

**POLICY REPORT &
STRATEGIC ACTION PLAN**





Cleveland-Cuyahoga County Port Authority

One Cleveland Center
1375 East Ninth St., #2300
Cleveland, OH 44114
Ph: 216-241-8004
[www. portofcleveland.com](http://www.portofcleveland.com)

Board Members

Robert C. Smith, Chair
Marc Krantz, Vice Chair
Anthony R. Moore, Secretary
Paul Hoogenboom
Richard Knoth
Robert M. Peto
Steven J. Williams



MARTIN ASSOCIATES



STEINBERG & ASSOCIATES

Special thanks to Daniel Levin Photography

CONTENTS

PORT OF CLEVELAND'S STRATEGIC ACTION PLAN

Maximizing a Vital Asset to Benefit Cuyahoga County's Citizens & Economy

PART 1: POLICY REPORT

Introduction	1
New Direction & New Mission	2
Setting the Direction with Strategic Analysis	6
Results & Progress To-Date	16

PART 2: STRATEGIC ACTION PLAN

Vision, Mission, & Values	19
Summary of Policy Recommendations	21
Policy Recommendations & Actions	23

CREATE OPPORTUNITIES FOR JOB GROWTH & BUSINESS EXPANSION

1. Grow the Port's Maritime Business in its Current Location with Effective Business Development and Asset Management
2. Target The Development Finance Program To Serve More Communities And Organizations

DEVELOP CIVIC ASSETS BY SOLVING COMMUNITY CHALLENGES

3. Lead Critical Initiatives for River Infrastructure and Renewal
4. Manage the Cleveland Lakefront Nature Preserve to Connect People and Nature on the Waterfront

MANAGE THE PORT TO MAXIMIZE ECONOMIC, ENVIRONMENTAL & COMMUNITY BENEFITS

5. Ensure the Port's Financial Sustainability
6. Communicate for Transparency, Public Engagement, and Accountability
7. Incorporate Sustainable Practices Across Port Activities

PART 1

POLICY REPORT



INTRODUCTION

Like cities around the world, Cleveland rose along waterways that powered industrial growth, created connections to the global economy, and enlivened the local community. Today the Cuyahoga River, The Flats, and the Lake Erie shoreline remain the emotional and iconic heart of our region, and how we manage these vital assets is a bellwether for Northeast Ohio.

This Strategic Action Plan lays out a set of policy recommendations and proposed actions calling for the Cleveland-Cuyahoga County Port Authority to step up in targeted and unprecedented ways to help deliver on community ambitions for waterfront renewal, job creation, and economic vitality. Port staff and a project consulting team have worked for the past year to research and prepare these proposals for consideration by the Port's Board of Directors.

The Port already plays a critical role in the local economy: Nearly 18,000 jobs are dependent on the Port-and-River system. And dozens of companies, local governments, and nonprofits have collectively secured \$1.8 billion through the Port's development financing program, mostly for construction and expansion projects, since 1993.

NEW DIRECTION & NEW MISSION

Now the Port aims to more fully harness the economic development potential of its statutory authority and expertise to aggressively pursue growth in its maritime and development finance programs, and take on new roles to lead critical river infrastructure improvement projects.

This direction represents a new paradigm for the Port. The organization has emerged from a difficult period marked by instability and an overly ambitious plan to relocate Port maritime operations from downtown Cleveland to East 55th Street. Today, the Port has a new management team that recognizes the best way to strengthen the public trust is with well-grounded strategies, solid results, transparency and integrity, collaboration with partners, and a solid understanding of community priorities and economic realities.



Since December, 2009, when the Port hired an interim and later a permanent CEO, the organization has methodically produced a series of accomplishments, right-sized its staff and budget levels to fit current business operations, and set aside relocation of its maritime terminals.

Moving forward, Port staff is recommending both a stepped up mission that is innovative, dynamic, realistic, and fiscally disciplined, and a set of policy recommendations to implement the new mission.

The recommendations not only embody our best thinking and research for how to maximize the Port's benefit to the community – they also reflect our new mindset. We are determined to make decisions grounded in data-driven analysis, market realities, and public priorities. We are also committed to working collaboratively with the City of Cleveland and Cuyahoga County to ensure our plans are congruent and reinforce one another.

This Action Plan proposes seven recommendations – accompanied by 25 action items. Together they comprise a sharpened direction for a reinvigorated Port, focused on three key areas:

- Creating opportunities for job growth and business expansion
- Developing civic assets by solving critical infrastructure challenges
- Managing the port to maximize economic, environmental, and community benefits



A STRATEGY THAT REFLECTS THE PURPOSE OF PORTS

Ports are hybrid organizations and we embrace this dual mission. We are a business enterprise that must be well-managed and poised to seize market opportunities. We are also an independent government agency with the civic-minded intent and capabilities to solve critical infrastructure challenges to help restore the River and safeguard the jobs and businesses tied to the Harbor system, which produces \$1.8 billion in annual economic activity.

The Port of Cleveland is at a crossroads. As a business, the Port faces opportunities and challenges by virtue of its location. Both the Great Lakes maritime industry and our region have suffered structural economic setbacks, but are now working strategically to regain ground and move forward. As a public entity, the Port is confronted with complex and unmet infrastructure challenges that are critical to business needs, but over which it does not have a clear mandate or role.

Energized by these challenges, the Port has worked with its consultants to identify promising opportunities for targeted job-creating business growth, and has pressed ahead with key stakeholders to explore innovative options to not only solve infrastructure challenges, but also address them in a way that creates community assets.

NEW STEWARDSHIP ROLE ON THE RIVER

This Plan proposes that the Port take on a new leadership role in Cuyahoga River infrastructure renewal and management. At stake is the viability of the companies and jobs that depend on the River to transport cargo. Lake Erie and the Cuyahoga River comprise an interdependent system supporting commerce, recreation, and the natural habitat. Management and oversight of the River is highly fragmented, and despite its maritime mission, the Port plays no formal role today on the River.

Yet the Port is well positioned to take on the work contained in this recommendation: to pursue beneficial use of River sediment as an alternative to building a new and costly confined disposal facility (CDF); to lead efforts to stabilize riverfront slopes and restore bulkheads; and to play a lead role in environmental restoration initiatives with other organizations.

RATIONALIZING RESPONSIBILITIES

The Port and the City of Cleveland's administration are in discussions about rationalizing waterfront duties and are moving toward an agreement – contingent on City Council approval – that would result in the Port leading the effort for critical infrastructure projects along the 6.5 miles of the federal navigational channel, and the City taking the lead on redeveloping lakefront land it owns just east of the Port, as part of its initiative to pursue waterfront development opportunities.

As part of the relocation initiative, the Port commissioned a study in 2009 that later became part of a broader planning process, to examine development opportunities along the lakefront from the Cuyahoga River to North Coast Harbor. But the relocation plan later stalled and the Port has since concluded that relocation is unjustified for either Port operations or waterfront development. The optimal strategy is to consolidate operations at the Port's current site, where there is room to grow and co-exist with other developments. The Port will continue to collaborate with the City as each works to maximize public benefits on the downtown lakefront.



FUNDING INFRASTRUCTURE INITIATIVES

Taking on the responsibilities along the River will require the support of policymakers, stakeholders, and the community. It will also require adequate project funding, which could have implications for the Port's property tax levy. The current, or an increased, levy could be needed to shore up Cleveland's maritime infrastructure to secure and grow jobs, and leave a legacy of civic assets and quality places along our waterways. Without sufficient funding, the Port would not be in a position to pursue the initiatives to restore bulkheads and stabilize the slopes along the River.

RESPONSIBLE AND TRANSPARENT FISCAL MANAGEMENT

Woven through all the recommendations, as well as current Port initiatives, is a commitment to achieving maximum economic, environmental, and community return on every Port dollar spent and ensuring the Port's financial sustainability. That means the Port's enterprise business lines – maritime and development finance – must be managed to reach operational self-sufficiency.

The Port also plans to adopt a financial structure that clearly segregates levy-funded, public projects from enterprise lines of business cash flows. The public will be able to track the Port's progress and performance through user-friendly reports available on the Port's website and elsewhere.





Port Overview

The Cleveland-Cuyahoga County Port Authority is an independent agency created in 1968 to manage maritime operations at the Port of Cleveland. Today the Port is a leading gateway for waterborne trade on the Great Lakes/St. Lawrence Seaway and relies on revenues from its maritime and financing activities, as well as a county tax levy.

The Port has maritime facilities on both sides of the Cuyahoga River along the Lake Erie shoreline.

Cleveland Bulk Terminal, west of the mouth of the river, handles iron ore and limestone that arrive by ship from other Great Lakes ports. The iron ore then travels up the river on smaller vessels to the ArcelorMittal complex, which depends on this raw material for its steel production. The limestone is transported inland via the rail network serving the Port.

The Port's general cargo operation is located directly east of the river and largely handles imported steel products including coils, slabs, and rods to satisfy demands for steel not met by U.S. producers. The steel is used to manufacture various products including auto parts, batteries, and consumer appliances.

Area companies also depend on the Port to handle shipments of over-sized "project" cargoes, including manufacturing equipment and wind energy components.

While the Port primarily handles incoming cargoes, it occasionally handles project cargoes that are produced locally and exported to locations around the world.

The Port also leases dock facilities to companies for regional distribution of cement and other bulk construction materials such as aggregate, and it manages the 88-acre Cleveland Lakefront Nature Preserve east of downtown Cleveland.



SETTING THE DIRECTION WITH STRATEGIC ANALYSIS

RESEARCH-DRIVEN POLICY RECOMMENDATIONS

In 2010-11, the Port undertook a comprehensive review to investigate and answer a series of fundamental questions involving the following: the size and needs of Port facilities; the Port's competitive position; the Port's contribution to the regional economy; maximizing opportunities to grow the cargo business; options for managing sediment dredged from the River; and the feasibility of relocating the Port to East 55th Street.

Using this research – as well as work conducted by the Port, government agencies, and others – staff developed the framework for the strategic policy recommendations. Based on this framework, consultants conducted an attitudes survey of Cuyahoga County voters to learn whether the proposed initiatives match up with the public's priorities. This work was conducted in support of the Strategic Action Plan (for detailed reports, please see Technical Appendices):

- Economic benefit analysis (Martin Associates)
- Financial assessment (BERK)
- Cargo market assessment (Martin Associates)
- Port relocation analysis (TEC)
- Sediment management review (TEC)
- Stakeholder interviews on the Port's strengths, challenges, and opportunities (BERK)
- Public attitude survey (Triad Research Group)

The research and reports, as well as other work, including sediment research and guidance from state and federal agencies, provide the foundation and direction for the recommendations in this Action Plan. This section presents a high-level summary of the technical and stakeholder research and analysis conducted. Key findings are presented for each area of analysis, followed by the policy implications and reference to the specific recommendations that are numbered 1 through 7 and are contained in Part 2 of the Strategic Action Plan.





ECONOMIC BENEFITS

The combined port-and-river system is a major driver in the regional economy. The following numbers demonstrate the economic activity that depends on the maritime sector at Port facilities and along the navigational channel of the River:

17,832 jobs

\$1.08 billion in annual personal income

\$112 million in annual taxes paid to local and state government

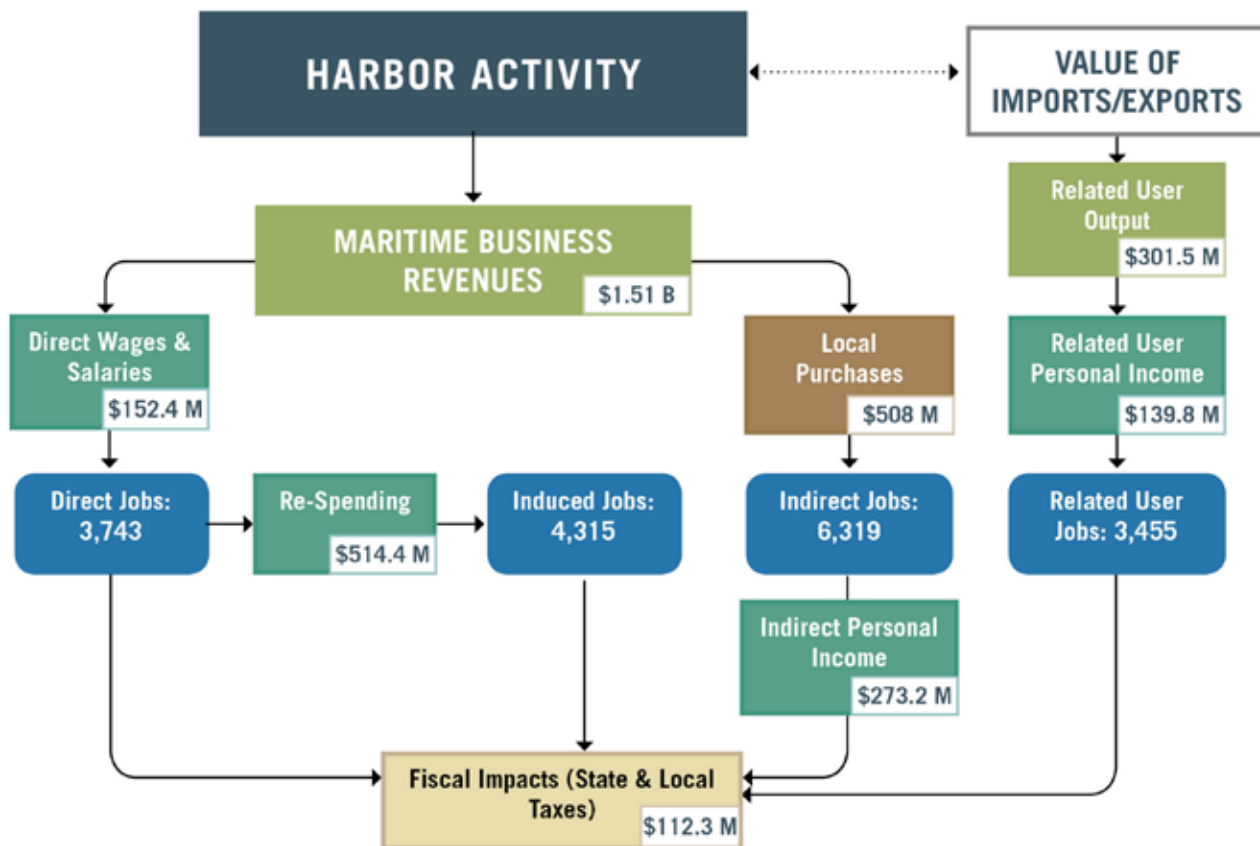
\$508 million in annual local purchases

\$1.81 billion in total annual economic activity

POLICY IMPLICATIONS: Maritime activities are vital to the regional economy and the numbers show what could be lost if the River and the deep depth of the navigational channel are not properly maintained. Preserving the channel and the maritime industry are critical responsibilities woven into several of the recommendations.

CLEVELAND HARBOR'S ECONOMIC BENEFITS

This analysis of economic benefits is derived from the cargo handled by public and private maritime facilities along the downtown Lake Erie shoreline and the navigational channel of the Cuyahoga River; impacts are for calendar year 2008.



Total Jobs: 17,832

- **Direct Jobs:** positions that would not exist if activity at the Cleveland's Harbor ceased.
- **Induced Jobs:** created due to purchases of goods and services by the direct job holders.
- **Indirect Jobs:** generated as the result of local purchases by the firms directly dependent upon Harbor activity.
- **Related User Jobs:** held throughout the state primarily with manufacturing and distribution firms using the Harbor for the shipment and receipt of cargo.

Local Purchases: \$508 M

- **Local Purchases:** goods and services purchased by the directly impacted firms. These purchases by the dependent firms create the indirect impacts.

Fiscal Impacts (State & Local Taxes): \$112.3 M

- **State & Local Taxes:** taxes paid by individuals as well as firms dependent upon the Port of Cleveland cargo activity.

Personal Income: \$1.08 B

- **Personal Income:** consists of direct wages and salaries received by those directly employed by Harbor activity, and includes a respending impact (induced) measuring personal consumption activity in Ohio of those directly employed as the result of Harbor activity.
- **Indirect Personal Income:** measures the wages and salaries received by indirectly employed workers.

Value of Economic Activity: \$1.81 B

- **Maritime Business Revenues:** includes total business receipts by firms providing services in support of Harbor cargo activity and cargo-dependent private facility tenants located within the Harbor.
- **Related User Output:** represents the revenue generated by the dependent shippers as well as the value of the output to the state of Ohio that is created due to the cargo moving via the Cleveland Harbor marine terminals.

Source: Martin Associates, 2011



FINANCIAL ASSESSMENT

The Port has worked aggressively to improve its financial position, reducing operating expenses by 25% in 2010 compared to 2009. In 2010, the Port also posted a record \$4 million increase in net assets, following two years of consecutive losses. As part of the planning process, the Port conducted a detailed financial assessment. Highlights of this analysis include:

- Operating revenues have not covered operating expenses, including depreciation, since 2004. The development finance program is self-sufficient, the maritime business is not.
- From 2007 to 2009, the Port spent approximately \$2 million on planning for relocation and waterfront redevelopment. Starting in 2010, new management has focused on cutting expenses and right-sizing the organization.
- The property tax levy is a primary component of the Port's revenue. The levy has not been increased since 1999, and the result over time has been a decrease in the Port's purchasing power. Revenues from the tax levy currently cover portions of both operating costs and the capital program.
- Ideally, ports fully support operating expenses with operating revenues. If the Port of Cleveland reaches that goal, the tax levy can be used to support a sustainable capital investment plan.
- The Port has little debt and a strong balance sheet with approximately \$11 million in cash assets. These funds could be used to insulate the Port from market fluctuations or to invest in new assets and programs to strengthen and grow operations.

PLANNING IMPLICATIONS: Best-in-class ports distinguish between enterprise business lines that are managed to be self-sufficient and earn a return on invested capital, and public infrastructure programs with limited financial payback, but high benefit to the economy. The Port needs to change its operating paradigm in both areas.

The Port's business goals are to: manage its maritime and development finance businesses to achieve operational self-sufficiency; pursue a series of targeted market opportunities; to make strategic investments, and adjust the operating model to increase competitiveness, diversify the cargo base, and improve financial performance. (*Recommendations #1, #2, #5*)

CARGO MARKET ASSESSMENT

Martin Associates developed an assessment that analyzes market conditions, forecasts the outlook for the Port's current cargo by commodity type, and examines potential market opportunities. Key findings from the analysis are:

- The Port operates in the Great Lakes market, which is captive to regional industry demand and has not been a dynamic growth market.
- The Port of Cleveland has outperformed the market. From 1999 to 2008 when Great Lakes tonnage was declining each year, the Port posted 4.2% annual increases.
- Business volumes are largely influenced by forces outside the Port's control including geography, population trends, declining demand for industrial goods, and other structural economic forces.
- The Port's existing cargo markets are mature, niche markets that have been flat or declining for many years. One potential area for expansion is for the Port to compete for steel slabs coming to the U.S. from Canada.
- The Port has opportunities to enter and compete in several new markets, the most promising of which are container feeder operations, a cross-lake ferry, and wind energy components.

PLANNING IMPLICATIONS: The financial assessment combined with the cargo analysis make it clear that the Port's core maritime business is simply not on a sustainable trajectory. Cargo volumes and revenues have declined over time and the Port, along with the entire Great Lakes/St. Lawrence Seaway system, is faced with an imperative to diversify the cargo base to remain viable. These efforts are underway here and across the system.

The Port is recommitting to managing its maritime business more actively and aggressively. It is pursuing a Cleveland-Montreal container service and is in talks to establish a pilot cross-lake ferry service focused on passenger travel between Cleveland and Port Stanley, Ontario. The Port has recently handled large wind energy components and aims to attract more such large-sized cargo. (*Recommendation #1*)



PORT RELOCATION

The TEC report on relocation found “no economic or market justification to relocate the Port at this time.” More specifically the research determined that:

- A new and larger site is not needed for future Port operations; the existing Port has the space to meet projected needs for the next 20 years.
- Moving the Port under the planned phased approach would have created disjointed operations that would be more costly and less efficient.
- Relocation is not financially feasible because the Port cannot recoup the capital cost of relocation from cargo revenues, and, as a result, a substantial public subsidy would be required.
- The capital cost of relocating to East 55th Street would have resulted in a net deficit of \$222.6 million without any additional revenue generated by the move.
- If mixed-use waterfront development is pursued on Docks 30 and 32 (north and east of Cleveland Brown’s Stadium), and Port operations are consolidated on remaining Port property, “the two uses can co-exist and even benefit each other.”

POLICY IMPLICATIONS: The analysis confirms that Port relocation is not financially feasible, not needed for maritime business, and could not be implemented. Further, the downtown lakefront can support Port use and mixed-use development, and result in better leveraging of the public investments already in place. Based on these conclusions, the recommendation is that the Port rescind relocation plans and affirm the intent to remain at the current location. (*Recommendation #1*)



RIVER SEDIMENT MANAGEMENT

Each year the U.S. Army Corps of Engineers (Army Corps) dredges sediment from the Cuyahoga River's federal navigational channel to maintain sufficient depth for maritime-dependent companies. Considered a waste product, sediment has been disposed of in large confined disposal facilities (CDFs) along the lakefront. In recent years as the existing CDFs appeared to be nearing capacity, attention turned to developing a new facility, a proposition that could cost tens of millions of dollars.

However, new research and guidance from state and federal agencies, as well as experience by the Port, the City of Cleveland, and others in the "beneficial use" of sediment, has led to new thinking. The Port now aims to take a formal lead role in developing a new approach to sediment management in which the material is viewed not as a waste product, but rather as a resource that can be used to benefit the community.

The Port has requested that the Army Corps consider beneficial use as it analyzes options for a new sediment management plan, and the Port is working with its partners and stakeholders to further evaluate the viability and feasibility of this concept. The City and the Army Corps demonstrated the viability of putting sediment to beneficial use in 2010, when dredged material was used to cap acreage for an industrial park near the ArcelorMittal Cleveland steel mill.

POLICY IMPLICATIONS. The beneficial use option has the potential to be a far more cost-effective and environmentally sustainable approach than a new lakefront CDF. The Army Corps plans to study this and other options as a basis for federal cost sharing. In the meantime the Port will pursue opportunities to develop market demand for sediment. This Plan recommends that the Port lead a sustainable sediment management program that focuses on beneficial use. *(Recommendation #3)*





STAKEHOLDER PERSPECTIVES

Understanding the Port's community of stakeholders was a critical element in the strategic planning process. More than 30 interviews were conducted with a diverse group of business and community leaders including board members, tenants and other maritime business interests, state and local government officials, and representatives from Cleveland's economic development, finance, and real estate sectors. Interviewees offered candid input on the Port's strengths, challenges, appropriate role, and major priorities. Port staff listened closely to the comments and carefully considered the feedback in developing the policy recommendations in this report. Key findings from the stakeholders include the following:

- Strengthen and expand the Port's maritime business: Ramp up marketing and business development with existing and new customers; provide leadership to solve river dredging problems; and invest in infrastructure enhancements, especially for improved connectivity between the Port and the rail system. *(Recommendations #1 and #3)*
- Make decisions on waterfront development and the Port's location: Provide resolution on the future of the waterfront development and increased certainty about the Port's future at its present location. *(Recommendation #1)*
- Raise the Port's profile in the business community: A low profile and lack of awareness of the Port among businesses in the region present both a challenge and an opportunity. *(Recommendations #1, #2, and #6)*
- Maintain and grow the development financing business: Do more development financing that focuses on strategic projects that benefit the local economy. *(Recommendation #2)*
- Define the Port's role as an economic development agency: Clarify the Port's mission and role within the larger system of economic development entities. This could help avoid duplicative efforts and leverage economic development activities in the region. *(Recommendations #2 and #6)*
- Rebuild trust and credibility with stakeholders, partners, and the public: Proactively rebuild the Port's reputation with stakeholders and the public. Be clear about the Port's relocation plans and overall strategy. *(All Recommendations)*
- Build and foster partnerships: To solve dredging issues, and strengthen and promote the area's maritime industry, strong partnerships need to be forged with city, county, and federal governments, existing and potential new maritime customers, economic development agencies, transit and transportation agencies, and real estate and finance organizations. *(Recommendations #7, #3 and #6)*

POLICY IMPLICATIONS: The Port recognizes it must enhance trust, aggressively pursue marketing opportunities, and be strategic in its development financing activities. These initiatives are already underway. The Port also intends to launch a new program to meet and engage with major employers, commercial taxpayers, shippers, and others, and to offer these businesses the Port's portfolio of logistics and financing services to help them compete more effectively.

(Recommendations #1 and #2)

The Port will also communicate more effectively to ensure transparency, public engagement and accountability. It will use various forms of outreach, collaborate with stakeholders in the region and provide accountability through regular reporting on its performance. *(Recommendation #6)*

PUBLIC ATTITUDE SURVEY

As part of the effort to produce well-grounded recommendations, the Port sought input from the community. The recommendations in this Action Plan propose that the Port take on significant infrastructure challenges, and solve them in innovative, cost-effective, and environmentally sustainable ways that benefit the region. Solving these challenges requires dollars. Funding could potentially come from multiple sources, including users who depend on the River, and state or federal grants. A community investment would also be required, with potential implications for the Port's levy.

The survey served as an important tool to gauge public interest in the proposed policy priorities. In May 2011, Triad Research Group completed a telephone survey of 400 registered voters in Cuyahoga County. Key findings are below. (Results have an overall margin of error of +/- 5% at the 95% confidence level.)

44% of voters feel **very or somewhat familiar with the Port**; of those who are familiar, 72% have a favorable opinion.

76% of all voters surveyed said the **Port is extremely or very important to the economy** in Cuyahoga County.

94% supported the Port's involvement in helping to **improve the environmental quality of the River** and removing floating debris from near the lakeshore.

80% favored the **Port taking local responsibility for maintaining the riverbanks** and relocating sediment to keep the shipping channel open.

90% supported continuing to **help businesses get low-cost financing** for economic development projects.

89% supported **expanding the shipment of steel, industrial equipment, and new cargo** such as wind energy turbines.





80% supported growing the Port's cargo business in part by **starting container feeder service** that would provide connections to Canada to ports overseas.

77% supported **developing a cross-lake ferry service** focused on passengers, with limited truck traffic.

69% thought it is a good idea that the Port decided to **remain in its current location** and leave room for waterfront development.

POLICY IMPLICATIONS: The survey indicates that the Port plan is well aligned with community values and opinions about important priorities, but that knowledge of the Port is limited. More public engagement and further discussions with civic leaders will be needed.

The Port plans to strengthen public knowledge of its work, reach out to people who are not familiar with Port activities, and continue to make the case for priority initiatives. The Port recognizes that significant public accomplishments require understanding and trust, and that communicating effectively about the Port's organization, work, and importance to the economy is an essential component in achieving this plan. *(Recommendation #6)*

The policy initiatives also recommend that the Port affirm that financing targeted infrastructure projects is a strategic and feasible use of levy funds. *(Recommendation #5)*

RESULTS & PROGRESS TO DATE

The Port is in a very different place than it was in 2007 when the last strategic plan was created. The management and mindset are new; the focus is sharpened and more strategic.

In the last 12 months alone, the Port has achieved a long list of accomplishments that have both strengthened the organization and demonstrated its ability to execute. Key actions in the last year include:

MARITIME BUSINESS

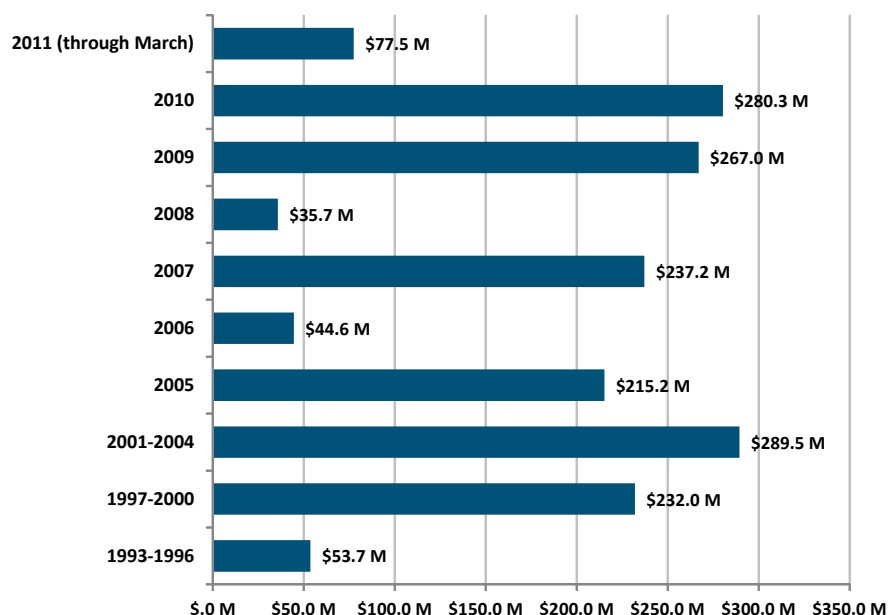
- ★ Initiated the first major capital project in eight years, with plans to build an on-dock rail loop that will enhance the Port's competitive position. Received a \$3 million forgivable loan from the Ohio Department of Development to construct the loop and make related investments.
- ★ Created a partnership with the Cleveland Commercial Railroad Co. (CCR) to upgrade the Port's rail service. CCR will market rail services to and from the Port and will manage scheduling and operations of the Port's rail system.
- ★ Modernized the Port Tariff (rate schedule) to attract new cargo.
- ★ Received \$250,000 in federal grant funding to improve security and safety at the Port.
- ★ Restructured all leases with the Port's maritime terminals tenants to encourage the pursuit of more cargo activity.
- ★ Demonstrated the capacity to safely and efficiently handle over-sized project cargoes, including wind turbine components.
- ★ Revived talks for a cross-lake ferry between Cleveland and Port Stanley, Ontario. Signed a Memorandum of Understanding with Central Elgin, Ontario, a municipality comprised of a number of communities, including Port Stanley.
- ★ Sold property to Great Lakes Towing Company that it had been leasing. The sale supported the company's expansion plans and provided cash to the Port for reinvestment.
- ★ Currently in discussions for a Cleveland-Montreal container feeder service, the first such regularly scheduled service on Lake Erie.
- ★ Partnered in a regional revenue-sharing agreement for wind energy development.



DEVELOPMENT FINANCE BUSINESS

- ★ Strengthened the Port's Bond Fund Program:
 - Received a \$2.5 million grant from the Ohio Manufacturers' Association and FirstEnergy Corporation to boost the Port's Bond Fund Reserves.
 - Renewed a \$9 million letter of credit in a challenging financial climate.
 - Hired a new underwriting firm.
 - Received an investment grade rating from Standard & Poor's, after having rating withdrawn by another rating agency.
- ★ Provided nearly \$132 million in bond financing for the \$275 million Flats East Bank project, which will include an office tower, hotel, riverfront boardwalk, stores, and restaurants.
- ★ Also provided financing to (see Technical Appendix J for more projects):
 - The Cleveland Clinic Independence Research Park: \$46,000,000.
 - Cleveland Museum of Art: \$70,430,000.
 - Hospice of the Western Reserve: \$22,000,000.
 - Oriana Services: \$2,500,000.
 - Forest Bay Tower City, LLC (for Higbee Building): \$2,500,000.
- ★ Awarded \$18 million in federal and \$4.5 million in state New Markets Tax Credits in the latest round. Since inception of its program, the Port has deployed credits to the following projects:
 - Steelyard Commons: \$32,000,000.
 - Gospel Press: \$17,000,000.
 - Allen Theater: \$10,000,000.

Bond Financing Provided by the Cleveland-Cuyahoga County Port Authority through March 2011



Cleveland Clinic Independence Research Park



The Port issued \$46M of taxable revenue bonds in 2010. The funds were used for building, land, and facility construction.

Museum of Art



The Port issued \$70.4M of tax-exempt cultural facility revenue bonds in 2010.

Flats East Bank



The Port Authority issued approximately \$132M of tax-exempt revenue bonds in 2010. The project will be located on 3 acres of land and will include an office tower building, hotel, retail space, public parking garage and a public park.

RIVER INFRASTRUCTURE & STEWARDSHIP

- ★ Assumed leadership role in the Cleveland Harbor Dredge Task Force.
- ★ Agreed to open the Cleveland Lakefront Nature Preserve (formerly known as Dike 14) to the public.



REAL ESTATE AND ADMINISTRATION

- ★ Secured \$500,000 in cash and ownership of the Chancellor University building as payment for an outstanding note.
- ★ Negotiated a 5-year lease valued at nearly \$1 million with I Can Schools, a successful operator of urban charter schools. The nonprofit will rent the former Chancellor building in Cleveland's Midtown Corridor.
- ★ Ended contracts with state and federal lobbyists (total costs of contracts: \$201,600 annually).
- ★ Eliminated five positions, saving approximately \$600,000 in salary and benefit costs.
- ★ Reduced operating expenses by \$1.9 million in 2010, a 25% reduction from 2009.
- ★ Posted a record \$4 million increase in net assets, after two years of consecutive losses.
- ★ Reduced staffing levels by 29% since 2009.
- ★ Hired a permanent CEO and filled five key positions.

Looking Ahead to More Results

The Strategic Action Plan that the Board adopts will guide and align the Port's planning activities, resource allocation decisions, and ongoing actions. Staff will manage the Port's activities to achieve these outcomes and the Board, stakeholders, and the citizens of Cuyahoga County can measure and hold the Port accountable for its results.



PART 2

STRATEGIC ACTION PLAN



VISION, MISSION, & VALUES

Our Vision

The Port of Cleveland will be known as the premier port on the Great Lakes: highly effective, efficient, innovative, and trusted in delivering its mission of spurring job creation and economic vitality for Cleveland and Cuyahoga County.

Our Mission

The Port fosters job creation and economic vitality in Greater Cleveland.

Our maritime services and assets add value and result in competitive advantage for regional firms competing globally, and we tackle challenges tied directly to jobs, quality of place and environmental sustainability through innovative development financing services and selective public investments in critical harbor projects.

Our Core Values

As an organization and as individuals we are committed to a set of core values. We strive to combine the best of business: being entrepreneurial, market-driven, and dynamic; with the best of government: safeguarding public assets, and acting with transparency and accountability. We take our values to heart and we live them every day.

We are committed to:

- The highest standards of integrity and honesty.
- Actions that generate and retain good jobs for our region's workforce.
- A customer-focused approach that is responsive, fast-moving, and entrepreneurial.
- Fiscal discipline and responsible management of public assets.
- Inclusive practices that reflect our diverse community.
- Environmental stewardship to improve the environment today and leave a legacy for tomorrow.
- Being a high performing team and effective collaborators with a broad range of partners in the region.



SUMMARY OF POLICY RECOMMENDATIONS

The Port of Cleveland's Strategic Action Plan is organized around three strategic Themes, which provide the framework for the Port's policy direction and actions in the next five years:

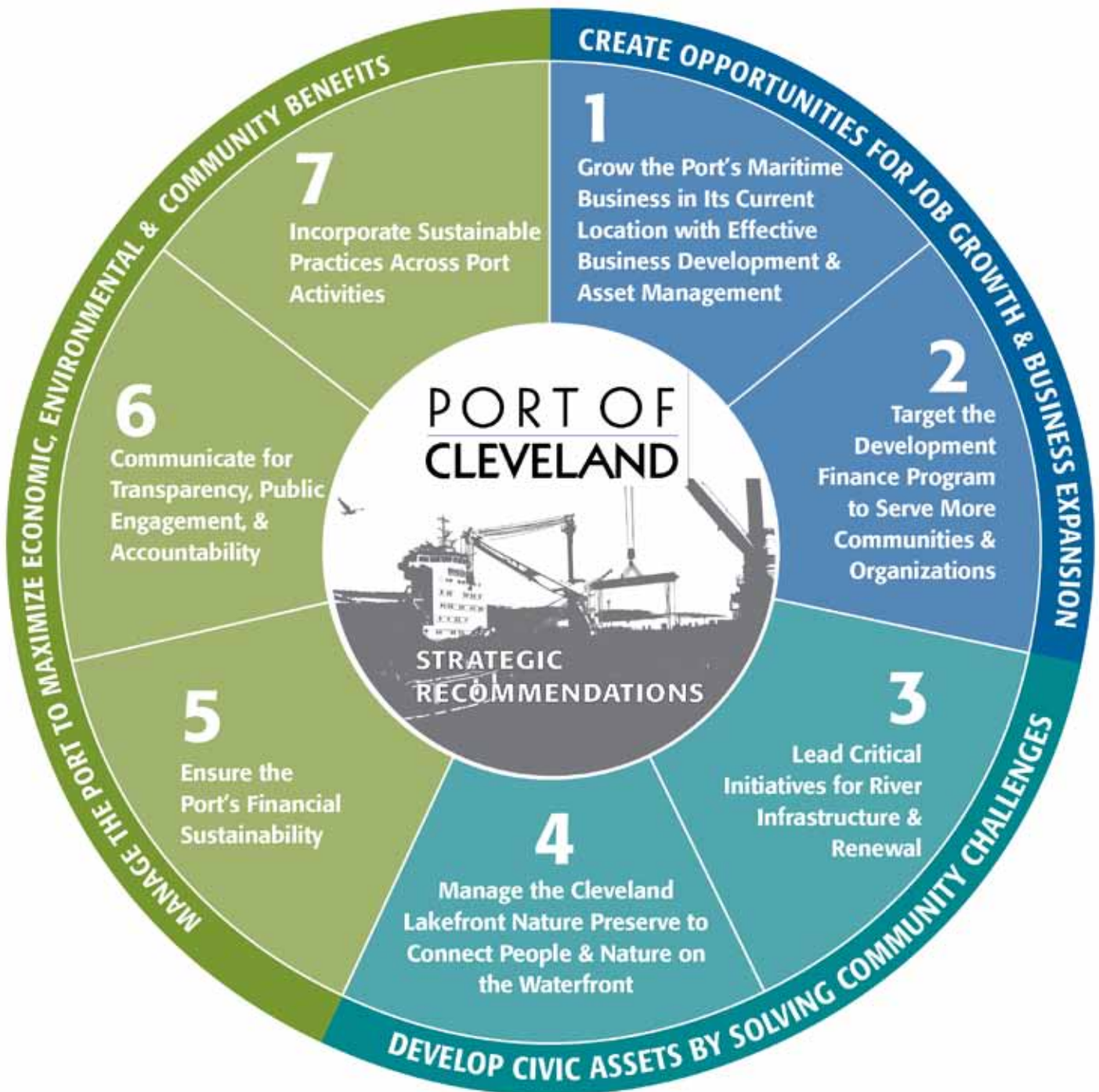
CREATE OPPORTUNITIES FOR JOB GROWTH & BUSINESS EXPANSION

DEVELOP CIVIC ASSETS BY SOLVING COMMUNITY CHALLENGES

MANAGE THE PORT TO MAXIMIZE ECONOMIC, ENVIRONMENTAL, & COMMUNITY BENEFITS

Each strategic Theme contains Recommendations and a set of implementing Actions. There are seven Recommendations and 25 specific Actions.

The schematic to the right visually depicts the unifying concept of the Port's Strategic Action Plan.



CREATE OPPORTUNITIES FOR JOB GROWTH & BUSINESS EXPANSION

1 Grow the Port's Maritime Business in Its Current Location with Effective Business Development & Asset Management

Maritime is the Port's core business and plays a vital role in the local economy. Nearly 18,000 jobs and \$1.8 billion in economic activity are tied to cargo moving through Cleveland Harbor. Our Port is a leading Great Lakes gateway for waterborne trade and provides a critical connection between Northeast Ohio and the global economy. We have the management capability, resources, and entrepreneurial drive to grow the maritime business to spur job growth and greater economic activity in the region.

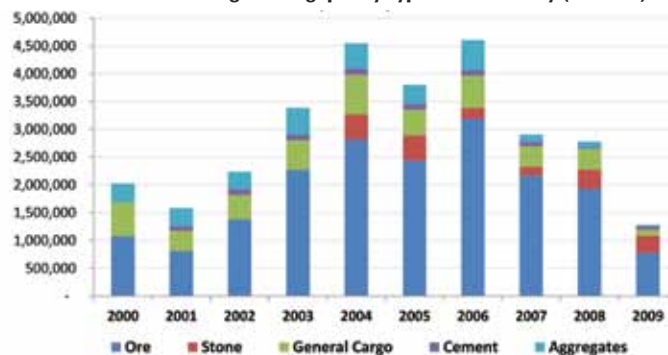
CURRENT ASSESSMENT OF THE MARITIME BUSINESS

The Port operates in a challenging market, but sees opportunities to both strengthen the existing maritime business – through aggressive marketing, cost controls, and strategic actions – and enter new markets, such as wind energy, to diversify operations and accelerate business expansion. The Port envisions a series of actions to enhance its maritime business, starting with an affirmation that the Port's operations should stay at the current location.

Outlook for Traditional Cargo Markets. The Port operates in the highly competitive Great Lakes market, with business volumes influenced by geography, global trends, declining demand for industrial goods, and other structural economic forces outside the Port's control. The Port's existing cargo markets are mature, niche markets that have been flat or declining for many years and opportunities to expand base cargo operations are limited. Nevertheless, with smart strategies and execution, the Port does have the potential to grow its maritime business.

As part of this planning, Martin Associates conducted a comprehensive analysis of current market conditions and assessed the outlook for the Port's existing cargo business. The graph below demonstrates that the Port's core business has not been growing, and it underscores the need for diversification. Steel and general cargo volumes in particular, are both declining and increasingly volatile. For 2008-09, the effects of the global recession and its regional business impacts are evident, with declining volumes for all commodity types.

Historical Port Tonnage Throughput by Type of Commodity (2000-09)



Source: Port of Cleveland, 2010; Martin Associates, 2010.

New Market Opportunities. While the market outlook is largely tied to improvements in the economy, the Port does have opportunities.

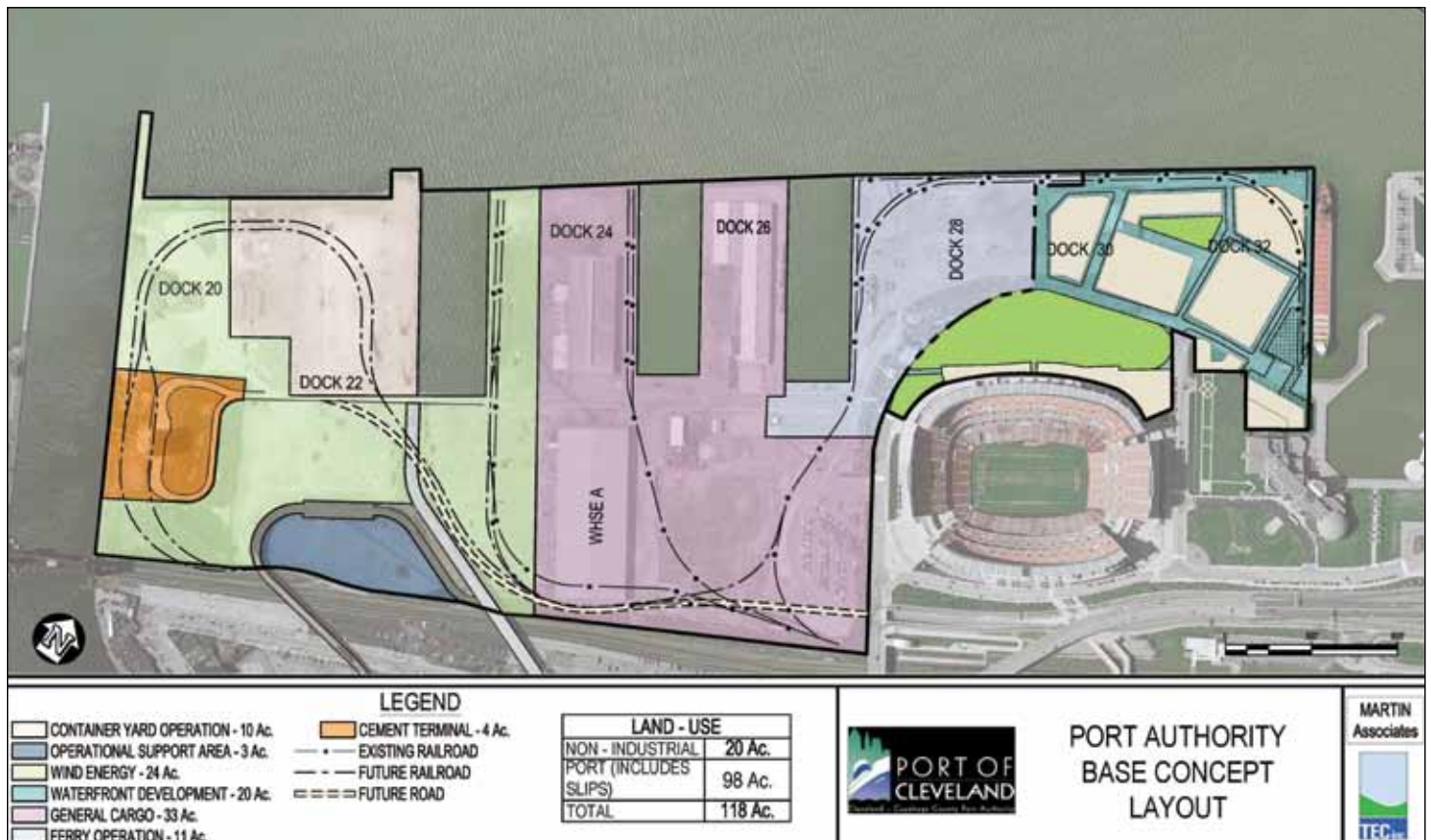
It can work to develop initiatives to capture new markets and pursue niche cargo business. For example, the Port is pursuing steel slab imports from Canada to supply rolling mills in Ohio and Pennsylvania. The Port plans to aggressively go after opportunities such as this to expand its handling of international cargo.

Location of the Port

Under a prior administration, the Port had announced plans to move to a new site off East 55th Street in Cleveland. But the facility capacity analysis conducted for this Plan shows that relocation is not necessary for either Port operations or new waterfront development, and would result in enormous capital costs that simply are not feasible. The market and facility analyses indicate that the Port has more than enough space to meet potential future demand at its current location, as depicted in the Land Use Plan below. In addition, a move would have taken place in phases over 20 years and resulted in disjointed, inefficient, and cost-prohibitive operations.

This policy recommendation explicitly rejects relocation as both unjustified and unnecessary. With this proposed action the Port aims to end any confusion that remains in the community about its plans to relocate. The optimal strategy is for the Port to make smarter use of its consolidated footprint and work jointly with the City of Cleveland on waterfront development, with the Port marketing its facilities for more maritime activity and the City pursuing mixed-use development that combines private investment with public access and amenities on waterfront land it owns adjacent to the Port. The Port could also offer financing to help bring new development to the lakeshore.

Conceptual Lakefront Land Use Plan



Ample Room for a More Vital Waterfront



Land on downtown waterfront can support Port needs and mixed-use development on a scale with Baltimore's Inner Harbor.

The City and the Port are committed to a more vibrant downtown lakefront with the kind of blending of uses and assets along the waterfront that has been successful in the Flats as well as in other communities including Seattle, San Francisco, and Tampa Bay. As shown on the aerial above, the downtown lakefront can accommodate continued Port use and a mixed-use development area on a scale comparable to Baltimore's Inner Harbor.

The Port and the City administration have also been discussing a new role for the Port on the River and aim to soon reach an agreement that – contingent on City Council approval – would shift City duties for maintaining the integrity of the shipping channel to the Port.

The Port would assume this role as part of a broader initiative to take the lead on critical infrastructure projects along the navigational channel, which extends from the mouth of the river both west and south for a total of 6.5 miles.

ACTION 1.1 Rescind Relocation Plans and Affirm Intent to Remain at the Current Location

Improve the Port's Operating Model

Port authorities across the country typically adopt one of several models. Some use an "operating" model, employing a terminal workforce and managing the cargo attraction initiatives. The more dominant model – and the one currently used by the Port of Cleveland – is the "landlord" model, in which a port leases its facilities to a third party that handles terminal business and operations. Under a third, hybrid model, the port authority has some control (even ownership) of the private entities operating its terminals.

Given the challenging nature of the Great Lakes and the fiscal performance of the terminals, the Port plans to adjust its current operating model. The Port has already taken steps to more aggressively market and invest in its facilities. A more thorough analysis is also underway as part of an effort to reposition the maritime business and make it stronger and more profitable.

ACTION 1.2 Revise the Port's Maritime Operating Model to Cut Costs and Enhance Competitiveness

Facility Needs and Opportunities

The Port has begun infrastructure improvements to attract more cargo business. In 2011 it moved forward with its first major capital project in eight years, to build new rail track and road enhancements. This project will improve road and rail connections, and enhance the competitive advantage the Port provides customers. The Port also crafted a pilot agreement with Cleveland Commercial Railroad Company, LLC, a shortline railroad, to locally market rail services to and from the Port, and manage scheduling and operations of the Port's rail system.

The Port also intends to more regularly upgrade terminal facilities and equipment, and further invest in security and safety. And the Port has identified potential investments to increase productivity and landside connections at Port facilities on both sides of the Cuyahoga River. These initiatives will position the Port for more efficient, cost-effective and environmentally-friendly options for transporting raw materials and finished goods.

ACTION 1.3 Strategically Invest in Infrastructure Improvements and Cargo Handling Equipment Upgrades to Improve the Port's Competitiveness

Opportunities in New Markets

The analysis of the Great Lakes cargo market shows that the most promising new markets for the Port could be a new Cleveland-Montreal container feeder service, initiation of a cross-lake ferry service, and expanding cargo services to handle wind energy components and other over-sized cargoes.

Container Feeder Operations. Historically, the Great Lakes ports have not had container services. However, the Port's 2011 Cargo Market Assessment suggests that a Cleveland-Montreal container feeder service could effectively draw cargo whose origin or destination is Northern and Eastern Europe. Such service could create a surge in cargo activity, resulting in new jobs and other benefits that ripple through the local economy.

To be successful, the container operations would need to offer reliable and frequent service, with vessels arriving and departing weekly. The service would also require competitive terminal charges, as well as tight coordination with shipping lines, rail lines, labor, and service providers. If the service is undertaken, the Port will work aggressively with the steamship line, shipping agents, local shippers, manufacturing associations, and other stakeholders to make it viable.

ACTION 1.4 Develop and Effectively Market a Competitive Cleveland-Montreal Container Feeder Service, Connecting Northeast Ohio to Europe and Beyond





Wind Energy Components

The growth of wind energy in the Great Lakes, the transport of equipment for both land-based and offshore wind projects, and the manufacture of wind-energy components all present market opportunities for the Port. While it is difficult to estimate future volumes and facility needs from these potential markets, the Port has an opportunity to position itself as a key player in the logistics management of large wind-energy components. The Port demonstrated the capacity of its workforce, infrastructure and deep-water facilities with its successful handling in April 2011 of a turbine whose blades were 164 feet long and weighed more than 24,000 pounds each. The wind turbine will be one of the largest in Ohio.

In addition to wind energy components, the handling of over-sized and heavy equipment – known as “project cargo” – is also a potential growth segment for the Port. In 2010, the Port handled six project cargo moves, a significant increase from previous years.

ACTION 1.5 **Actively Position the Port in the Transport and Handling of Over-Sized Freight, Including Wind Energy Cargoes**

Passenger-Oriented Cross-Lake Ferry Service

Ferry service between Port Stanley, Ontario, and Cleveland has been contemplated for years, but has not been implemented, in part because the Canadian government had not completed a long-awaited transfer of harbor front property to local control.

Initially, the concept was to create a service primarily as a short cut for cross-border trucking. As part of this planning process, the Port commissioned a market feasibility analysis that examined issues such as cross-lake freight shipping costs. The analysis concluded that a cross-lake ferry could be advantageous to Cleveland, other Northeast Ohio markets, and points south that parallel Interstate 77.

In 2010, the Port re-opened discussions with the Municipality of Central Elgin, which is comprised of a number of communities, including Port Stanley. Officials there are interested in a passenger-oriented ferry service with only limited truck traffic to serve recreational, tourist, and other types of cross-lake passenger demand.

In response, the Port shifted its focus from trucks to passenger ferry traffic and began evaluating options with Central Elgin officials for a smaller, more fuel-efficient ferry that could accommodate passengers and cars as well as bicycles and tour buses. The Port also remains open to considering truck-focused, cross-lake ferry opportunities with other communities. The Port’s 2010 market feasibility study remains relevant for a truck-focused ferry initiative, and underscores the value of such service.

ACTION 1.6 **Start Up a Passenger-Oriented Ferry Service between Cleveland and Port Stanley, Ontario, on a Pilot Basis**

ACTION 1.7 **Consider Options for Truck-Focused Cross-Lake Opportunities with Other Communities**

2 Target the Development Finance Program to Serve More Communities & Organizations

The Port is a leading catalyst for economic development and job creation in our region, strategically providing capital to a broad range of organizations whose project financing needs are not otherwise met by public and private sources. The Port is well equipped to fill this critical role, with the financial expertise and statutory powers to be resourceful, customer-oriented, and civic-minded.

Access to Capital for the Greater Cleveland Community. Since 1993, the Port's Development Finance business has provided cost-effective access to capital to developers, companies, municipalities, and nonprofit agencies for development, redevelopment, and expansion of facilities. The results are visible across Cuyahoga County and the region, and in a variety of sectors: manufacturing, commercial, industrial, health care, arts and cultural, hospitality, sports, and entertainment organizations have all benefited from the programs.

The Port has two financing vehicles: a Common Bond Fund Program, which has pooled loan dollars, is managed and partly funded by the Port Authority, and maintains an investment grade rating. The Port also issues bonds on a conduit basis and under a variety of structures designed specifically to meet a project's unique needs. With conduit financing, the Port brings borrowers and investors together, but does not put its own dollars into projects and does not incur project risk. Financing is typically done in one of three ways:

- Fixed-Rate Financing to fund new construction, real estate, infrastructure, and the acquisition or rehabilitation of existing facilities.
- Structured Leasing provides companies and nonprofits new or renovated facilities without ownership. The Port is the owner and serves as the long-term lessor.
- Infrastructure Financing provides funding for infrastructure, such as streets, roads, underground utilities, sidewalks, streetlights, landscaping, and public parking facilities.



Building the Development Finance Business



The Port is committed to further building the Development Finance business to serve evolving community needs. It will continue to take a flexible, entrepreneurial approach to developing new products and offerings to meet regional market demand. The Port also reaffirms a 2008 Board policy to give financing priority to Maritime and Port-related industries, manufacturing, and health care, as well as to projects that align with the region's growth segments, are in targeted geographic areas, or are part of a larger development strategy.

Demand for the Development Finance business can fluctuate with economic cycles. The Port is actively working to strengthen and grow the program, and has reduced costs and increased marketing efforts. In 2010, the Port received

a \$2.5 million investment from the Ohio Manufacturers' Association (OMA) and FirstEnergy Corporation to provide flexible financing options targeted to manufacturing companies.

The Port competes with a variety of different financing products and must keep interest rates and costs low to be competitive and to provide value to customers. The reserves in the Port's Bond Fund program are a main driver of the bond program's rating, which heavily influences the interest rate on its bonds. Increasing the fund's reserves should improve bond ratings, thereby lowering borrowing costs to organizations using the Port's programs. Additional reserves may be secured through creative partnerships, such as the one with the Ohio Manufacturers' Association. The Port should actively seek additional funds from sources to best position the Bond Fund program as a competitive financing tool for companies in the region.

ACTION 2.1 Increase the Bond Fund's Reserve to Allow the Port to Expand its Financing Capacity and Reduce Borrowing Costs

Proactive Marketing

The Port provides a solid portfolio of services to help companies expand and compete more effectively. Research for this Plan shows that stakeholders recognize the Port's pivotal role, but recommend that the organization better define its mission within the region's economic development landscape. Those stakeholder perspectives, coupled with the Port's interest in becoming more proactive in helping to retain companies that want to remain and grow in Cleveland and Cuyahoga County, has resulted in an initiative to step up targeted marketing efforts.

ACTION 2.2 Support Expansion of Existing Businesses in the City of Cleveland and Cuyahoga County with Proactive Visits to Offer the Port's Menu of Financing Options

New Markets Tax Credits to Help Revitalize Key Areas

The Port is a sponsor of federal and state New Markets Tax Credits to support redevelopment in distressed communities. Cleveland is the only port in the country directly engaged in New Market Tax Credit deployment. In fact, the Port has been awarded nearly \$80 million in New Markets Tax Credits since 2004. The Port will continue to work with development partners to bring this program and its crucial investment dollars to Cleveland's urban core and other low income areas.

ACTION 2.3 Continue to Seek and Deploy New Market Tax Credits to Support Redevelopment in Distressed Communities

Support for Minority and Female Business Enterprises

The Port will continue to be a collaborative partner, offering its financing toolbox regionally and to entities of all sizes. It will also continue to work with other agencies in financing large-scale projects that have significant infrastructure and redevelopment components. In its work on these projects, the Port is committed to the inclusion of minority and female business enterprises, providing assistance in identifying potential participants, and tracking results by working with the City of Cleveland and other partners to monitor the participation of minority and female business enterprises in construction projects. The Port will continue to include contract language requiring borrowers to exercise best efforts to use minority and female business enterprises in construction projects. The Port will also use its best efforts to hire minority or female businesses when it issues contracts for projects or services.

ACTION 2.4 Continue to Support Activities to Promote the Inclusion of Minority and Female Business Enterprises



DEVELOP CIVIC ASSETS BY SOLVING COMMUNITY CHALLENGES

3 Lead Critical Initiatives for River Infrastructure & Renewal

The Port is in a unique position to be a steward of the Cuyahoga River, a vital community asset central to Cleveland's economic well-being and community aspirations for a reinvigorated city. The River is essential to industry and manufacturing jobs, and is a magnet for local residents and new development. The Port proposes to take an unprecedented leadership role on three major initiatives critical to restoring the River and safeguarding the jobs, commerce, and recreational activities that depend on it.

Background. In 2009, Cleveland marked the 40th anniversary of the infamous fire on the Cuyahoga River, and the subsequent listing of the River on the U.S. Environmental Protection Agency's Area of Concern watch list. Since that defining event, the community has worked hard to achieve significant recovery of the River's environmental health and habitat. The Cuyahoga is again becoming an attractive destination for residents, employers, and new development. However, the River and its banks face critical and time-sensitive infrastructure needs that must be addressed.

Irishtown Bend continues to slowly slide toward the river, leading to the collapse of a major section of Riverbed Street.



An Expanded Port Role. With its maritime expertise, and levy and asset-management powers granted under state law, the Port is in a unique position to lead innovative initiatives to transform infrastructure challenges into community assets. Port staff recommends that the Port lead development of a sustainable approach to River sediment management, play a leadership role in River restoration efforts related to ongoing sediment management, stabilize the riverbank, and repair aging bulkheads along the River. This work would not limit the Port’s focus or funding on the maritime sector, but rather would enhance that work by treating the Port and the River as the maritime and ecological system that it is.

The Port’s investment would go beyond a financial commitment. The organization aims to be a vocal champion of the industrial sector in the Flats and be actively involved in initiatives – from planning to environmental cleanup – that foster a climate that helps companies compete, prosper, and add jobs.

Carrying out this ambitious plan for River infrastructure improvements will require leadership, interagency cooperation, community support, and new sources of public and private funding. It is expected that funding will come from a combination of sources, including users who depend on the River, and state and federal programs. A local investment will also be required, and could have implications for the Port’s levy.

Funding for a River Infrastructure Renewal Initiative. Dedicating a portion of the Port’s levy for a River Infrastructure Renewal Initiative is a natural fit with the Port’s mission and would provide the critical “first-mover” funding needed to launch this Initiative. No other local public agency has been identified with available financial capacity to take on the challenges to preserve a community asset and the jobs that depend on it. (For further discussion of the Port’s levy see Recommendation #5).



Putting Sediment to Beneficial Use

In 2010, a year’s worth of sediment was used to cover a brownfield in Cleveland, demonstrating the potential for beneficial use on other sites in need of environmental remediation.

Sediment might also be used in roadway construction projects or to cap landfills. Over time, River sediment could become a key ingredient to large-scale restoration of vacant and abandoned properties in the County.

Sediment Management

Local companies that rely on the River, including ArcelorMittal Cleveland's integrated steel mill, depend on the U.S. Army Corps of Engineers to maintain sufficient River channel depth by removing sediment that settles on the river bottom. The River needs to be dredged annually.

For years, sediment has been considered waste material and has been disposed of in large CDFs along the lakefront. Recently, as the existing CDFs took in more sediment, attention turned to developing a new facility. But new CDFs can cost tens of millions of dollars, and with the federal government no longer providing the same level of funding as it did in previous years, more of the cost burden has fallen on local and state agencies. In addition, changing priorities of Congress and budgeting constraints result in an annual appropriation risk that makes it difficult for the Army Corps to delivery projects in a timely and predictable manner. Furthermore, the Port is not legally required to act as the lead agency for dredge material management, nor is it the primary beneficiary of dredging, since the majority of sediment is removed from the upper segment of the ship channel, which is not currently part of the Port's responsibilities.

However, the Port has embraced this leadership role and now proposes to work with the Army Corps, state agencies, the City of Cleveland, the Cleveland Harbor Dredge Task Force, and numerous other stakeholders to develop an effective and sustainable long-term approach to sediment management. The Port aims to take a formal lead role in developing a new paradigm for sediment management. Under this approach, sediment would not be viewed as a waste product, but rather as a resource used to benefit the community.

Work still needs to be done to determine long-term feasibility, but Port staff is already working with federal, state, and local officials to launch this initiative – an approach that could save the region millions of dollars, protect the lakefront for the construction of a new CDF, enhance the environment, and serve as a model for other communities.

ACTION 3.1 Lead Development of a Sustainable Sediment Management Program that Focuses on Beneficial Use; Aggressively Pursue Interagency Agreements and Funding Opportunities to Implement the Program



River Infrastructure and Stabilization

Other pressing infrastructure improvement needs along the River and ship channel are to restore or replace aging bulkheads and stabilize the slopes that line the channel in some locations. These projects require specialized planning and engineering expertise, and will have capital costs to be determined. Research indicates that there are approximately 29,000 linear feet of riverbank where bulkheads either do not exist or are in poor condition.

With construction of the Flats East Bank project underway, and plans for a new riverfront casino in place, the time is right for the Port, in partnership with other public and private parties, to identify and implement long-term funding approaches for bulkhead maintenance and related capital improvements. Similarly, there is a need to work with private property owners to address bulkhead restoration and replacement needs. This bulkhead work is essential not only to maintain commerce on the River, but also to protect the integrity of the River and the land surrounding it, reduce pollution run-off, and control flooding in the Flats.

ACTION 3.2 Lead Efforts to Fund and Implement Riverfront Projects that include Restoration and Replacement of Bulkheads and At-Risk Riverfront Slopes; Facilitate Private Bulkhead Repairs

Cooperative Restoration

The Port also sees a need to join forces with state and federal agencies, as well as the Cuyahoga River Remedial Action Plan (RAP), which promotes restoration of environmental quality and seeks to eliminate environmental concerns that impair the quality of the River. Working closely with the RAP, the Port has applied for a \$425,000 grant under the federal Great Lakes Restoration Initiative for a specialized vessel that would remove debris from the river. Debris is a federally listed impairment to the River, and by constructing and operating the debris harvester vessel, the Port and the RAP plan to work together to eliminate one problematic issue from the EPA's watch list.

ACTION 3.3 Play a Leadership Role in Cuyahoga River Environmental Restoration Initiatives with the RAP and Other Agencies

Deteriorated bulkheads, such as the one pictured, failed to protect the shoreline and provide needed stability to the river channel.

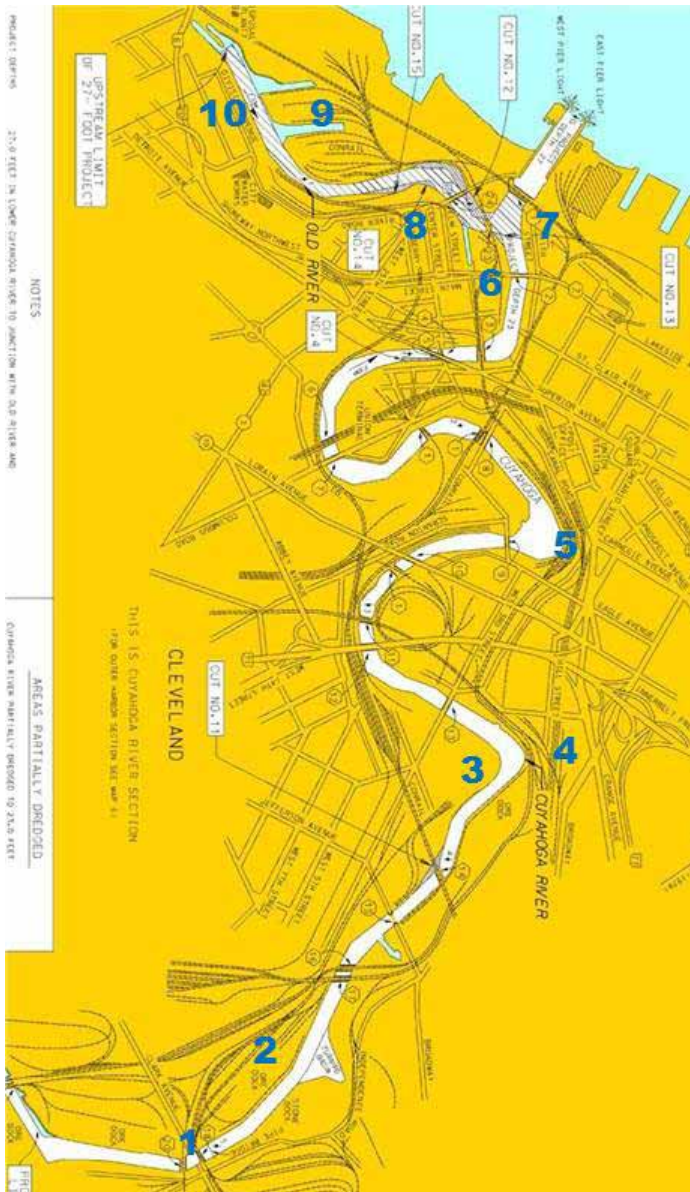


Estimated Infrastructure Improvement Costs

This Action Plan aims to address targeted infrastructure issues the community is facing. Estimated project costs are listed below. Because these items will require negotiations with regulatory agencies and private property owners, which could substantially alter the proposed solutions and associated costs, the Port would seek funding from various public and private sources to finance these investments: project costs are shown in ranges.

- Install new bulkheads or repair/replace existing bulkheads: \$215 million¹
- Stabilize the slope above along Riverbed Road: \$80-219 million²
- Environmental restoration of Cuyahoga River's ship channel: \$3-5 million³
- Sustainable Sediment Management: \$1-5 million annually⁴

The Cuyahoga River is a Vital Corridor for Jobs and Trade



1. ArcelorMittal Cleveland
2. St. Mary's Cement Group
3. Arc Terminals
4. Marathon Ashland Petroleum
5. Horseshoe Cleveland (Casino)*
6. Lafarge North America
7. Flats East Bank Cleveland*
8. Ontario Stone
9. Cargill (Salt Mine)
10. The Great Lakes Group

* Under construction or in planning stage.

¹ Cost estimate includes public and private bulkheading. Source: Martin Associates' Cleveland Harbor Strategic Plan

² Source: Army Corps estimate used by Martin in its Cleveland Harbor Strategic Plan

³ Source: RAP estimate

⁴ Source: Port Authority estimate

4 Manage the Cleveland Lakefront Nature Preserve to Connect People & Nature on the Waterfront

The Port is committed to the Cleveland Lakefront Nature Preserve, a unique peninsula on the Lake Erie shoreline, where nature transformed a former sediment disposal site into an 88-acre wildlife haven. The Port's May 2011 decision to open the preserve on a regular basis underscores the value of the site as well as our commitment to environmental initiatives and enhancing public access to the lakefront.

CREATION OF A NEW PUBLIC ASSET

The Nature Preserve is a land mass created by the placement of dredged sediment within dike walls along the lakeshore. From 1979 to 1999, it was managed by the Army Corps as a disposal site for dredged materials. The disposal facility, known as Dike 14, was closed to dredge material in 1999. Then, nature took hold. The site, which has been renamed the Cleveland Lakefront Nature Preserve, is managed by the Port and has become a habitat for a diverse collection of flora and fauna. In recent years, community volunteers have identified more than 280 species of birds, numerous butterflies, more than a dozen species of mammals and reptiles (including red fox, coyote, mink, and deer), and dozens of trees, shrubs, and native Ohio wildflowers and grasses. The landscape at the Preserve includes coastal areas, mudflats, wetlands, grasslands, forests, meadows, and shrub lands. The preserve is largely in an undisturbed state and currently has some basic trails.

The Preserve provides a one-of-a kind lakefront setting for bird watching just a few miles away from downtown Cleveland. Audubon Ohio has designated the Nature Preserve as an Important Bird Area (IBA), due to its location at the intersection of four migratory bird routes: Lake Erie, the shore of Lake Erie, the Cuyahoga River Valley, and the Doan Brook Valley. It also presents other recreational and educational opportunities for children and adults.

Connecting People with Nature

Several community environmental groups have played a role in advocating for the resources at the Nature Preserve. The Environmental Education Collaborative, formed in 2003, has focused on promoting environmental stewardship and multi-interdisciplinary environmental education. A risk assessment completed in 2007 showed the site can safely be used for environmental education.

The Port plans to continue working with the Collaborative and others in the community to maximize educational and environmental opportunities.

ACTION 4.1 **Open and Administer the Cleveland Lakefront Nature Preserve as a Public Lakefront Amenity and Community Asset**

ACTION 4.2 **Facilitate Environmental Education at the Site**

ACTION 4.3 **Lead Implementation of the Preserve's Master Plan**



MANAGE THE PORT TO MAXIMIZE ECONOMIC, ENVIRONMENTAL & COMMUNITY BENEFITS

5 Ensure the Port's Financial Sustainability



The Port is a hybrid organization that has the responsibilities and accountabilities of a government, yet must operate like a business enterprise. The Port will manage its business enterprises with financial discipline, striving to become sufficiently robust to operate without an operating subsidy. The agency will also responsibly manage public assets as it pursues critical infrastructure projects that benefit the community.

The Business Enterprise

The Port manages two lines of business – Maritime and Development Finance – and aims for both to generate adequate revenues to fully cover operating costs. The Development Finance business is currently self-sustaining. But the maritime business will require several years of effective cost management and improved revenues to reduce operating reliance on the Port's levy. Although the timeline for this effort will be influenced by evolving maritime market conditions in the Great Lakes and globally, the Port expects its overall operations to reach self-sufficiency in five years.

ACTION 5.1 Manage the Port's Maritime and Development Finance Businesses to Achieve Self Sufficiency

Levy Funding

The Port receives revenue from a property tax levy voted on by Cuyahoga County residents every five years. The current levy was approved by voters in 2007, and is authorized through 2012. In 2010, the levy generated approximately \$3.2 million. Levy revenues have remained relatively flat at \$3.2 to \$3.3 million since 1999, with property owners paying about \$3.50 for every \$100,000 of assessed value.

Although the statutory millage limit for port authorities in Ohio is 1.0 mill, the Port's total millage rate of 0.13 has not changed since 1999. Additionally, because the Port has gone for a renewal levy versus a replacement levy on two occasions, it has not captured some of the increases in property values since 1999, which makes the effective millage approximately 0.10. When factoring in inflation, levy-generated funds have 30% less purchasing power than they did in 1999.

The Port values the public support it has received and has managed the use of levy receipts in a responsible and accountable manner over the years. The Port's annual audit has consistently received an "unqualified" opinion from the Auditor of State.

New Policy Direction. This Action Plan calls for the Port to direct a portion of its tax levy capacity towards strategic capital investments in critical Cuyahoga River infrastructure projects. These projects include sediment management, River channel remediation, riverfront slope stabilization, and bulkhead restoration/replacement. These complex and intertwined projects are critical to protecting industry and jobs and making Cleveland attractive to residents and investors.

While the Port can seek voter approval for a property tax levy up to 1.0 mill, it has not determined if an increase would be required to meet the capital demands of critical infrastructure projects proposed in this Plan. Once the Port board approves a strategic direction, the Port staff will conduct detailed analyses to determine costs for river infrastructure projects; determine what financing options would best minimise the financial cost to taxpayers; and, seek federal and state grant dollars to help cover project costs.

ACTION 5.2 Affirm that Financing Targeted Infrastructure Projects is a Strategic and Feasible Use of Levy Funds



6 Communicate for Transparency, Public Engagement, & Accountability



The Port is committed to transparency, accountability, and communicating regularly and meaningfully with its constituents. The Port will regularly share information, provide opportunities for two-way communication with the public, and report on its performance and progress.

Improving Communications

The Port is currently revamping its website and will develop a communications plan to guide implementation of its commitment to the agency's goals, values, and performance measures. The Port will use various outreach and engagement tools to stimulate meaningful two-way communication with the public.

ACTION 6.1 Communicate Transparently to Stakeholders and the Public

Partnering for Economic Growth

The Port works with multiple public and nonprofit agencies to enhance job growth and economic development in Greater Cleveland. The Port will continue to be a collaborative partner, developing new partnerships to position the region for economic growth.

ACTION 6.2 Engage Collaboratively with Regional Economic Development Stakeholders

Performance Management and Reporting

As the Port steps up to take action and lead initiatives, specific performance targets will be established, with staff tracking and regularly reporting on results. A new set of outcome-based reports on performance, financial results, and environmental practices will be developed. The Port will use these reports to detail performance and measurable results for the Board, stakeholders, and the public.

ACTION 6.3 Provide Accountability through Regular Public Reporting on Performance



7 Incorporate Sustainable Practices Across Port Activities



The Port is committed to taking a leadership role in sustainable practices and to serving as a model port on the Great Lakes. Implementing green practices is both the right thing to do and a business imperative that can provide competitive advantage. The Port values sustainability and our customers expect it.

A Green Port: Good for the Public and Business

Sustainability is a fundamental business philosophy as well as a set of operating practices. A starting point for the maritime sector is an understanding that waterborne transportation can be more cost effective, more efficient, and “greener” than other modes of transport. Across the country, ports are adopting green policies and programs to manage the impacts of their operations on the environment. West Coast ports have led the way in adopting green port policies. Ports in the Great Lakes are also applying best management practices to their operations and to construction of new facilities.

The Port of Cleveland has been evolving as a green port. It was a founding member of Green Marine, a bi-national initiative along the St. Lawrence Seaway and across the Great Lakes to strengthen maritime environmental performance through the voluntary adoption of best management practices. The Port recently received “Green Marine” re-certification, and is working to incorporate sustainable policies and practices in its operations and facility development. This work includes adopting best management practices and working with industry partners to implement new approaches to safeguarding the region’s environmental assets. It also includes working in conjunction with the Sustainable Cleveland 2019 initiative launched by Mayor Frank Jackson to build an “economic engine to empower a green city on a blue lake” by the 50th anniversary of the Cuyahoga River fire.

ACTION 7.1 Pursue Green Business Opportunities and Infrastructure Improvement Projects



Integrate Environmental Best Practices

The Port has both an opportunity and a responsibility to weave environmentally sustainable management practices into its operations. Being a green port is a multi-faceted commitment: it means doing business as a sustainable facility operator; fostering support for the next generation of clean energy and manufacturing technologies; advocating for the intrinsic energy efficiency of waterborne transport; supporting local government environmental sustainability initiatives; and serving as a model for tenants and other ports in the region.



Photo courtesy of Don Nottage

A sustainability perspective will become part of the “Port’s DNA,” interwoven into every aspect of operations, project development, and decision making. Included in these efforts will be an evaluation of how terminal operations and facility management can be made more sustainable.

ACTION 7.2 Integrate Environmental Sustainability into the Port’s Organizational Fabric

Public Policy Advocacy

The Port is committed to not only growing our own business but advocating for the health of the maritime sector. Participating with other ports in addressing key issues including ballast water regulations, full spending of the Harbor Maintenance Trust Fund for its intended purpose, and sufficient federal funding for the nation’s marine highways, is critical. The Port of Cleveland will seek both market and legislative solutions to strengthen the maritime economy, create a level playing field with other modes of transportation, and maintain the nation’s maritime infrastructure.

ACTION 7.3 Advocate on Public Policy Issues Critical to Jobs and the Health of the Maritime Sector and the Great Lakes/St. Lawrence Seaway System





The photographs in this Draft Plan highlight the importance of the Port of Cleveland and the Harbor system to jobs and the region's economic vitality. Pictures depict organizations that have used the Port's assets and services. They also capture critical infrastructure issues on the river the Port aims to address as well as the Cleveland Lakefront Nature Preserve, which the Port will open and manage.



PORT OF
CLEVELAND

Cleveland – Cuyahoga County Port Authority

Cleveland-Cuyahoga County Port Authority

One Cleveland Center

1375 East Ninth St., #2300

Cleveland, OH 44114

Ph: 216-241-8004

[www. portofcleveland.com](http://www.portofcleveland.com)