Rural Ports: An Important Asset for Economic Development

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Session Title: Why Transportation and Logistics?
Date: Wednesday, Sept. 28
Economic Development Program

- Founded in 1982
- 30 hrs MSED program
- Executive Hybrid Format
  - In-Person/On-Line Classes
- New Curriculum (parallels IEDC)

Mission: To be the leading graduate program in the nation for educating US-based local/regional economic development practitioners who can wisely manage public-private investment collaborations to facilitate sustainable growth in the economy

True South Basic Economic Development Course
September 11-14, 2017
Center for Logistics, Trade, and Transportation (CLTT)

- Created by Gulf Region industry and government to foster economic development thru transportation
- Part of a national US DOT funded university transportation consortium
- www.usm.edu/cltt
Ports are Important for the Economy

The nation’s inland navigation system, through its annual movement of roughly 550 million tons of freight, leads to reduced freight costs of roughly $12.5 billion and is directly responsible for roughly 250,000 jobs and $132 billion in output (Grossardt, Bray, et al. 2014).

- 370 publicly and privately-owned commercial river and seaports
- 307 river ports and most of these are in rural locations

Ports Support 1 out of 10 jobs in MS

- Port-dependent industries (27,000 jobs)

<table>
<thead>
<tr>
<th>Chemical manufacturing</th>
<th>Steel</th>
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</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Shipbuilding</td>
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<tr>
<td>Petroleum</td>
<td></td>
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</tbody>
</table>

- Port of Gulfport supported 5,287 jobs in 2015 and $12m in general fund revenue
  - Recent Strategic Port announcement from MSED student project
    - South Mississippi Defense Corridor

Sources:
1) Cambridge Systematics (2015) Statewide Port Study Economic Role of Ports prepared for the Mississippi Department of Transportation
Different Types of Ports

Blue water or seaports refer to the open ocean ports and brown water or inland waterway ports refers to navigable rivers and their estuaries.

Port of New Orleans

Baltimore’s Inner Harbor

Port of Rosedale, MS

Operating v. Lease
The CLTT is assisting ports with the new role and challenges for rural public ports as cargo handling economic development agencies.
## MS Surrounded By Navigable Water

<table>
<thead>
<tr>
<th>Port</th>
<th>Governance Structure</th>
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<tbody>
<tr>
<td>Port of Aberdeen</td>
<td>City Owned</td>
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<tr>
<td>Port of Amory</td>
<td>City Owned</td>
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<tr>
<td>Port of Bienville</td>
<td>Port Commission</td>
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<td>Port of Biloxi</td>
<td>Port Commission</td>
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<tr>
<td>Port of Claiborne County</td>
<td>Port Commission</td>
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<tr>
<td>Port of Gulfport</td>
<td>State Port Authority</td>
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<tr>
<td>Port of Greenville</td>
<td>Port Commission</td>
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<tr>
<td>Port of Itawamba</td>
<td>Port Commission</td>
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<tr>
<td>Lowndes County Port</td>
<td>Port Authority</td>
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<tr>
<td>Port of Natchez-Adams County</td>
<td>Port Commission</td>
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<tr>
<td>Port of Pascagoula</td>
<td>Port Authority</td>
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<tr>
<td>Port of Clay County</td>
<td>County Owned</td>
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<tr>
<td>Port of Rosedale</td>
<td>Port Commission</td>
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<tr>
<td>Port of Vicksburg</td>
<td>Port Commission</td>
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<tr>
<td>Yazoo County Port</td>
<td>Port Commission</td>
</tr>
<tr>
<td>Yellow Creek State Port</td>
<td>Port Authority</td>
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</tbody>
</table>

Source: MDA

[http://www.usm.edu/cltt](http://www.usm.edu/cltt)
Governance

• Port commissions do not own land

• Board members not often experts on ports or economic development. Limited criteria for qualifications
  – Need training

• Statutes were established in the 1940s and 1950s

• Recent state referendum, Port Authorities in Mississippi (along with other EDOs) have restrictions on their ability to use eminent domain.

• Mississippi Code Title 59 Chap 9 County Port Authority or Development Commission
  – limited financing ability of port authorities in contrast to other states
Governance: Statutory Financing Ability

• Mississippi Code Title 59 Chap 9 so some, but not all ports can:
  – Acquire and sell property for economic development projects
  – Issue revenue bonds
  – Provide security for economic development projects by facilitating structured financing

• Other states allows greater financing authority
  – Ohio port authorities use synthetic leases “Government Operating Leases”), which are off-balance sheet transactions whereby companies lease assets, including buildings or equipment, from the port authority
  – The Toledo-Lucas County Port Authority has completed 17 operating and synthetic lease transactions totaling $542,657,000.
Financing (Capital)

• Large upfront costs in developing river front land

• Mississippi Port Revitalization Revolving Loan Program, but it only goes up to $1 million and has not been used since 2010 because of unfavorable rates.

• Consider innovative financing
  • Infrastructure bank
  • Public-private partnership funding
  • New Market tax credit
  • Hub zone financing
Financing (Incentive Financing)

• State incentives are based on number of jobs created versus investment amount. Port related projects tend to be capital rather than labor intensive.
  – Job count of at least 10 is the magic number
  – Need programs and incentives for ports that adjust for the capital intensive nature of port projects
    • a $20 million grain elevator and barge loading facility at the Port of Rosedale barely created 10 direct jobs, but opened up export markets to farmers in the distressed Delta region.

• Mississippi Export Port Charges Tax Credit and Import Port Charges Tax Credit need to be adjusted to be more effective
Working with the private sector

“Today port directors need to think like planners more than in past”
Quote from workshop

• Need to develop marketing and economic development plans

• Some ports have little money budgeted for marketing
  – Websites need to be improved

• Ports should develop policies for waterfront development
  – Maritime usage only
  – Clawback provisions for usage
  – Lease rather than sell
  – Include a provision for repayment
Port Administrative Conjunction

• Port authorities need to practice administrative conjunction, which is “best understood as area wide formal and informal horizontal and vertical linkages and patterns of cooperation between public service professionals representing area wide jurisdictions” (Frederickson, 2002, p8).

• Economic development is a team sport and port authorities are part of the team.

• Ports need to work together as a transportation system
Conclusions

- Economic developers need to know their port capabilities.
- Ports play an important role with some manufacturers and agricultural industries of rural regions.
- Waterborne transportation lowers fuel consumption and less pollution.
- Creates good middle income jobs, but need to be part of the economic development “team.”

<table>
<thead>
<tr>
<th>IEDC Data Points for Ports</th>
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<tbody>
<tr>
<td>Nearest Port (Name, City, Miles from Area)</td>
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<tr>
<td>River, Lake or Ocean</td>
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<tr>
<td>Channel Depth</td>
</tr>
<tr>
<td>Turning Basin</td>
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<tr>
<td>Barging Facilities</td>
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<tr>
<td>General Cargo Facilities</td>
</tr>
<tr>
<td>Containerized Facilities</td>
</tr>
<tr>
<td>Storage Facilities</td>
</tr>
<tr>
<td>Highways Serving Port</td>
</tr>
<tr>
<td>Railways Serving Port</td>
</tr>
<tr>
<td># of Freight Forwarders Serving Area</td>
</tr>
<tr>
<td># of Import/Export Brokers Serving Area</td>
</tr>
<tr>
<td># of International Courier Firms Serving Area</td>
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</tbody>
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Guide for State EDO & DOT Collaboration on Site Selection

Transportation Research Board Subcommittee on Transportation & Economic Development

• Research Need for National Cooperative Highway Research Program (NCHRP)

• Paula Dowel – Cambridge Systematics
• Indraneel Kumar – Purdue University
• Dan Hodges – Hodge Economic Consulting
• Mary Ann Moon - International Economic Development Council (IEDC) rep
• Jason Wang – Appalachian Regional Commission
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