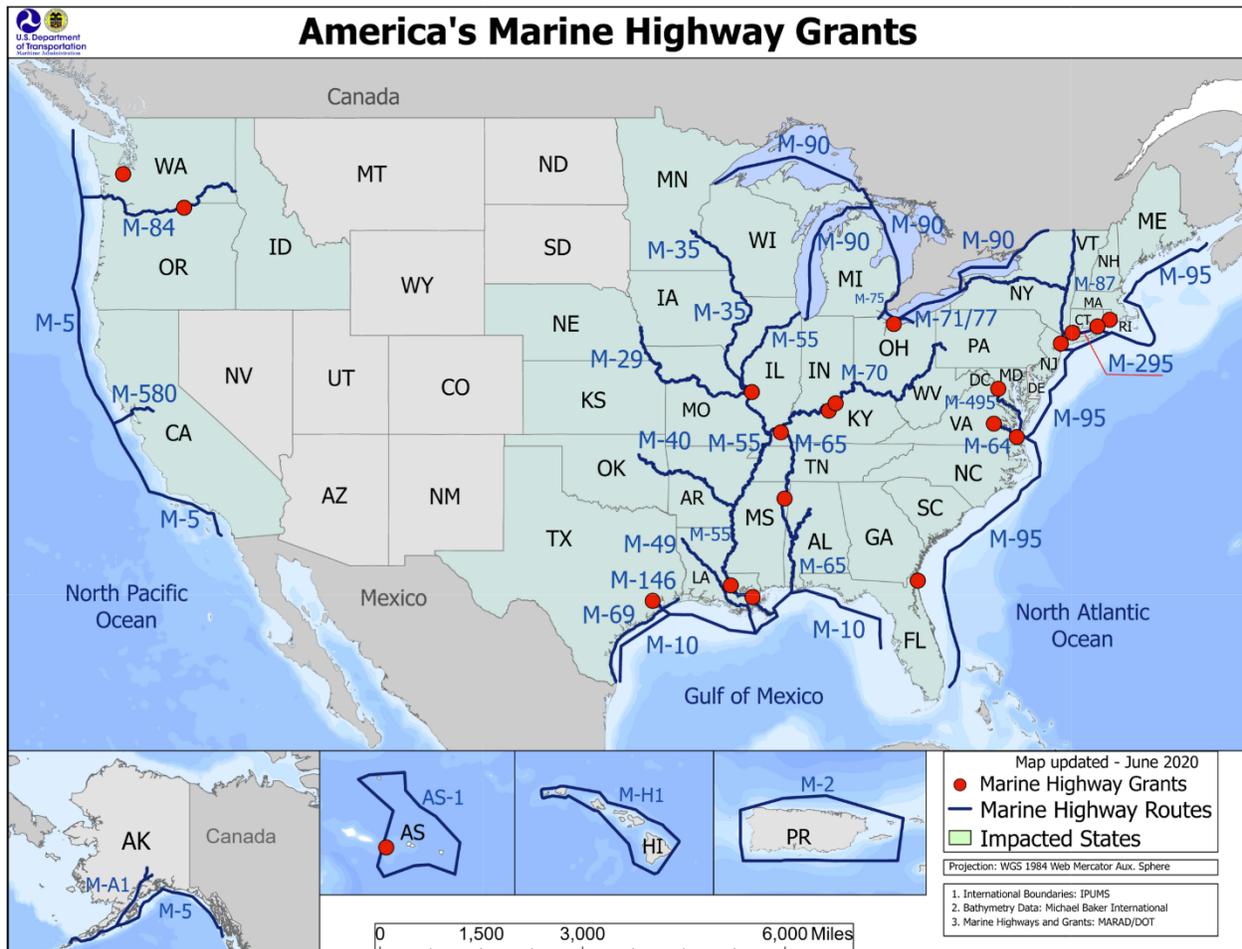


Figure A-1: America's Marine Highway Program - Routes, Projects, and Grants

The Maritime Administration awards Marine Highway Grants to approved Marine Highway Projects designated by the Secretary of Transportation.¹³ Four have been provided in or near Kentucky. These grants include a 2017 grant of \$251,927 to Paducah for container on barge services, a 2019 grant of \$480,000 for handling equipment awarded to Paducah, a 2020 award of \$2.36 million awarded to Nucor through an application by the Ohio-Kentucky-Indiana Council of Governments (OKI) and a 2021 award also to Nucor of \$1.4 million for a crane in Gallatin County, KY. In 2021, the Consolidated Appropriations Act (Pub. L. 116-260, December 27, 2020) appropriated \$10,819,000 to be awarded by the Department for Marine Highway Grants. Although the funding cycle closed in June of 2021, a new annual NOFO is anticipated late 2021 or early 2022 at year end.

¹³ An applicant must provide at least 20 percent of total projects costs (from non-Federal sources).

Port Infrastructure Development Program

The Port Infrastructure Development Program (PIDP),¹⁴ also administered by MARAD, supports the efficient movement of goods and services promoting domestic and international trade through waterborne transportation which is a critical part of the national economy. The grants are awarded on a competitive basis to support projects that strengthen and modernize port infrastructure and support the nation's long-term economic vitality through grants to improve facilities within, or outside of and directly related to operations of or an intermodal connection to coastal seaports, inland river ports, and Great Lakes ports. The program requires an 80/20 match but can be adjusted for some projects. The PDIP addresses both fresh and saltwater ports have mostly funded saltwater port projects. Total annual awards were \$3 Billion in 2019, \$2.5 Billion in 2020, and \$3.5 billion in 2021. One award has been made to Kentucky (for the Paducah-McCracken County Riverport Authority for \$3.3 Million).

Rebuilding American Infrastructure with Sustainability and Equity Discretionary Grant Program

This national transportation grant program provides varying levels of funding per fiscal year. The name for this program under the current Administration is the Rebuilding American Infrastructure with Sustainability and Equity (RAISE).¹⁵ It was known in prior Administrations as BUILD and TIGER.

Projects competing for RAISE funding are evaluated based on merit criteria that include safety, environmental sustainability, quality of life, economic competitiveness, state of good repair, innovation, and partnership. In this latest round, additional priority is focused on projects demonstrating improvements to racial equity, reduced impacts of climate change, and creation of good-paying jobs. RAISE awards in and around Kentucky's public riverports include: a \$10 Million grant awarded to the Port of Indiana in 2015, an \$11.5 Million grant awarded to Owensboro Riverport in 2018 and a \$7 million grant for the Port of Cates Landing, TN in 2020.

This program has specific requirements for project size based on where the project is located (rural or urban). Funding for these projects has an 80/20 match requirement but can be adjusted for some projects.

Infrastructure for Rebuilding America (INFRA)

This Federally managed grant program had approximately \$906 million available in FY2021 for projects that help rebuild America's infrastructure.¹⁶ In addition to providing direct federal funding, the INFRA

¹⁴ Online at <https://www.maritime.dot.gov/PIDPgrants>

¹⁵ Online at <https://www.transportation.gov/RAISEgrants>

¹⁶ Online at <https://www.transportation.gov/buildamerica/financing/infra-grants/infrastructure-rebuilding-america>

program aims to increase the total investment by state, local, and private partners. The program funds projects mainly outside the port gates, including set asides for rural versus urban projects. Approximately 44 percent of proposed funding will be awarded to rural projects, which exceeds the statutory requirements for rural projects set by Congress by 19%. This program was formerly known as the Fostering Advancement in Shipping and Transportation for the Long-term Achievement of National Efficiencies, or FASTLANE, program. This program can supplement funding to major connector projects that are critical to ports having efficient access to highways including bridges. Eligible projects for an INFRA grant include:

- Highway freight project carried out on the National Highway Freight Network (23 U.S.C. 167)
- Highway or bridge project carried out on the National Highway System (NHS) including projects that add capacity on the Interstate System to improve mobility
- Railway-highway grade crossing or grade separation project
- Intermodal freight or rail project
- Project within the boundaries of a public or private freight rail, port, or intermodal facility

A few examples of INFRA grants across the country include a \$46 million award to the Northeast Georgia Inland Port from USDOT, The City of Dubuque, Iowa receiving a \$5 million grant for improvements to the Gavilon marine port and rail facility at the Port of Dubuque, and in 2016, the FAST Lane Program awarded \$10 million to the Port of New York/New Jersey for the Cross Harbor Freight Program.

U.S. Army Corps of Engineers (USACE) Work Plan

USACE is responsible for implementing and managing funding opportunities for flood and coastal storm damage reduction, commercial navigation, and ecosystem restoration. USACE is also responsible for maintaining authorized federal navigation channels such as port harbors and channels, primarily funded by the Harbor Maintenance Tax. The USACE is the federal agency through which authorization and funding for new construction must flow.¹⁷

USACE and agency partners are required to perform extensive reviews before recommending projects for Congressional authorization. The Water Resources Development Act (WRDA) legislation is the primary congressional authorization for the USACE to implement key projects. Upon project authorization, Congress must appropriate the federal cost-share amount to USACE before construction can begin. These federal funds are in addition to the local cost-share provided by the port or governing municipality. In some

¹⁷ Online at <https://www.usace.army.mil/Media/News-Releases/News-Release-Article-View/Article/2080242/us-army-corps-of-engineers-releases-work-plan-for-fiscal-2020-civil-works-appro/>

instances, this process has taken as long as 20 years. Recent legislative changes enable states and ports to qualify for potential federal reimbursement when directly funding federally authorized navigation improvement projects.

Kentucky's riverports have benefitted from USACE programs. For example, USACE funding has supported the Olmstead Lock & Dam project and the Kentucky Lock project and the West Kentucky Regional Riverport is currently utilizing USACE planning funds.

Port Security Grant Program

The Federal Emergency Management Agency (FEMA) provides preparedness grants to develop and sustain capabilities at the state, local, tribal, and territorial levels in the nation's highest risk transit systems, ports, and along the nation's borders to prevent, protect against, respond to, recover from, and mitigate terrorism and other high-consequence disasters and emergencies.

The Port Security Grant Program (PSGP)¹⁸ within FEMA is specifically geared towards ports and their private sector partners; it supports the building, sustainment, and delivery of core capabilities essential to achieving the national preparedness goal of a secure and resilient nation. This grant program provides funding to state, local, and private-sector partners to help protect critical port infrastructure from terrorism, enhance maritime domain awareness, improve port-wide maritime security risk management, and maintain or reestablish maritime security mitigation protocols that support port recovery and resiliency capabilities. Specific investments generally fall into one of six allowable expense categories: Planning, Operational Activities, Equipment and Capital Project, Training and Awareness Campaigns, Exercises, or Management and Administration.

Inland ports receiving PSGP funding include the Tulsa Port Authority (\$195,000) in 2015. In 2020, America's Central Port received \$150,000. In Kentucky, the Owensboro Riverport Authority received \$352,671. The total amount of funding available was \$100 million in fiscal year 2021.

FHWA Section 130 - Rail-Highway Crossings Program

The Railway-Highway Crossings (Section 130) Program¹⁹ provides funds for the elimination of hazards at railway-highway crossings. The Section 130 program funds allocated \$245 million in FY 2020. Types of eligible projects are public crossings including roadways, bike trails, and pedestrian paths. Fifty percent of a state's apportionment under 23 USC 130(e) is dedicated for the installation of protective devices at

¹⁸ Online at <https://www.fema.gov/grants/preparedness/port-security>

¹⁹ Online at <https://safety.fhwa.dot.gov/hsip/xings/>

crossings like signals, gates, and signs. The remainder of the fund's apportionment can be used for any hazard elimination project, including protective devices. In Kentucky, FHWA Section 130 funds are prioritized annually by KYTC's Division of Right of Way and Utilities.

2020 Diesel Emission Reduction Act (DERA) National Grants

The Environmental Protection Agency (EPA) Office of Transportation and Air Quality solicits applications nationwide for projects that achieve significant reductions in diesel emissions. EPA will award approximately \$46 million in DERA funding²⁰ under the 2021 announcement. There have been numerous grants awarded in Kentucky. Considering recent DERA funding to inland ports, the Port of New Orleans received \$1,240,247 and the Port of Philadelphia received \$598,000 in 2020.

Eligible Project Applicants include Class 5 – Class 8 heavy-duty highway vehicles or tractor trailer, locomotive engines, marine engines, and non-road engines, equipment or vehicles used in construction, cargo handling (at ports or airports), agriculture, mining, or energy production (including stationary generators and pumps).

FEDERAL LOANS AND TECHNICAL ASSISTANCE

Other common federal loans and assistance options are listed in the following subsections.

Transportation Infrastructure Finance and Innovation Act (TIFIA) Credit Assistance

Administered by the USDOT Build America Bureau, TIFIA provides credit assistance for qualified projects of regional and national significance. The TIFIA Program²¹ provides federal credit assistance through secured loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides better access to capital markets, flexible repayment terms, and potentially lower interest rates than can be obtained in private capital markets for similar instruments. Port access and intermodal freight projects, along with many ports related highway, transit, and rail projects, are eligible for assistance.

Railroad Rehabilitation & Improvement Financing (RRIF) Loan Guarantees

The RRIF Program²² through the Build America Bureau provides direct loans and loan guarantees up to \$35 billion to finance development of railroad infrastructure. Not less than \$7 billion is reserved for projects

²⁰ Online at <https://www.epa.gov/dera/national>

²¹ Online at <https://www.transportation.gov/buildamerica/financing/tifia>

²² Online at <https://www.transportation.gov/buildamerica/financing/rrif/railroad-rehabilitation-improvement-financing-rrif>

benefiting freight railroads other than Class I carriers. The Port of Stockton, CA received an RRIF loan in 2016.

The funding may be used to acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings, and shops, and including the installation of positive train control systems; develop or establish new intermodal or railroad facilities; reimburse planning and design expenses relating to activities listed above; refinance outstanding debt incurred for the purposes listed above; and finance transit-oriented development. Direct loans can fund up to 100% of a railroad project with repayment periods of up to 35 years and interest rates equal to the cost of borrowing from the government. Eligible borrowers include railroads, state and local governments, government-sponsored authorities and corporations, limited option freight shippers that intend to construct a new rail connection, and joint ventures that include at least one of the preceding.

Railroad Rehabilitation & Improvement Financing Express Program Expedited, Low-Cost Loans for Short Line & Regional Railroads

The RRIF Express²³ through the Build America Bureau provides low-cost loans for short line and regional railroads and seeks to reduce the time and costs associated with securing loans to modernize aging freight rail infrastructure. Some of the primary benefits is the program will pay the Credit Risk Premium (up to 10% loan value). The process is fast tracked to provide more expedited approval and financing. The terms are up to 35 years and the program aims to support class II & III railroads, commuter railroads, and joint ventures. Eligible projects include up to \$150 million in total project cost for track improvement, bridge rehabilitation, rolling stock acquisition, planning and design, refinancing eligible debt (up to 75%).

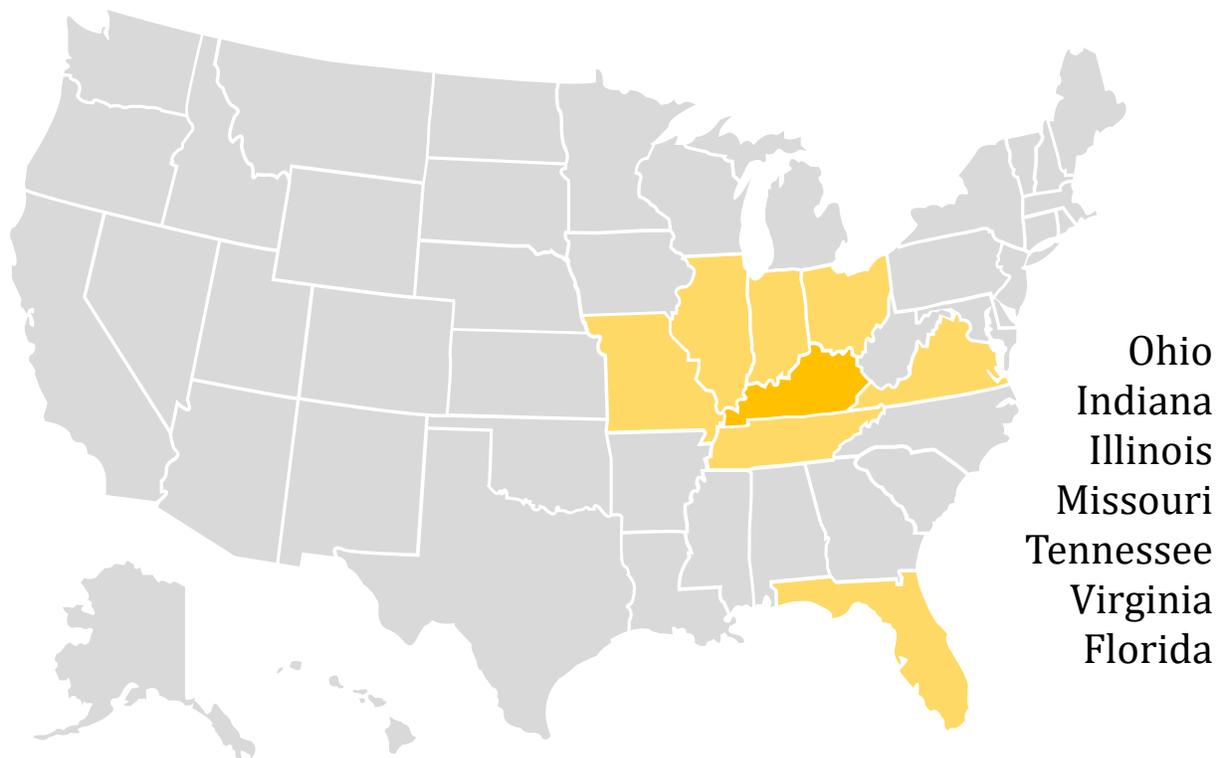
²³ Online at <https://www.transportation.gov/buildamerica/financing/rrif/rrif-express>

Appendix B: Peer State Port Funding Review

PEER STATE PORT FUNDING REVIEW:

Kentucky is bordered by states that share access to the same inland waterway systems—the Ohio, Cumberland, Tennessee, and Mississippi rivers. These states have inland or coastal ports with bulk, breakbulk and intermodal facilities that operate domestic and international cargo industries that move freight through, into, and out of those states. These ports compete for customers, tenants, national funding programs, skilled workforce sometimes just minutes across the river, and supporting industry resources like trucking, rail, and terminal operators. They also are competing for the secondary industries like restaurants and housing that provide revenues for their local economies.

This appendix provides a look at the port financial assistance programs provided by these peer states to better understand how Kentucky port financial assistance compares. Customers, shippers, and cargo handlers require reliable equipment, capacity for storage, and a network of roads and rail that support the logistical needs of their supply chains. Funding programs and investments at the state level provide a competitive edge to leverage limited port revenues, local capital, and other economic incentives to provide for the needs to retain long standing tenants or attract new users. The map below provides an illustration of the states reviewed for this section.



OHIO

Ohio has navigable waterways on the Ohio River and on the Great Lakes Waterway system on Lake Erie. The state has a combined waterway network of 736 miles of navigable waterways and eight active public port facilities on the Great Lakes and two public riverport facilities. In concert with the public facilities on the 440 miles of navigable river waterways, there are 127 commercial docks organized into 97 terminals. The Ohio Department of Transportation does not provide any governing authority or functional responsibilities to the ports or waterways but has taken a strong approach to freight and maritime planning and funding programs at the state level.



Funding Program:

Ohio Department of Transportation Maritime Assistance Funding Program²⁴

Description: The Maritime Assistance Program (MAP) assists port authorities that own active marine cargo terminals located on Lake Erie, a Lake Erie tributary, or the Ohio River. The program is funded by the state of Ohio and administered by the Ohio Department of Transportation with a \$23 Million 2-year legislative funding allocation (\$11 Million for FY 22 and \$12 Million for FY 23). There is a 50/50 match requirement. One state staff member is responsible directly for ports and waterways. Eligible projects included land acquisition, construction and repair of warehouses, railroad tracks, roadways, gates, fencing, wharfs, dredging, acquisition of cargo handling equipment, mobile shore cranes, stationary cranes, craneways, conveyors, bulk handling equipment, ship loading and unloading equipment and planning and design costs.

²⁴ Online at <https://www.transportation.ohio.gov/wps/portal/gov/odot/programs/maritime-freight/resources/maritime-assistance-program>

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INDIANA

Indiana has 353 miles of navigable waterways with three public port facilities operating under state authority. Two of these facilities are located on the Ohio and Wabash River systems; the third is on Lake Michigan. In 1961, the state's General Assembly created the Indiana Port Commission. The Commission has a primary responsibility to develop the three state-owned public ports. They were also looking at developing new ports. In 2017, they were actively pursuing developing a new public port in Lawrenceburg, Indiana. Although, since then, the project has been abandoned.



In 2003 the state legislature gave the Commission broad authority to develop traffic exchange points (intermodal centers) anywhere within the state and to issue revenue bonds to finance its projects. Like other state transportation departments, waterways have not been recognized as a major transportation program, but it is gaining prominence with recent federal grant awards and attention that State Freight Plans have provided. Key features are that revenue bonds are available and there are no State fixed-capital programs.

ILLINOIS

Illinois has navigable waterways on the Mississippi, Ohio, and Wabash rivers and on the Great Lakes Waterway system on Lake Michigan. Illinois has 1,095 miles of navigable waterways that either border or pass through the state. The Port of Chicago offers terminals that handle ocean and lake vessels and barges. There are 19 public port districts established by statute in the state. While all states acknowledge a role in the marine system, Illinois has a Section Chief within ILDOT who is over Aviation and Marine Transportation Planning. The recently completed *Illinois Marine Transportation System Plan*²⁵ provides a resource the state used to garner fiscal support with a major port redevelopment appropriation of \$150M dollars for the next 6-year period.



²⁵ Online at <https://idot.illinois.gov/transportation-system/transportation-management/planning/index>

Illinois ports benefit from the Fast Track Public Infrastructure (FTPI) Component. Of the Rebuild Illinois Capital Improvement Fund. The program has been used to fund publicly owned port buildings and facilities, publicly owned industrial and commercial sites in and around ports, gas and electric utility extensions, dredging of waterways, and rail or water port improvements. There is a \$150 million appropriation for Illinois ports with a 50/50 match requirements plus \$1 billion designated for rail improvements. The funding program is in place for the next five years. Ports can use this source for new development projects. Moreover, this program awarded \$40 million to create a new public port in Cairo, Illinois that will directly compete with 2 of Kentucky's active ports and 1 developing port.

MISSOURI

The State of Missouri boasts one of the largest inland waterway networks in the country with 1,033 navigable water miles on the Missouri and Mississippi rivers. Missouri has 15 public ports and a state port authority. The Missouri Department of Transportation's (MoDOT) waterways staff promotes the use of Missouri's navigable rivers to make low-cost waterborne transportation benefits available to business. It also assists in capital and administrative funding, acts as an informational clearinghouse, provides technical assistance, and represents port interests within industrial and governmental circles. MoDOT currently administers three funding programs to assist its ports. The grant program can cover expenses such as salaries, travel, utilities, and other operating costs. Its primary objective is to help emerging ports or new or start-up projects. The administrative grants require no local match and are funded from state sales taxes on new vehicles. The current waterway program FY 2020 budget totals \$10.2M.



Missouri's 2020 budget provided \$600,000 of Port Authority Administrative Grants for administrative or capital assistance to public ports. The program is funded on an annual basis without requiring a local match. With \$176,000 from the State Road Fund for Missouri's 2020 budget, it provides assistance to Missouri's two public ferryboats. Moreover, through the Port Capital Improve Program (in which \$9.4 million came from State General Revenue Funds), this program provides capital improvement grants for eligible public port facilities. However, to receive this grant, a 20% local match is required.

TENNESSEE

Tennessee has 950 miles of navigable waterways throughout the state—mainly on the Mississippi River and Tennessee-Tombigbee Waterway known as the TennTom. The Tennessee Department of Transportation (TDOT) does not provide any oversight or dedicated Port Funding



Program; however, it integrates waterway development within their Freight and Rail office to provide state funds through the landside connector projects that transfer goods to and from Tennessee's five public riverports. TDOT works closely with the ports, terminals, and industries across the State. Much of the facility infrastructure development costs are paid for by the Tennessee-Tombigbee Waterway Authority, which supports 28 public and private ports, relying mainly on federal funding.

Tennessee has a Short Line Railroad Preservation Grant Program to preserve rail service to local communities and expand rail connectivity to sites along existing rail corridors.²⁶ In FY2022, \$85 million was provided in funding for this program. These funds are available to support access to port facilities. For example, the Port of Memphis received a \$1.7 million grant and an additional private local match to expand rail access. The rail project will be part of an overall redevelopment of the 58-acre public terminal facility. The project will include the building of approximately 4,900 feet of new rail track on the terminal plus four new switches. With these improvements, the facility will be able to accommodate approximately 70 additional rail cars. The new rail improvements will act as a catalyst for construction of a new dock facility, storage/warehouse facility, and liquid tank farm which will help attract new customers to the facility. As of 2020, a rail assessment is underway to identify additional project needs.

Tennessee's Department of Economic and Community Development (TNECD) provides creative incentive programs²⁷ like sales tax and use tax exemptions, industrial machinery tax credits, enhanced jobs credits and job tax credits. They also provide grant incentives like job training programs, infrastructure development grants and cost offset programs.

²⁶ Online at <https://www.tn.gov/tdot/transportation-freight-and-logistics-home/competitive-rail-connectivity-grants.html>

²⁷ Online at <https://tnecd.com/advantages/incentives-grants/>

VIRGINIA

To oversee its 674 miles of navigable waterways, Virginia has a state-run port authority that is housed within the state Department of Transportation. The Virginia Port Authority (VPA) is a state agency charged with operating and marketing the state's maritime facilities. The port authority owns and operates four seaports and one inland intermodal logistics center or non-marine inland port terminal. The port authority has a \$42 million annual budget for the ports and provides several grant programs for infrastructure development like the \$5 million infrastructure Grant Program for the Port of Virginia. Match requirements vary from 50/50 to 80/20. There are also major tax incentive programs for barge and rail users.



FLORIDA

Florida has more than 1,350 navigable miles of waterways and 15 public ports. The state has the three largest cruise ports in the world by passenger count and some of the top freight ports in the country. Florida is fortunate to have a major modal office within the Florida Department of Transportation (FDOT), an advisory council with the Florida Seaport Transportation and Economic Development Council (FSTED), and dedicated state funding programs to support infrastructure improvements including repair and expansion programs. The FDOT Seaport Office works with Florida's ports to assist in planning and funding strategic projects, as well as assisting with maritime industry needs and issues. The Office is responsible for statewide seaport system planning, coordinating with statewide freight planning, project management, and coordinating seaport infrastructure projects with Florida's 15 publicly owned ports.



FDOT currently has a statutory minimum of \$100 million annually that must be allocated from the State Transportation Trust Fund (STTF) to the seaport program. This includes \$25 million for the FSTED Program, \$35 million for the Strategic Port Investment Initiative (SPII) Grant Program, \$25 million for debt service for the 1996 and 1999 bond programs, \$10 million to support the 2013/2014 bond program, and \$5 million for the Intermodal Logistics Center (ILC) Support Grant Program. In addition to statutory minimums, additional funds can be provided through discretionary programs such as the Strategic Intermodal System (SIS) for eligible ports and/or projects. Generally, FDOT seaport grant funding requires that the receiving seaport provide local matching funds. Local matching requirements are 50% or 25% depending on the project, type of funds, and other eligibility requirements. Ports also can apply for debt funding through the State Infrastructure Bank (SIB) loan program administered by FDOT.



SUMMARY OF PEER STATE REVIEW

This review looked at the major components of seven states that either share borders with Kentucky or have strong port programs at the state level. The review provides examples of State funds, programs or organizational capacity that are dedicated to port, state port and rail grant programs, economic development partnership, incentives, or other initiatives.

The question which will be brought forth to the riverports and Commonwealth is what programs could provide the most effective opportunities to enhance, implement, and/or tailor complementary programs. The purpose is to provide value to Kentucky's ports, improve assistance, and complement existing programs like the KRI Grant Program. Chapter 4 of the final report for this Kentucky Riverports, Highway and Rail Freight Study include specific recommendations to enhance the competitiveness of Kentucky's funding with other states.