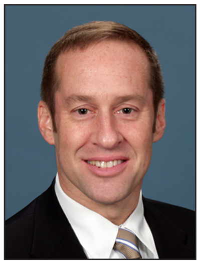

LEVERAGING PORTS FOR FISCAL GROWTH

Great Lakes ports represent an economic development opportunity

Waiting in the port's state-of-the-art "Access Control Center," I could hear Dave Sanford's voice crackle over the radio, "Better double check Fisher before you let him in!" With a broad grin, my old friend bounded into the waiting room and welcomed me to Port Manatee. A former port lobbyist in Washington, Dave had moved to Florida several years ago with the intention of retiring. He had failed miserably and now found himself back in the industry as Deputy Director of a bustling port. On the southern edge of Tampa Bay, Port Manatee is a 1,100-acre facility handling bulk, breakbulk, heavy lift and containerized cargo.

Proud to show off his new domain, Dave insisted that I take a tour. As we drove past bulk cargo piles, refrigerated warehouses and container yards, I noticed that everything looked new. Dave pointed out new berths, new harbor cranes, new lay-down areas, new locomotives and new communications and security systems. I was astounded to learn that Port Manatee had just completed an 11-year $200 million expansion, much of it with state funds.

Like no other state, Florida has stepped out as a leader in port development. The state sees its seaports as the key to economic development, competitiveness and job growth. The Florida Ports Council notes that for every $1 invested in Florida seaports, the state sees an additional $6.90 in economic activity. For that reason, the state invested $642 million in port infrastructure projects between 2011-14.

My friend explained the synergy between port investment and economic growth. Each Florida port serves local businesses in the surrounding "hinterland," and local businesses patronize the port. In fact, many businesses decided to locate in the community because there is a public port. In Manatee County the local economic development agency uses the port as a marketing hook and works to attract port-dependent businesses. The port's presence leads to business growth, and business growth leads to a thriving port. Both lead to jobs.

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Florida's thoughtful port and economic development program shames every Great Lakes state. Illinois ports handle more waterborne commerce than Florida ports, yet the state has no focus on ports. With more than 20 federally authorized commercial harbors, and twice the shoreline of Florida, the State of Michigan largely ignores its ports and has failed to strategically leverage these assets to grow its economy. The same can be said for Ohio. While most Great Lakes states have made "one-off" port investments from time-to-time, they lack a long-term port investment strategy, particularly one that leverages ports for economic development.

Wisconsin's Harbor Assistance Program (HAP) stands out as an exception. Created in 1979, the program assists Wisconsin's Great Lakes and Mississippi River ports by providing annual grants for dock wall repairs, dredging, disposal facilities, breakwater repairs and other infrastructure improvements. Since the program's creation, the State of Wisconsin has invested more than $110 million into its ports. Although more modest in size than the Florida program, the Wisconsin HAP represents an equally meaningful policy commitment to invest in ports to leverage their economic development potential.

In 2013 Great Lakes Governors and Premiers announced a Great Lakes-St. Lawrence River Maritime Initiative. Since that time a task force and advisory committee have been convened, and a drafting committee has begun work to identify "bold" actions for the states and provinces to embrace. I believe port-related economic development should be a centerpiece of the maritime initiative.

There is no need to reinvent the wheel; both the Florida and Wisconsin models offer lessons. Here is what should be done:

Establish port development programs. Each Great Lakes state should establish a port development program. State bean-counters needn't fear. While Florida's financial commitment is admirable, a smaller program can still make a big impact. Oversight of the program should be jointly shared by both state transportation and economic development agencies. Grant funds should come with conditions. Grant recipients should be local port agencies acting in the public good. Local ports should be required to demonstrate a level of organization and financial controls such that they can responsibly administer funds. Projects should only be considered if they are part of a larger port development plan. Local communities should be required to match state funds and show "skin in the game." Finally, projects should demonstrate an economic development benefit to the local community.

Build local capacity. If we are to leverage the maritime system and its ports for economic growth, states need to help locals get organized. There are more than 50 federally authorized commercial harbors on the U.S. side of the Great Lakes, yet there are fewer than 20 port agencies. At many Great Lakes harbors, there is no one responsible for port development. This disorganized model is not in the public interest. The local stone dock is not going to develop cruise tourism, for example.

At each harbor the federal government has used taxpayer funds to design, construct and maintain navigation infrastructure. Clearly, it is in the interest of each community to leverage this infrastructure for the good of the local economy. Regardless of the structure (city, county, state), communities need to establish local port development agencies. State governments can help. Port development grants should be limited to those communities which have organized or designated a competent and responsible local agency. In this regard, the availability of state funds will incent locals to plan and organize.

Establish state port councils. States shouldn't get caught in the middle between dueling or conflicting port interests. Each state should work with its ports to establish a state port council made up of its public port agencies and community economic development officials. The council should work in partnership with the state transportation and economic development agencies to develop a long-term state port development plan that prioritizes investments. Such a plan should be based on the local plans developed by each community. This integrated approach has worked in Florida and helps to avoid conflict over the distribution of funds.

Great Lakes ports represent an economic development opportunity. States should step-up and partner with local communities to develop and tap that potential. While I'm hopeful that the governors' maritime initiative will identify this theme as a priority, I am pleased to note that many ports are not waiting. Legislative efforts are already underway in Michigan, Ohio, Wisconsin and New York to dialogue with state government and lobby policymakers for state assistance. ■

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