



Global Reach. Local Benefits.

Discover Global Markets Conference

SEPTEMBER 19, 2017

U.S. Ports: Evolution & Structure

Port Authorities established for the right reasons:

- Structure developed during the Progressive Movement of the early 20th century
- Designed to insulate ports from politics
- Though a public agency, port authorities are also built to function as a business-like entity positioned to interface with private sector



Ports today provide diverse and powerful economic development products and services including:

- Marine and cargo handling facilities of all types
- Airports
- Marinas for recreational and commercial vessels
- Distribution centers
- **Real estate development & financing of non-port projects**
- Planning and advocacy for the Transportation/Development/Logistics cluster



U.S. Ports: Evolution & Structure

What Distinguishes Ports?

Public agencies designed to do business with the private sector

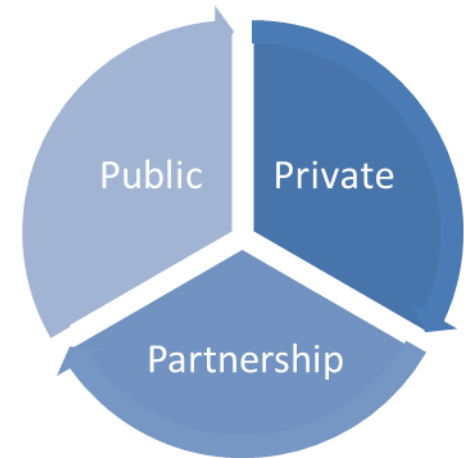
Critical nodes in the global supply network

Broad powers:

- Real estate and asset ownership and development
- Issue bonds and loan money
- Eminent domain
- Policing/security
- Quasi-regulatory
- Property taxation (in some cases)

Most ports operate as landlords

- Lease assets to private entities



Challenges for Ports



Challenges for U.S. Ports

Ports greatly restricted by regulations; Port neighbors sensitive to port operations

Limited access to public capital compared to other transportation infrastructure providers

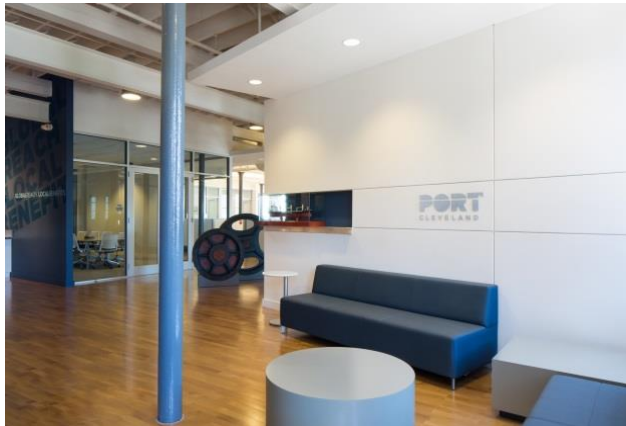
- No federal trust fund like aviation, highway and transit
- Harbor Maintenance Trust Fund not spent down

Fierce competition between ports and other modes of transportation; Users “shop” ports very effectively

Pressure to use port waterfront property for other uses

Quick Facts about Port of Cleveland

- Created in 1968 by ORC 4582
- 9 Board Members
 - 6 by Mayor of City of Cleveland
 - 3 by County Executive
- Port owns/leases approximately 125 waterfront acres – LANDLORD PORT
 - Private sectors handles cargo; Port is asset manager
- Budgets
 - Operating = \$10,000,000
 - \$4M Maritime
 - \$3M Finance
 - \$3M Taxes
 - Capital = \$8,000,000
- Employees
 - 17 Employees
 - Down from 28 in 2008/9
- Location
 - Downtown Cleveland



A connection between the Atlantic and the Great Lakes



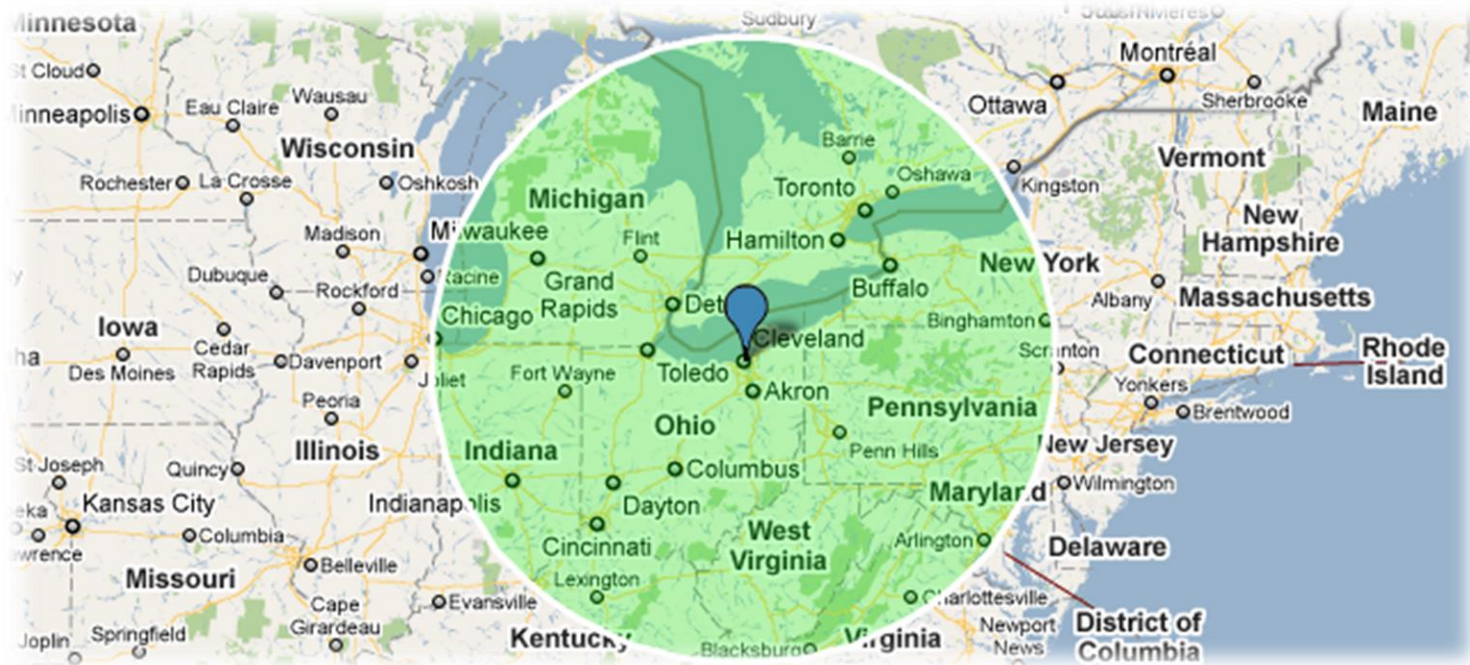
Cleveland's Port in Context



Cleveland's Port in Context

Market Geography

- A “destination port” – 90% of all cargo is produced or consumed within a 75-mile radius
- Half of American marketplace is within an eight-hour drive from Cleveland

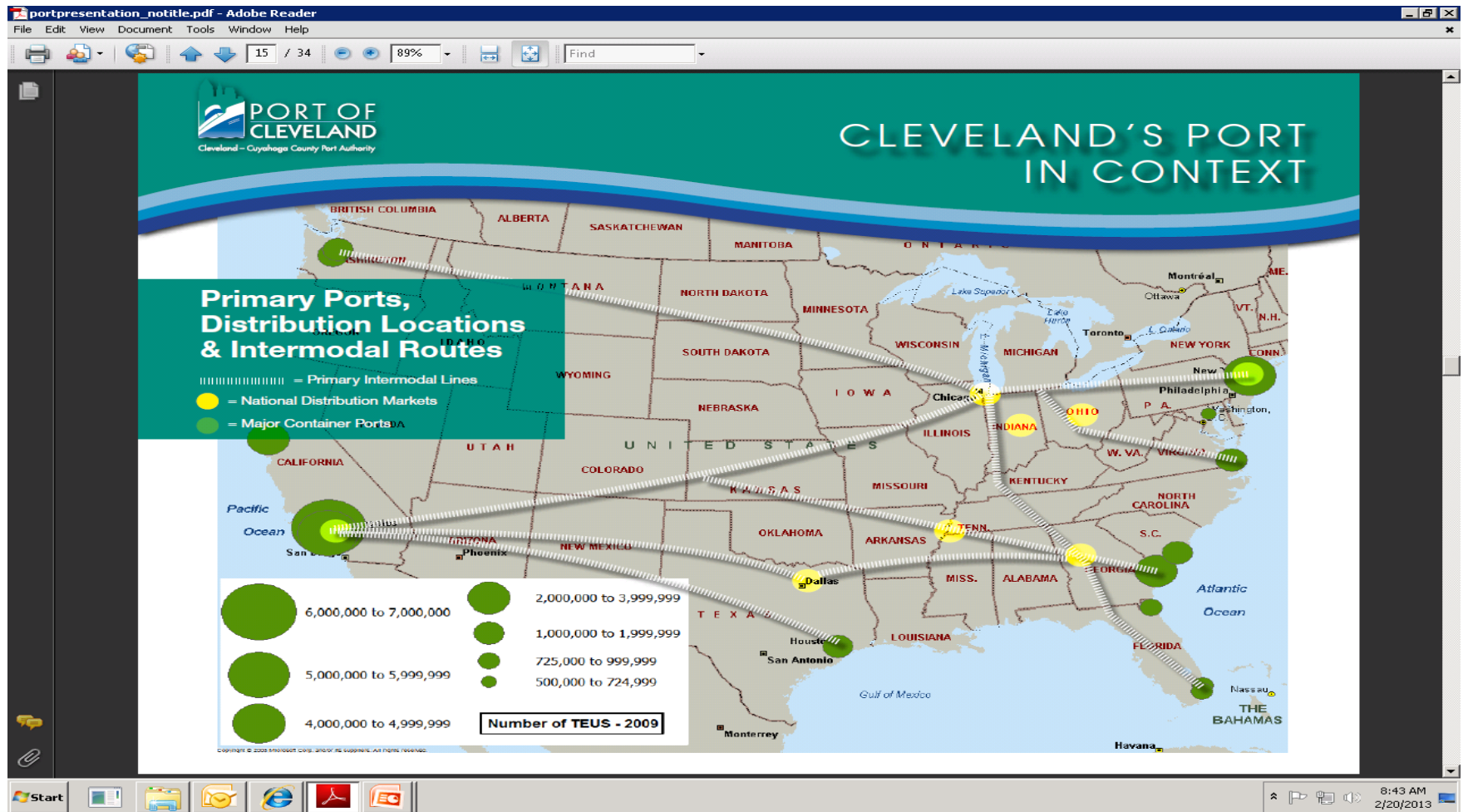


Cleveland's Port in Context

- U.S. Trade Flows and Gateways
- Dramatic geographic shift in U.S. product sourcing during the past 50 years
 - 1963: 90% of all goods consumed in the U.S. manufactured here
 - Today we import more than 50% of all goods consumed
- Containerization bypassed the Great Lakes St. Lawrence Seaway system due to:
 - Seasonality
 - Lock dimensions
 - Transit time
 - Additional throughput costs
 - No federal policy creating incentives for GLSLS



Cleveland's Port in Context



Trade Routes



Shipped commodity:
Steel

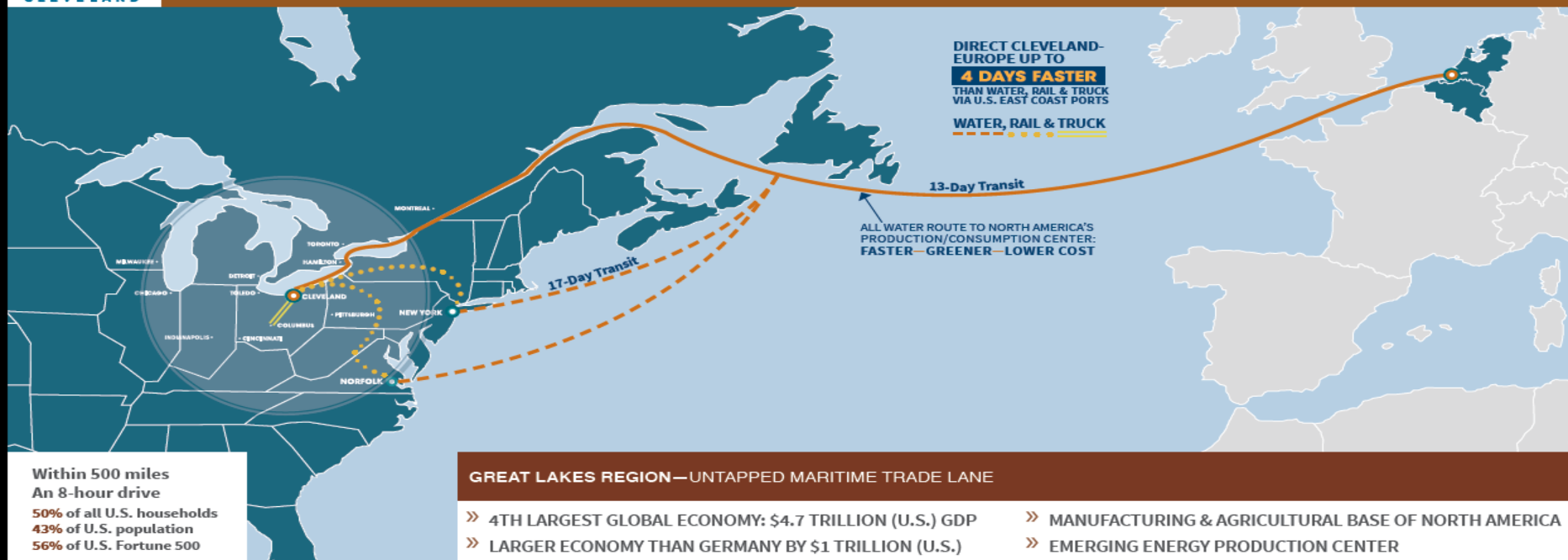
Trade route:
To Cleveland



Solution: Start Liner Service

- POC management started direct Trans-Atlantic service to the heart of Europe in 2014
- POC initially chartered vessel because private market will not act alone due to barriers to entry
- Primary goal is to benefit Ohio firms trading with Europe, especially exporters
- Ohio's only direct, scheduled service to Europe (AWP)





PORT OF CLEVELAND HIGHLIGHTS

- » 80 ACRES
- » LIFT CAPACITY
 - 2 mobile harbor cranes with 60-ton capacity
 - 1 heavy lift stationary crane with 150-ton capacity
- » 300,000 SQ.FT. OF INSIDE STORAGE CAPACITY
 - Overhead crane with 30-ton lift capacity
- » FOREIGN TRADE ZONE GRANTEE #40
- » IMMEDIATE ACCESS TO SIGNIFICANT LAY DOWN SPACE FOR CARGO
- » 7 USABLE BERTHS WITH ST. LAWRENCE SEAWAY DRAUGHT DEPTH OF 26' 6"
- » FIRST MAJOR PORT OF CALL ON U.S. GREAT LAKES
- » IMMEDIATE & UNIMPEDED NAVIGATIONAL ACCESS TO PORT BERTHS
- » CONGESTION FREE ACCESS TO MAJOR INTERSTATE HIGHWAYS
- » SERVICED BY TWO CLASS 1 RAILROADS—CSX & NORFOLK SOUTHERN
 - Privately served by Cleveland Harbor Belt RR with on-site engine
- » EXPERIENCED & EFFICIENT LONGSHORE WORKFORCE

www.portofcleveland.com

Economic Impact

Cleveland's Port and Our Economic Future

Cleveland's maritime sector responsible for more than 20,000 area jobs and more than \$3.5 billion in economic impact



	2010 Economic Impact	2015 Economic Impact
Jobs (Direct and Indirect)	17,832	20,273
Total Personal Income	\$1 Billion	\$1.44 Billion
Economic Activity	\$1.8 Billion	\$3.5 Billion
Local and State Taxes	\$112 Million	\$140 Million

Port Authorities in Ohio



Port Authorities in Ohio

- Most have no maritime function

THANK YOU!

DAVE GUTHEIL

VP/MARITIME & LOGISTICS

DAVID.GUTHEIL@PORTOFCLEVELAND.COM

www.portofcleveland.com

216-377-1363 office

440-935-3893 mobile

