

Lyndon B. Johnson School of Public Affairs
Special Project Report

State Programs for Financing Port Development

A report by the
Policy Research Project on
Texas Seaport and Waterborne Commerce and Its Role in International Trade
1997

A special project report on state funding of port marketing and infrastructure improvements conducted for the Texas Department of Transportation in cooperation with the U. S. Department of Transportation and Federal Highway Administration project 0-1452: *Systems Planning for the Inland Waterways and Port Systems in Texas*

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List of Acronyms

CMIB	California Maritime Infrastructure Bank
FDOT	Florida Department of Transportation
FPC	Florida Ports Council
FPFC	Florida Ports Financing Commission
FSTED	Florida Seaport Transportation and Economic Development
FTDC	Florida Trade Data Center
HAP	Harbor Assistance Program (Wisconsin)
HMTF	Harbor Maintenance Trust Fund
LDOTD	Louisiana Department of Transportation and Development
LPCDPP	Louisiana Port Construction and Development Priority Program
Mn/DOT	Minnesota Department of Transportation
MNIF	Marine Navigation Improvement Fund Grant Program (Oregon)
OEDD	Oregon Economic Development Department
OPPA	Oregon Public Ports Association
OPRF	Oregon Port Revolving Fund
PDAP	Port Development Assistance Program (Minnesota)
PIERS	Port Import Export Reporting System
PPMP	Port Planning and Marketing Program (Oregon)
TxDOT	Texas Department of Transportation
WisDOT	Wisconsin Department of Transportation

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Foreword

The Lyndon B. Johnson School of Public Affairs has established interdisciplinary research on policy problems as the core of its educational program. A major part of this program is the nine-month policy research project, in the course of which two or more faculty members from different disciplines direct the research of ten to twenty graduate students of diverse backgrounds on a policy issue of concern to a government or nonprofit agency. This "client orientation" brings the students face to face with administrators, legislators, and other officials active in the policy process and demonstrates that research in a policy environment demands special talents. It also illuminates the occasional difficulties of relating research findings to the world of political realities.

This report consists of case studies of several interesting programs aimed specifically at state funding of port development through either marketing or infrastructure improvements. It was completed during the 1996-97 academic year under a grant from the Texas Department of Transportation and was undertaken as a continuation of two previous studies produced by the LBJ School. These reports, *The Texas Seaport and Inland Waterway System*, Policy Research Project no. 114, and *Port-Related State Programs and Federal Legislative Issues*, Policy Research Project no. 117, were completed during the 1994-95 and 1995-96 academic years, respectively. This study focuses on the innovative financing and marketing programs which several states around the nation have implemented in order to improve port infrastructure and to encourage economic development by increasing port activity. The programs outlined in this study are intended to provide policymakers in Texas with a menu from which to select the types of programs which could be of benefit to our state. Policymakers elsewhere should also find it useful as a reference manual on the varied types of programs which exist in other states.

The curriculum of the LBJ School is intended not only to develop effective public servants, but also to produce research that will enlighten and inform those already engaged in the policy process. The project that resulted in this report has helped to accomplish the first task; it is our hope that the report itself will contribute to the second.

Finally, it should be noted that neither the LBJ School nor The University of Texas at Austin necessarily endorses the views or findings of this report. Moreover, the contents do not necessarily reflect the official views or policies of the Federal Highway Administration or the Texas Department of Transportation. This report does not constitute a standard, specification, or regulation.

Max Sherman
Dean

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Preface and Acknowledgments

The policy research project that produced this report was conducted during the 1996-97 academic year as a cooperative effort between the Lyndon B. Johnson School of Public Affairs and the University of Texas at Austin Center for Transportation Research, with funding from the Texas Department of Transportation.

This report could not have been produced without the generous donation of time and information by a great many individuals. The following individuals deserve special recognition for assisting members of the special report team on various aspects of the study.

Mr. Greg Baker, Executive Director, Port of Hood River, Hood River, Oregon;

Mr. Wade Battles, Market Manager, Port of Miami, Miami, Florida;

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Mr. Gil Wright, Finance Officer, Ports Division, Oregon Economic Development Department, Salem, Oregon.

Executive Summary

This report, the third in a three-report series, provides an in-depth look at state programs which provide financial assistance to ports in the areas of marketing and infrastructure improvement. The programs included in this report were originally identified in the second report of the series, *Port-Related State Programs and Federal Legislative Issues* (Lyndon B. Johnson School of Public Affairs, Policy Research Project Report No. 117), as exemplary programs in state port financing and marketing. While the second report included a wide range of information on the port-related programs in 30 states, it did not go into detail on any one program or specific area. Hence, this report is intended to provide a more detailed appraisal of a spectrum of the financial programs from which policymakers in Texas could select the types of financial assistance which would be most advantageous and appropriate to the state. Because it is intended to provide such in-depth information, this report is organized as a reference manual rather than a research report. Major findings are not presented in the Executive Summary; rather, each case study has a final section which outlines the lessons to be drawn for the state of Texas. In addition, copies of the authorizing legislation for each program are included as appendices and a point of contact for each program has been listed if further information is desired.

Contents

This study includes nine case studies which are aimed specifically at state funding of port development through either marketing or infrastructure improvements. The report was completed during the 1996-97 academic year under a grant from the Texas Department of Transportation and was undertaken as a continuation of two previous studies produced by the LBJ School. Those reports, *The Texas Seaport and Inland Waterway System*, Policy Research Project no. 114, and *Port-Related State Programs and Federal Legislative Issues*, Policy Research Project no. 117, were completed during the 1994-95 and 1995-96 academic years respectively. Whereas the second report attempted to be comprehensive in examining all of the promising programs around the nation, this report does not. Rather, we have chosen programs to represent a diversity of funding levels. The programs outlined in this study are intended to provide policymakers in Texas with a “menu” from which to select the types and levels of programs which could be of benefit to our state.

Table 0.1 on the following pages is a side-by-side comparison of each state program based on several key characteristics. The features of each program are abbreviated and the reader is encouraged to consult the corresponding case study for further details and a more complete description.

**Table 0.1
Comparison of State Port Development Programs**

Program	Type of Funding	Port Eligibility within State	Project Eligibility	Local Matching Fund Requirement	Funding Source	Amount Available
Port Financing						
Wisconsin Harbor Assistance Program (HAP)	Grant	Great Lakes or Mississippi River harbors where vessels take on or discharge over 1000 tons of commercial cargo annually, where vessels are built, where commercial fishing vessels are unloaded, or where vehicle ferries operate	Dockwall and disposal facility construction, rehab, repair or maintenance. Maintenance dredging. New dredging. Disposal of dredged materials. Other physical improvements to increase commercial capability.	20% (local share can increase to 50% on some federal projects.)	Monies sent biennially to a separate state fund and general-purpose bonds serviced by this fund.	Limited only by state allocation to fund and prioritization criteria of projects. Maximum grant to date has been \$3.6 million. The smallest has been \$20,000.
Minnesota Port Development Assistance Program (PDAP)	Grant and loan	Any political subdivision or port authority which owns a commercial navigation facility	Loan: Expedites or improves movement; or enhances commercial vessel construction and repair Grant: Meets at least one of the loan criteria and promotes economic development at ports	20%	Port development revolving fund in state treasury	A maximum is not specified. The Mn/DOT commissioner sets the amount on a case-by-case basis.
Oregon Port Revolving Fund (OPRF)	Loan	The 23 legally formed port districts along the Pacific coast and the Columbia River	Business development projects. Port development projects. Flexible manufacturing space projects.	None	Originally state general fund. Now funded by lottery proceeds and interest earned on past loans.	A maximum of \$700,000 per project is available. No more than \$1.4 million to any port in one year. The maximum allowed for outstanding loans by any port is \$2 million.
Oregon Marine Navigation Improvement Fund (MNIF)	Grant	The 23 legally formed port districts along the Pacific coast and the Columbia River	Funding is approved only for federally authorized studies, dredging, and construction of new navigation improvement projects.	N/A	Allocations to separate fund from lottery proceeds or legislative action.	No maximum amount is set.

Louisiana Port Construction and Development Priority Program (LPCDPP)	Grant	All publicly owned ports	Construction, improvement, capital facility rehabilitation, or expansion of publicly owned facilities and marine-related infrastructure such as wharves, cargo handling equipment, utilities, railroads, access roads, and buildings	10%	Annual allocation from state Capital Outlay Bill	Each port may receive no more than 20% of the annual allocation. Presently this is \$3 million per year based on a total annual allocation of \$15 million.
Florida Seaport Transportation and Economic Development (FSTED) Funding Program	Grant	All publicly owned ports	Transportation facilities Dredging Construction or rehab of facilities and equipment Acquisition of mechanized equipment Land acquisition Required environmental projects	50%	Annual allocation from State Transportation Trust Fund or bonds serviced by such funds	Each port may receive up to \$7 million in matching funds during one year. No more than \$30 million in any five year period. Total available statewide through bonding is \$222,320,000. Bond money is not subject to above yearly restrictions.
California Maritime Infrastructure Bank (CMIB)	Low-interest loans and bonds	Participating ports and harbor districts	Port infrastructure improvements	N/A	Maritime Infrastructure Bank Fund	Unknown at this time
Planning/Marketing						
Florida Trade Data Center (FTDC)	N/A	Services available to in-state and out of state clients including both ports and businesses	Access to a variety of trade information including agent lists, import/export data, and market and industry reports	N/A	Yearly grant from state legislature and profits earned.	N/A
Oregon Port Planning and Marketing Fund Grant Program (PPMP)	Grant	The 23 legally formed port districts along the Pacific coast and the Columbia River	Accounting and financial assistance on port operations. Site development planning. Marketing studies/plans. Specific project consultation. Regional coordination. Strategic business planning.	25%	Appropriated funds from the legislative assembly and grants/transfers from the OPRF.	The grant will not exceed \$25,000 or 75% of the total cost of the project (whichever is the lesser amount.)

Port Financing Case Studies

Chapter 1. Wisconsin Harbor Assistance Program

The Wisconsin Harbor Assistance Program has been in existence since 1980 and has provided over \$22 million in state grants to ports on an 80 percent state/ 20 percent local matching basis. Currently, the state provides four million dollars to the program each biennium. Project selection and program administration takes place within the Wisconsin Department of Transportation based on the recommendations of an advisory council which consists of representatives from the state's department of transportation, department of commerce, coastal management council, and two to three other waterborne commerce experts. The program is focused mainly on infrastructure improvement and dredging activities. Appendix A is an example of a grant application for the program, and Appendix B is a copy of the state statutes which outline the Harbor Assistance Program.

Chapter 2. Minnesota Port Development Assistance Program

The Minnesota Port Development Assistance Program was established by the Minnesota state legislature in 1991, but did not receive its initial funding from the state until the 1996 legislative session. Because of this delay in funding, it is just now beginning to approve its first applications for funding. This program, administered totally within the Minnesota Department of Transportation, may either grant or loan money to eligible projects. Those projects which will be directly generating revenue are considered for loans, while those which will be generating revenue only through increased port economic activity are considered for grants (on an 80 percent state/ 20 percent local matching basis). The program is focused mainly on funding infrastructure improvements, equipment purchases, and dredging for new commercial navigation facilities. Appendix C is an outline of the information which each port is required to include in its letter of application, and Appendix D is a copy of the state statutes which describe the Port Development Assistance Program.

Chapter 3. Oregon Port Revolving Fund Loan Program

The Oregon Port Revolving Fund began in 1977 and since that time has disbursed over \$20 million in loans for nearly 150 projects while taking in only nine million dollars in state funding. In addition to funding these projects, proceeds from the fund completely finance the activities of a five-person Ports Division in the Oregon Economic Development Department which administers the program. The proceeds have also been used to finance large portions of the two other Oregon programs outlined in this report—the Oregon Marine Navigation Improvement Fund and the Oregon Port Planning and Marketing Fund Grant Program. The main focus of this program is to provide Oregon ports with the financial assistance they need to encourage economic development. To accomplish this objective, both the guidelines for project selection and the funding limit have been flexible. At the present time, the limit for a single loan is \$700,000. Decisions on which projects are to be funded are made by the Oregon Economic Development Commission. Appendix E contains a copy of the application form and an excerpt from the Oregon Administrative Rules which outlines the information necessary in an application package. Appendix F is a copy of the legislative statutes authorizing the program.

Chapter 4. Oregon Marine Navigation Improvement Fund

The Oregon Marine Navigation Improvement Fund provides state grants to finance the nonfederal portion of project costs which, in the past, were completely funded by the U.S. Army Corps of Engineers or other federal entities. The program is administered by the Ports Division of the Oregon Economic Development Department. Funding under this program is approved only for federally authorized studies, dredging, and construction of new navigation improvement projects. To date, the state has not required local matching funds because the purpose of the program is to provide assistance to those ports which would otherwise not be financially capable of undertaking development projects. Since 1991, ten projects totaling approximately \$6.7 million have been funded or are projected to be funded. Appendix G contains an excerpt from the Oregon Administrative Rules which outlines the information required by the Ports Division in an application for funding. Appendix H is a copy of the Oregon statutes authorizing the program.

Chapter 5. Louisiana Port Construction and Development Priority Program

The Louisiana Port Construction and Development Priority Program was designed to create structure and guidance in the financing of the state's port programs. Prior to its creation, port projects were funded directly from the state's capital outlay program without requiring feasibility studies or project evaluation. This program has established strict guidelines which require both compliance with the port's initial proposals and fiscal auditing by the state during construction to ensure the proper use of state funds. Approximately \$15 million per year in excess revenues from state taxes levied on gasoline, motor fuels, and other special fuels is made available to the program from the state's Transportation Trust Fund. An additional \$5 million is available from fees and self-generated revenues for a total of \$20 million in funding annually. This program focuses almost exclusively on infrastructure improvements. The Louisiana Department of Transportation and Development prioritizes the requests; however, the ultimate decision as to which projects will be funded is determined in the state legislature's Joint Legislative Committee on Transportation, Highways, and Public Works. Grants are made up to 90 percent of the project cost with the local port providing the remaining percentage in matching funds. Appendix I is a copy of the resolution format and an outline of the information required in an application package. Appendix J is a copy of the authorizing legislation.

Chapter 6. Florida Seaport Transportation and Economic Development Funding Program

The Florida Seaport Transportation and Economic Development Funding Program was created to finance port transportation or port facilities projects which will improve the movement and intermodal transportation of cargo or passengers in commerce and trade within the state of Florida. The program was originally funded by an annual state contribution of \$8 million from state gasoline, aviation fuel, license plate fees and other sources. In 1996, the dollar amount was increased to \$15 million per year and authorization was granted to issue bonds and to use this yearly allocation as debt service for them. By issuing bonds, the state was able to leverage this annual amount into over \$222 million in port financial assistance. The Florida Department of Transportation and the ports have developed a system under which a council submits annually to the legislature a five-year plan for port improvements. This program provides grants on a 50 percent state/ 50 percent local matching basis to ports for a variety of projects including infrastructure improvements, land acquisition, construction and rehabilitation, equipment purchase, and even those environmental projects which the state requires to be

undertaken. Appendix K is a copy of the grant application; Appendix L is the authorizing legislation.

Chapter 7. California Maritime Infrastructure Bank

The California Maritime Infrastructure Bank is a program which shows promise, but has not yet found a funding source. Its chartered purpose is to establish a funding mechanism for the financing and development of port infrastructure of participating ports or harbor districts. In theory, it will function much like a credit union for ports. Some of the Maritime Infrastructure Bank's potential tools for financing include long-term, low-interest loans and bonds. It is modeled after other California initiatives which have leveraged both public and private monies into a large pool of funds from which improvement funding may be disbursed. The program intends to promote further growth in international trade for the state of California. It is included in this report because it is the first statewide, maritime-specific public investment bank in the United States. Appendix M contains the sections of the California Harbors and Navigation Code relating to the CMIB and Appendix N contains the applicable sections of the California Government Code.

Port Planning and Marketing Case Studies

Chapter 8. Florida Trade Data Center

The Florida Trade Data Center provides Florida's ports and business community access to a multitude of databases, reports, and research services that can enhance international trade and business opportunities. Established as a nonprofit private entity, the Trade Data Center receives state funding for the purpose of increasing the economic viability of Florida. In 1992, the state legislature set aside \$1 million to fund the Trade Data Center. This state grant was matched with \$1.4 million in private-sector financial contributions and the center opened in June of 1994. Designed to be eventually a self-sustaining information broker, the center sells mailing lists of overseas importers, distributors, and agents in a variety of industries to Florida exporters, growers, and seaports. It also stands ready to perform contracted market research on particular products and industries. Businesses can obtain information on the characteristics and tonnage breakdown of goods and products flowing through each port in the state. Many ports receive the data center's services free of charge because they contributed to the start-up costs of the center. Appendix O provides a sample market research report for the athletic clothing market in Italy as an example of those available through the Trade Data Center. Appendix P contains a description of the Port Import Export Reporting System (PIERS) database as an illustration of the type of data available from the Trade Data Center. Appendix Q lists a price breakdown of the different services and Appendix R is a copy of the authorizing statute.

Chapter 9. Oregon Port Planning and Marketing Fund Grant Program

The Oregon Port Planning and Marketing Fund Grant Program was designed to provide financial assistance to Oregon ports in order to allow them to perform the studies which are required to apply for several federal aid programs. Between 1985 and 1997, the Port Planning and Marketing Fund Grant Program awarded a total of \$1,326,465 to 22 of Oregon's 23 ports. Each grant is limited to \$25,000 or 75 percent of the total cost of the project (whichever is the lesser amount). The local port authority is responsible for providing the remaining 25 percent of project costs. The program awards an average of \$160,000 per year in grants to support approximately ten projects. Of the grants allocated by the fund, 33 percent go to formulating strategic business plans, 60 percent to facility

plans, and seven percent to marketing plans. Appendix S is an example of a grant application letter. Appendix T is a copy of the authorizing legislation.

Appendices

Note: At the time we performed the research for this study, we attempted to collect the most recent versions of the documents contained in the appendices. The reader is encouraged to contact the individuals listed as the point of contact for each case study to determine if more recent versions exist or if revisions have take place since that time.

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Chapter 1. Wisconsin Harbor Assistance Program

Background

Purpose of the Program

The Wisconsin Harbor Assistance Program (HAP) was created to provide financial assistance to harbor communities on both the Great Lakes and the Mississippi River for projects which improve or maintain the state's waterborne commerce. Between 1980 and 1996, the HAP participated in 32 improvement projects, providing \$22.1 million to 12 different ports.¹

Implementation

Legislation establishing the program was initially passed by the Wisconsin State Legislature in 1979. The statute has been updated periodically since then and is now governed by Wisconsin Statute 85.095. Chapter Trans 28 of the Wisconsin Administrative Code sets forth the state department of transportation's administrative interpretation of the statute and prescribes the administrative policies and procedures for implementing the program.² This document lays out specific definitions, explains eligibility and selection criteria, describes the application and planning process, and outlines specific grant amounts.

Program Participants

This program is administered by the Harbors and Waterways Section of the Bureau of Railroad and Harbors of the Wisconsin Department of Transportation (WisDOT). The bureau falls under the Infrastructure Development Division of WisDOT. Funds from this program are available only to a county, municipality, town (or agency thereof), a board of harbor commissioners organized under s.30.37, *Wis. Stats.*, or a federally recognized tribal governing body.³

Program Advantages and Disadvantages

This program is an excellent example of a successful state-funded grant program. The application, planning, and selection procedures implemented by the Harbors and Waterways Section of WisDOT ensure that each funded project is necessary, prioritized with other projects around the state, and well planned prior to state involvement. Although the application is rather detailed, it is not overly restrictive.

Because it is a grant program, the state cannot directly recoup any of the funds which it invests in harbor assistance. Repayment comes from the increased economic activity in the areas surrounding the harbors and in the ability to attract new business to the state as a result of the improvements.

Other Alternatives Considered

No methods of state assistance other than grants were considered at the time this legislation was enacted. The amount allocated to the HAP has increased since the program was first enacted into law in 1980, but grants (as opposed to other financing methods) have historically been chosen in Wisconsin to provide this type of public works

assistance. Future funding constraints may decrease the matching fund share of a project which the state would choose to fund; however, no plans are in place to switch from grants to loan or local bond financing.⁴

Specifics of Program

Purpose of Financial Assistance

As stated earlier, the objective of this program is “to provide necessary water access and to maintain or improve the economically effective commodity movement capabilities of Wisconsin’s harbors on the Great Lakes and Mississippi River system.”⁵ During the application process, the benefits of the project in terms of jobs and economic impact created by undertaking the project are considered as part of a benefit-cost analysis.⁶ If the benefits do not outweigh the costs, it will not be further evaluated for funding.

State Agency Administering the Program

WisDOT’s Harbors and Waterways Section administers this program. The point of contact for information on this program is:

Ellen Fisher

Chief, Harbors and Waterways Section

WisDOT Bureau of Railroads and Harbors

4802 Sheboygan Avenue

P. O. Box 7914

Madison, WI 53707-7914

Telephone: (608) 267-9319

FAX: (608) 267-3567

e-mail: efisher@mail.state.wi.us

Port Eligibility

The ports eligible for assistance under this program are limited to Great Lakes and Mississippi River harbors, where vessels take on or discharge a combined total of more than 1000 tons of commercial cargo per year. In addition, those areas where commercial, naval, or recreational vessels are built, where commercial fishing vessels are unloaded, and where vehicle-carrying ferries operate to populated islands belonging to Wisconsin, other states, or Canada are eligible for the grant. The minimum of 1000 tons must be verified by the use of U.S. Army Corps of Engineers annual tonnage figures. If such figures are not available, the applicant must provide tonnage records in auditable form to the WisDOT.⁷

Project Eligibility

Because the objective of this program is to improve the commercial waterborne transportation infrastructure in the state of Wisconsin, each project must prove beneficial to this effort. The Wisconsin Administrative Code lists the following as eligible projects:⁸

1. dockwall and disposal facility construction, repair, maintenance, or rehabilitation
2. maintenance dredging of materials from a harbor
3. dredging new harbor areas
4. dredged material disposal
5. other harbor improvements related to the physical needs of the port, provided they maintain or increase commodity movement capability

In addition, all projects must be undertaken only by the eligible applicant or the applicant in conjunction with other government agencies such as the U.S. Army Corps of Engineers.⁹

Funding Information

Type

Grant

Amount Available

The total amount of money available to the Bureau of Railroads and Harbors for HAP projects is set each biennium by the state legislature. Wisconsin Statute 85.095 limits the amount of each individual grant to no more than 80 percent of the total project cost.¹⁰ The remaining 20 percent of the funding must be provided by the local government entity. The Wisconsin Administrative Code further limits the state share of the project to 50 percent when the U.S. Army Corps of Engineers is funding part of the project. If other federal aid is being used (provided it does not involve the Corps of Engineers), the state will consider funding up to 80 percent of the nonfederal portion of the project cost. In this case, the local share must remain at least 10 percent of the total. In addition, WisDOT rules specifically state that it will not “assume a continuing funding responsibility for any project.”¹¹ To date, the largest grant provided under the program was in 1995, when \$3.6 million was granted to the City of Green Bay for dock rehabilitation.¹²

Matching Fund Requirements

As stated above, the local government is responsible for at least 20 percent of the funding when only state assistance is received. If federal assistance (other than that involving the U.S. Army Corps of Engineers) is received, the local commitment may go no lower than ten percent of the project costs in order to remain eligible for state assistance. For projects involving the Corps of Engineers, the local authority must provide the funding shortfall, representing the difference between total project cost and that portion funded by the Corps of Engineers and the 50 percent available from the state.

Interest Rate

Because this is a grant program, there is no interest rate applicable to state funding. Interest rates for repayment of the grant, if the applicant should void the agreement, are specified in the grant agreement for each project.

Method of Financing

This program is funded each biennium by the Wisconsin State Legislature from the State of Wisconsin Transportation Fund and general-purpose revenue bonds. The transportation fund is separate from the state's general fund. The fund is generated by taxes on gasoline purchases and other transportation taxes. For several years, the program has been funded at a level of four million dollars per biennium. Of this four million dollars, one million comes directly from the fund while the other three million is funded by general-purpose revenue bonds which are issued by the state to WisDOT. Debt service on these bonds comes from the Transportation Fund based on future years' earnings.¹³

Project Selection Criteria

WisDOT has established an Advisory Council to evaluate all HAP applications. This council includes a representative from the Wisconsin Department of Commerce, a representative from the Wisconsin Coastal Management Council, and two to three other members who are familiar with waterborne transportation. The Advisory Council will evaluate all of the applications for the program according to the following criteria taken from the Wisconsin Administrative Code:¹⁴

The department bases its project selection on the following criteria, listed in each paragraph in descending order of importance:

A. Economic impact of the project

1. Indicators of expected economic impact shall be determined by a benefit-cost analysis.
2. The expected number of jobs created by a project or lost by not completing a project.

B. Type and urgency of the project

1. Urgent projects are given priority. Projects are considered urgent if:
 - a. Harbor depth is less than or projected to be less than that required for harbor usage within 18 months of application.
 - b. A dockwall has deteriorated so that it is not usable for terminal or will not be usable within 18 months of application.
 - c. Failure to complete the project would decrease passenger or commodity movement by 25 percent or more.
2. Nonurgent projects have the following priority for a grant award:

- a. Maintenance dredging of materials and disposal that is the responsibility of the local government.
- b. Dockwall repair or maintenance.
- c. Maintenance dredging and disposal within a U.S. Army Corps of Engineers project area.
- d. New project development of a publicly owned commercial transportation facility which requires dredging, disposal, or dockwall construction.
- e. Maintenance of a publicly owned commercial transportation facility not covered in a, b, or c.
- f. New project development of a publicly owned commercial transportation facility not covered in part d.

C. Amount of tonnage and waterborne transportation

Higher priority is given to projects in harbors with larger amounts of tonnage and waterborne transportation, and a lower priority shall be given to projects in harbors with lesser amounts of tonnage and waterborne transportation.

Specific reasons for denial of funding for otherwise eligible projects are:¹⁵

- 1. The application is submitted by an ineligible applicant or after the due date.
- 2. The application is incomplete.
- 3. The project does not meet the selection criteria
- 4. The Harbor Assistance Program does not have adequate funds.
- 5. The project is speculative (i. e., no firm commitment by a lessee for the proposed facility, etc.)
- 6. The project has a lower priority than other projects in the current biennium.
- 7. The applicant has not met the appropriate program planning requirements.
- 8. The project is inconsistent with local harbor development or local comprehensive plans.

Program Evaluation

Successful Projects

During the past 16 years, the program has proven very successful. Minor modifications to state law have provided the changes necessary to keep the program functioning efficiently. The program has funded 32 construction, rehabilitation, dredging, and repair projects statewide for amounts ranging from \$20,000 to \$3,600,000. Each of these programs has been completed within the three years allotted under program guidelines.¹⁶

Table 1.1 contains a listing of the projects and amounts provided by the Wisconsin HAP from 1980 to 1996.¹⁷

Unsuccessful Projects

To date, only one project has not met the terms of its grant agreement, thereby falling into the criteria for having to repay the grant. In this case, the Chrysler Corporation left Kenosha and the port no longer required the added capacity for which the grant was approved. The state legislature, in this instance, directed WisDOT to waive the repayment requirement and Kenosha was not required to repay the grant.¹⁸

Hidden Restrictions

There are no restrictions or special requirements involved in this program other than those included within statutes and the Wisconsin Administrative Code Chapter Trans 28 describing the application process and selection criteria. Very specific and detailed planning criteria for project submission are also outlined within this chapter. Individual projects are subject to all local code requirements, but no excessive regulations concerning project completion on the local level are required at the state level.

Feedback

The Port of Green Bay and the Port of Milwaukee were both contacted for feedback on the effectiveness and ease of the program. Both ports are very satisfied with the program and its straightforward requirements. The very detailed application process is a benefit by requiring the ports to plan ahead. The Port of Green Bay prioritizes its own projects by planning three years into the future which port project it will submit.¹⁹ The Port of Milwaukee's only criticism of the program was that the Advisory Council sometimes prioritizes projects at other ports more highly and there are insufficient funds available for otherwise worthy projects at the remaining ports.²⁰

Lessons for Texas

This is a very successful program which deserves further study by the State of Texas if it considers implementing a grant program to fund improvements at the state's ports. These grants have led to greatly increased economic activity within the State of Wisconsin. The program has provided more than \$22 million in project funds to individual ports over its 16 years of existence. The state retains control of the allocation of the funding by maintaining detailed guidelines for applicants and by prioritizing the grants within its department of transportation.

Several barriers exist in Texas which must be overcome if such a program is to be implemented here. First, the portion of state gasoline tax proceeds in Texas which are designated to fund transportation infrastructure improvement are required by the state constitution to be spent solely on highway repair and improvement. Because these funds are limited to highway usage only, a constitutional amendment would be needed or alternate funding sources would need to be identified for financing port specific programs.

Second, funding for this program comes from a separate account within the state treasury, set aside specifically for the HAP. The funding level is set each session by the legislature for the next two years from the state's segregated Transportation Fund, and the entire allocation is earmarked for use only in improving the waterborne transportation infrastructure within the state. In Texas, there is not at the present time, a fund set aside

specifically for the purpose of improving our ports and their facilities. Such a fund would need to be created.

A final barrier to implementing a program in Texas similar to the Wisconsin HAP is that the HAP does not allow private entities to apply for funding. Because some ports in Texas are privately owned, provisions for granting funds to private entities would need to be added. The State of Wisconsin has developed a similar but more general Transportation Economic Assistance (TEA) Program which provides funding to both public and private agencies for road, rail, harbor, and airport projects; however, because of its more general nature and wide application, competition for funding is much greater. In addition, the state will fund a maximum of 50 percent of the project.²¹ Because of these drawbacks, the HAP remains the preferred method of funding harbor infrastructure improvements in Wisconsin.

**Table 1.1
Wisconsin HAP
Project Status Report as of November 1996**

Year of Award	Community	Project	Grant Amount	Status
1980	Milwaukee	Dredging of Harbor - Phase I	\$ 815,085	Complete
1981	Kenosha	North Dockwall Repair	32,614	Complete
1981	Milwaukee	Dredging of Harbor - Phase II	338,388	Complete
1982	LaCrosse	Construction of Barge Dock and Two Pile Clusters	116,421	Complete
1982	Manitowoc	Dredging - Manitowoc Channel Extension	38,500	Complete
1982	LaPointe (Madeline Island)	Harbor Dredging, Pier and Breakwater Construction	540,928	Complete
1982	Marinette	Construction of Menominee River Dockwall	1,070,800	Complete
1983	Milwaukee	Installation of Flexible Fenders on Terminal Dockwalls in Outer Harbor	566,160	Complete
1984	Kenosha	Repair of South Dock	273,945	Complete
1985	Superior	Rehabilitation of Dockwall	1,758,600	Complete
1986	Green Bay	Repair of Containment Dike Wall (Phase I)	34,955	Complete
1986	Green Bay	Repair of Containment Dike Wall (Phase II)	60,279	Complete
1987	Milwaukee	Heavy-Lift Dock Repair	184,000	Complete
1987	Milwaukee	Dock Repairs to Piers 1 and 5	395,000	Complete
1987	Red Cliff	Fishing Dock Expansion	169,000	Complete
1988	LaCrosse	Preparation of Fleeting Site at Isle LaPlume	176,500	Complete

1988	Prairie du Chien	Repairs to Mooring Pilings	20,000	Complete
1989	Milwaukee	Rehabilitation of South Slip One Apron	960,000	Complete
1989	LaCrosse	Repairs to North-Side Dock	20,000	Complete
1990	Milwaukee	Rehabilitation of South Pier 1 Apron (North Side)	1,040,000	Complete
1990	Green Bay	New Dock Construction	1,540,000	Complete
1991	Milwaukee	Emergency Repair of Bulk Dock Anchorage	292,000	Complete
1991	LaPointe	Resurfacing of Ferry Dock	160,000	Complete
1992	Milwaukee	Rehabilitation of South Pier 1 Apron (South Side)	880,000	Complete
1992	Green Bay	Modification of Disposal Facility	85,920	Complete
1993	Door County	Construction of Breakwater and dredging at Northport	2,230,000	Complete
1994	Green Bay	Dock Rehabilitation	2,295,200	Complete
1994	Milwaukee	Dock Rehabilitation	1,000,000	Complete
1994	Town of Bell	Commercial Fishing Dock Rehabilitation	204,800	Complete
1995	Milwaukee	Dock Rehabilitation	800,000	Not Complete
1995	Green Bay	Dock Rehabilitation	3,600,000	Not Complete
1996	LaCrosse County	Fleeting Site Construction	398,400	Not Complete
		TOTAL	\$22,097,495	

Source: WisDOT Bureau of Railroads and Harbors, *HAP Project Status Report*, November 1996.

Notes

¹ Wisconsin Department of Transportation (WisDOT), “Harbor Assistance Program Project Status Report,” Madison, WI, November 1996 (internal document).

² *Wisconsin Register*, no. 350, ch. 28, p. 37, sec. 28.01 (February 1985).

³ WisDOT, “Harbor Assistance Program Guidelines and Instructions for Grant Applicants,” Madison, WI, January 1997, p. 1, sec. 3.0.

⁴ Telephone interview by Curtis Morgan with Ellen Fisher, Chief, Harbors and Waterways Section, WisDOT, Bureau of Rails and Harbors, Madison, WI, February 11, 1997.

⁵ *Wisconsin Register*, no. 350, ch. 28, p. 38, sec. 28.03 (February 1985).

⁶ *Ibid.*, p. 38, sec. 28.05 (1)(a)1.

⁷ *Ibid.*, p. 38, sec. 28.04 (2).

⁸ *Ibid.*, p. 38, sec. 28.04 (1).

⁹ WisDOT, “Harbor Assistance Program Guidelines,” p. 2, sec. 5.3.

¹⁰ Wisconsin Statutes, Department of Transportation, 85.095 (2)(a), (1993-94).

¹¹ *Wisconsin Register*, no. 350, ch. 28, p. 40-41, sec. 28.07 (February 1985).

¹² WisDOT, “Project Status Report,” p. 2.

¹³ Telephone interview by Morgan with Fisher.

¹⁴ *Wisconsin Register*, no. 350, ch. 28, p. 38-39, sec. 28.05 (1) (February 1985).

¹⁵ *Ibid.*, p. 39-40, sec.28.05 (2).

¹⁶ WisDOT, “Project Status Report,” p. 1-2.

¹⁷ Ibid.

¹⁸ Telephone interview by Morgan with Fisher.

¹⁹ Telephone interview by Curtis Morgan with Carol Charvat, Port of Green Bay Administrative Assistant, Green Bay, WI, March 18, 1997.

²⁰ Telephone interview by Curtis Morgan with Kevin McCluskey, Port of Milwaukee Harbor Engineer, Milwaukee, WI, March 18, 1997.

²¹ WisDOT, "Transportation Economic Assistance Program (TEA)," Madison, WI, June 1997, available from: <http://www.dot.state.wi.us/dtim/bop/gati.html>; INTERNET.

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Chapter 2. Minnesota Port Development Assistance Program

Background

Purpose of the Program

The purpose of the Minnesota Port Development Assistance Program (PDAP) is “to expedite, retain, or generally improve the movement of commodities and passengers on the commercial navigation system and enhance the commercial vessel construction and repair industry in Minnesota by providing state funds in a revolving account that may be used in establishing contracts between the state and eligible applicants for port development assistance.”¹ In addition, it seeks to promote economic development in and around ports and harbors in the state.²

Implementation

Legislation authorizing the PDAP was initially approved by the Minnesota State Legislature during its 1991 session, however, the program did not receive funding from the legislature until the 1996 session. During this five-year period, port authorities in the state submitted proposals describing desired improvements. The commissioner of the Minnesota Department of Transportation (Mn/DOT) directed the Mn/DOT Office of Railroads and Waterways to work with state port authorities to develop a prioritized list of projects for consideration when funding became available.

Program Participants

The Mn/DOT commissioner is responsible for the administration of this program. Authority for day-to-day administration has been delegated to the Mn/DOT Office of Railroads and Waterways. Eligible applicants are limited to any political subdivision or port authority that owns a commercial navigation facility in Minnesota.³ At one time, the statute allowed individual owners of ports to apply for funds. This provision has since been removed because state law prevents the proceeds of government bonds from being used for private businesses.⁴

Program Advantages and Disadvantages

This program is presently in the application approval process. One apparent advantage of such a program is that it consists of both grants and loans. This allows the state to recoup directly, through repayment of the loans, some of the funds which it pays out. The application, planning, and selection procedures implemented by the Office of Railroads and Waterways ensures that each funded project is prioritized along with other projects around the state and is well planned prior to state involvement. The application process is very specific in requiring benefit-cost analysis and other detailed planning data. The largest disadvantage to date has proven to be the lack of approved program funding by the Minnesota State Legislature.

Other Alternatives Considered

The Minnesota State Legislature is considering the use of general fund bonds for transportation funding during the 1997 session.⁵

Specifics of Program

Purpose of Financial Assistance

The purpose of this type of assistance is outlined in the Minnesota State Transportation Improvement Program, 1997-1999. It states:

The program seeks to provide a funding source which facilitates compliance with tighter environmental standards, helps to ensure the continued commercial effectiveness of lake and river systems, enables the private sector to maintain employment levels, and helps to offset the increases in general cost of commercial shipping...Many of the public terminals and docks in the state are in need of repair at costs beyond the means of local agencies.⁶

State Agency Administering the Program

The Mn/DOT Office of Railroads and Waterways administers this program. The point of contact for further information is:

Dick Lambert

Director, Ports and Waterways

Mn/DOT Office of Railroads and Waterways

Mail Stop 470, 925 Kelly Annex

395 John Ireland Blvd.

St. Paul, MN 55155

Telephone: (612) 296-1609

FAX: (612) 297-1887

e-mail: dick.lambert@state.mn.us

Port Eligibility

The ports eligible for assistance under this program must be located on Minnesota's Lake Superior shoreline or on the shoreline of the commercially navigable portions of the Mississippi, Minnesota, or St. Croix rivers where vessels take on or discharge commercial cargo or passengers; where commercial freight, passenger, or military vessels are built or repaired; where vehicle or passenger carrying ferry service operates; or where commercial fishing vessels unload fish or are headquartered.⁷ Specifically prohibited are facilities used on a regular basis by recreational or sport fishing vessels.⁸

Project Eligibility

Mn/DOT PDAP rules limit funding to projects which benefit shippers and receivers by improving or developing a commercial navigation facility or its components. Specifically, this includes:

1. dock and terminal repair

2. capital improvement to a commercial navigation facility
3. vessel loading and off-loading support equipment
4. disposal facility construction
5. disposal facility repair
6. dredging to open a new commercial navigation facility⁹

Funding Information

Type

Grant or Loan

The Mn/DOT commissioner determines on a case-by-case basis whether a project will receive a grant, a loan, or a combination of both.¹⁰ Projects which generate revenue directly will usually receive a loan and those which foster economic activity in general will usually receive grants.¹¹ The commissioner uses the following criteria to determine which type of assistance a proposed project will receive:¹²

A. To be eligible to qualify for a loan, a project must satisfy one or both of the following conditions:

1. the project expedites, retains, or generally improves the movement of commodities or passengers on the commercial navigation system; or
2. the project enhances the commercial vessel construction and repair industry in Minnesota.

B. To qualify for a grant or a combination of both a grant and a loan, the project must satisfy at least one of the conditions in item A, must not produce an increase in revenue that could be used to finance the project, and either:

1. promotes identifiable economic development in and around ports and harbors in the state; or
2. produces a regional or community benefit independent of an individual facility.

Amount Available

There is no specified limit to the amount available for a given project. The maximum amount will be determined by the Mn/DOT commissioner and must be stated in the assistance agreement for the project.¹³ The commissioner may not provide assistance for more than 80 percent of the nonfederal share of any project and funds provided under this program may not be used to match any other state funding. In addition, the commissioner and Mn/DOT will not assume continuing funding responsibility for any commercial navigation project.¹⁴ Obviously, the amount available is limited by the total amount of money in the revolving fund from which the monies are drawn and by each project's priority ranking.

Matching Fund Requirements

The local government or port authority is responsible for providing the remaining amount (at least 20 percent) of the nonfederal portion of the project as matching funds in order to receive assistance from the PDAP.

Interest Rate

The interest rate is negotiated for each project by Mn/DOT and the local port during the application approval process. Security for loans and repayment terms are also worked out during this time and are included in the assistance agreement.¹⁵ Because of the long wait for funding of this project and the long-standing need for port development, it is believed that many of the loans initially granted by Mn/DOT will be at no interest or very low interest rate levels.¹⁶

Method of Financing

Program funds come from a port development revolving fund which was established in the state treasury by the original legislation for the program in 1991. The fund consists of all money appropriated to the fund by the state legislature and any money received from repayment of loans authorized under this program.¹⁷ Although this fund has been in existence since 1991, it was not given an initial appropriation until the 1996 legislative session. At that time, three million dollars were appropriated for this program through fiscal year 1997.¹⁸

Project Selection Criteria

The Mn/DOT commissioner evaluates each project based on the following criteria taken from the PDAP rules:¹⁹

- A. Economic considerations, including determinations of:
 1. whether the projected additional revenue generated by the improvement project will be sufficient to recover its costs;
 2. the overall economic impact of the project as determined by a benefit-cost analysis;
 3. the potential loss of local income, taxes, or jobs if the project is not completed;
 4. added costs to shippers, receivers, and the local or regional economy if failure to complete the project causes significant delay or stoppage of vessel movement; and
 5. the added costs of full replacement of a facility over the costs of responding to an improvement need if the project is implemented.
- B. Safety considerations, including determinations of:
 1. improvements in vessel or cargo-handling safety at the facilities;
 2. improvements in working condition safety in dock cargo-handling and storage areas; and

3. improvements that enhance the movement of cargo or passengers at navigation facilities.

Prioritization Criteria:

The following criteria are used by the commissioner to determine the project ranking:

- A. ability of the project to expedite, retain, or generally improve the movement of passengers or cargo;
- B. ability of the project to enhance the commercial vessel construction and repair industry;
- C. ability of the project to promote identifiable economic development in and around the port and harbor;
- D. ability of the project to produce a regional or community benefit independent of an individual facility; and
- E. ability to repay a loan on the basis of the benefit-cost analysis.

Specific reasons for denial of funding:

1. The proposed project is inconsistent with the program rules.
2. The application is incomplete or inaccurate.
3. The proposed project is incompatible with applicable harbor development or local comprehensive plans.

Program Evaluation

This program was only funded last year and is currently beginning to process project applications for funding. Because of the five-year period between legislative approval and funding, Mn/DOT has had the time to thoroughly evaluate the port facilities of the state and prioritize the needs of ports. A table from the appendices of the 1997-1999 Minnesota Statewide Transportation Improvement Program (STIP) is included as Table 2.1 of this chapter.²⁰ It outlines the capital needs by port and year for the period from 1997 to 1999.

This type of program appears promising. It combines the features of both grants and loans to meet specific needs. The repayment of loans can provide funds for further loans and grants. The amount of both loans and grants is determined within Mn/DOT and can be prioritized by the commissioner. This statewide evaluation and prioritization allows a consistent planning structure through which the projects can be pursued in logical order for the overall benefit of the state. The commissioner also has the flexibility to negotiate the interest rate for each loan. This allows him or her to vary the rate based on the prevailing factors at the time the project is undertaken and to maximize the return on the state's investment.

Hidden Restrictions

There are no hidden restrictions associated with this program. All program requirements are enumerated in detail in the Port Development Assistance Law and the PDAP rules. The state places no further stipulations on eligibility for receipt of funds under this program than those outlined. Each individual project remains responsible for complying with local requirements (for example, use of union/nonunion labor).²¹

Lessons for Texas

This is a promising program which deserves further study by the State of Texas if it wants to adopt a program which has the option of providing loans or grants to fund improvements to the state's ports. The use of loans provides a means of returning funds to the program which can then be loaned or granted again for other projects. The state retains control of the allocation of the funding by maintaining detailed guidelines for applicants and by prioritizing the grants within its department of transportation. The Mn/DOT commissioner, advised by the director of ports and waterways, retains the decisionmaking power as to which projects will receive funding. In addition, the interest rate on any loan in the program is variable and set during the application process. This provides the Mn/DOT commissioner with leeway to lower or raise the rate, depending on the specific project and circumstances. The long wait between authorization of the program and its subsequent funding points out that such a program needs a steady commitment of funds and a stable funding source.

There are two primary barriers to implementing such a program in Texas. First, the Minnesota PDAP does not allow private entities to apply for funding. Because some ports in our state are privately owned, provisions for granting funds to private entities would need to be added if these ports were to be eligible for funds. Secondly, there is not presently a state fund set aside specifically for funding of port improvement projects. Such a fund would need to be established and a funding source made available if such a program were adopted in the state.

**Table 2.1
Minnesota PDAP Capital Needs by Port and Year**

PORT	1997	1998	1999	TOTAL
Duluth	\$250,800	\$627,000	\$376,200	\$1,254,000
Minneapolis	45,400	113,500	68,100	227,000
St. Paul	35,400	88,500	53,100	177,000
Red Wing	268,000	670,000	402,000	1,340,000
Winona	2,624	6,560	3,936	13,120
TOTAL	\$602,224	\$1,505,560	903,336	\$3,011,120

Source: Mn/DOT, *Minnesota State Transportation Improvement Program (STIP) FY 1997-99, 1996.*

Notes

¹ Minnesota Department of Transportation (Mn/DOT), "Port Development Assistance Program Rules," St. Paul, MN, 1992, sec. 8895.0200, subp. 1, p. 2.

² Minnesota Statutes, Port Development Assistance, 457A.02, subd. 1(3) (1996).

³ Minnesota Statutes, 457A.03, subd. 1.

⁴ Telephone interview by Curtis Morgan with Dick Lambert, Director, Ports and Waterways, Mn/DOT Office of Railroads and Waterways, St. Paul, MN, March 18, 1997.

⁵ Ibid.

⁶ Mn/DOT, "State Transportation Improvement Program (STIP) (1997-99) Appendix B-2," St. Paul, MN, September 1996, available from:
<http://www.oim.dot.state.mn.us/PDPA/STIP97text/STIP97app.html#Port>; INTERNET.

⁷ Mn/DOT, "PDAP Rules," sec. 8895.0300, subp. 2, p. 3.

⁸ Ibid., sec. 8895.1100, subp. 3, p. 1.

⁹ Ibid., sec. 8895.0300, subp. 1, p. 3.

¹⁰ Ibid., sec. 8895.0600, subp. 2, p.6.

¹¹ Telephone interview by Curtis Morgan with Dick Lambert, Director, Ports and Waterways, Mn/DOT Office of Railroads and Waterways, St. Paul, MN, January 3, 1997.

¹² Mn/DOT, "PDAP Rules," sec. 8895.0600, subp. 2, A and B, p. 6.

¹³ Mn/DOT, "PDAP Rules," sec. 8895.1000, subp. 1, p. 10.

¹⁴ Minnesota Statutes, 457A.03, subd. 3.

¹⁵ Mn/DOT, "PDAP Rules," sec. 8895.0600, subp. 2C., p. 6.

¹⁶ Telephone interview by Morgan with Lambert, March 18, 1997.

¹⁷ Minnesota Statutes, 457A.06.

¹⁸ Mn/DOT, "STIP (1997-99) Appendix B-2," INTERNET.

¹⁹ Mn/DOT, "PDAP Rules," sec. 8895.0500, pp. 4-5.

²⁰ Mn/DOT, "STIP (1997-99) Appendix B-2," INTERNET.

²¹ Telephone interview by Morgan with Lambert, March 18, 1997.

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Chapter 3. Oregon Port Revolving Fund

Background

Purpose of the Program

The Oregon Port Revolving Fund (OPRF) is designed to offer small- to medium-sized loans to the state's 23 ports for port infrastructure and industrial development. Since the fund's establishment in 1977, the program has taken in approximately nine million dollars from the state, while disbursing more than \$20 million in loans for nearly 150 projects, funding more than a million dollars in port planning and marketing projects, and financing the activities of a five-person Ports Division in the Oregon Economic Development Department (OEDD). The OPRF currently has \$12.6 million in assets.¹

Implementation

The initial idea of developing a loan fund for ports came from a state government employee who recognized the need for the state to become involved in helping the ports finance improvements in their deteriorating infrastructure. At the time, the only funding sources available to ports were voter-approved general obligation bonds or revenue bonds. Bonding tended to work well with larger projects; however, the high transaction costs associated with a bond issue made financing small- to medium-sized projects unfeasible.² In trying to determine how to acquire funding for these smaller projects, it was noticed that most of the ports possessed an abundance of land zoned for industrial use. The OPRF program was structured to take advantage of this excess land to develop the capital needed for improvements. When the OPRF was established in 1977, it was the only revolving loan fund in the state other than the Veterans Home Loan Fund. It also became the first such fund in the country designated specifically for ports.³

Program Advantages

Oregon Regulatory Statute 285.800 grants authority for the establishment of the Ports Division of OEDD and its accompanying programs. It outlines six findings of the Legislative Assembly that support the need for state port assistance. These findings are:

1. The ports are directly and actively involved in creating and carrying out at the local level the economic development objectives and programs of the state.
2. Ports provide effective assistance to state economic and transportation development efforts.
3. Ports develop and market facilities and services to support important existing industries such as agriculture, aviation, maritime commerce, international trade, tourism, recreation, fishing, wood products, and transportation.
4. Port facilities, including roads, railroads, airports, harbors, and navigation channels, are an integral element of the state's transportation infrastructure.
5. Ports have few technical or institutional resources to deal with multiple state and federal programs.

6. Ports need coordinating and planning assistance in order to be competitive in national and international markets and to continue to contribute to economic development.⁴

Currently, the Ports Division concentrates its efforts on demonstrating the vital role which the state's port industries play in economic development. Materials published by the Ports Division state that ports are the gateway to Oregon for international trade and commerce, and play an important role for businesses in accessing national and global markets. The 23 ports located along the Oregon coast and Columbia River consist of approximately 32,000 acres of land for industrial and commercial development and provide services and facilities to support Oregon's key industries including: agriculture, tourism, high technology, forest products, fisheries, and environmental services.⁵ Oregon's ports annually account for more than 22,000 jobs, and nearly \$3.5 billion in business revenues.⁶

Specifics of the Program

Purpose of Funding

As previously stated, the OPRF is designed to provide long-term loans at lower than market interest rates to Oregon's ports for purposes of economic development and maintenance of port infrastructure.⁷ It is primarily focused toward small- or medium-sized projects which are difficult to finance through a large bond program.

State Agency Administering the Program

The Ports Division of the Oregon Economic Development Department administers this program. The point of contact for information on the OPRF is:

Gil Wright, Loan Officer

Oregon Economic Development Department, Ports Division

775 Summer St., NE

Salem, OR 97310

Telephone: (503) 986-0123

FAX: (503) 581-5115

email: gil.wright@state.or.us

Port Eligibility

The 23 legally formed port districts in the state of Oregon are the only entities eligible for loans from the fund.

Project Eligibility

The OPRF may be used to finance numerous types of projects. Eligible programs include water-oriented facilities, industrial parks, airports, and industrial development projects within port district boundaries. Oregon Statutes list the three main categories of projects as business development projects, port development projects, and flexible manufacturing space projects. Business and port development project tasks include the engineering, improvement, rehabilitation,

construction, operation, or maintenance of port facilities. Flexible manufacturing space projects include the acquisition, construction, improvement, or rehabilitation of any building suitable for the conduct of manufacturing processes and which, by its design, is able to be readily modified to accommodate the operations of port tenants.

Examples of projects that have been financed since the inception of the OPRF include construction of moorage facilities at a marina, dredging, reroofing of airplane hangars, construction of new airplane hangars, purchase of waterfront land, construction of a fish receiving dock, purchase of a fish unloader, renovation of buildings for manufacturing use, construction of a waterfront recreation event site, improvements to a wastewater disposal utility system, land purchase for jetty restoration, dock rehabilitation, matching fund for federal grants for waterfront redevelopment, purchase of industrial land, construction of lumber drying and storage sheds, and purchase and leaseback of a wood products manufacturing facility.⁸

Funding Information

Type

Loan

Amount Available

When the program was established, the maximum loan available was \$250,000. Over the years, the maximum loan amount has been raised periodically in an attempt to stay near the building costs for a 20,000-square-foot building. The current maximum loan per project is \$700,000. A further restriction is placed on loans so that they cannot exceed \$1.4 million during any 365-day period. The maximum for outstanding loans by any port at one time is \$2 million.⁹ The loan is not to be used to refinance existing debt or for port operating expenses.

Matching Fund Requirements

Matching funds are not required to receive this state loan; however, unlike the programs in many states, funds acquired through this loan program may be used as matching funds for other federal, state, or local grant programs.¹⁰

Interest Rate

The minimum interest rate for port development projects and flexible manufacturing space projects is five percent. The minimum for business development projects is one percent lower than U.S. Treasury bills of comparable term. Most recent business development projects are being financed at six percent interest.¹¹

Project Selection Criteria

Each project is evaluated and prioritized according to the following criteria:

1. feasibility, reasonable risk, and reasonable prospect for payback by the project;
2. monies are or will be available within the OPRF;
3. need for the project;

4. the applicant's financial resources provide adequate working capital to assure success of project; and
5. all of the necessary permits are acquired.

Table 3.1 is a listing of projects funded by the OPRF.

Funding Source

The OPRF was originally financed with money from the state's general fund. In 1977, the legislature established the OPRF with \$4 million from the general fund. This was followed in 1983 by another \$400,000 from the general fund. In 1984, a ballot initiative concerning the formation of a state lottery passed and was enacted during the 1985 legislative session. This bill called for all of the profits from the lottery to be used for economic development.¹² As a result of this legislation, the OPRF has received additional funding at regular intervals. It received \$1 million in both 1991 and 1995 and \$2.5 million in 1993 from the Lottery Fund. Although lottery proceeds were redistributed to fund both economic development and education in 1995, the OPRF still expects an additional \$1 million transfer from the Lottery Fund in 1997.

The interest earned from previous loans provides constant inflow of capital back into the separate OPRF fund. By statute, the OPRF is to be maintained within the state treasury separate from the general fund monies appropriated to the OEDD. If, at any point, money is not available in the OPRF for loans for ports, the state treasurer has the authority to issue revenue bonds up to \$3 million.

Program Evaluation

The OPRF can be considered successful for several reasons. First, it has been successful in its goal of providing small- and medium-sized loans to ports for projects which are not feasibly financed with bonds and that enhance economic development in Oregon. Second, the proceeds from the OPRF provide funding for the activities and operating expenses of the Ports Division within OEDD. These activities include administering the OPRF, the Marine Navigation Improvement Fund (MNIF), and the Port Planning and Marketing Program (PPMP), as well as coordinating with environmental regulatory agencies and managing federal lobbying contracts. Third, the fund has disbursed over \$20 million in loans to the 23 ports that are eligible for funding.

As the fishing and lumber industries have declined, many of Oregon's ports have become industrial land developers and are essentially industrial parks. The OPRF has been of more use to small- and medium-sized ports as opposed to larger entities such as the Port of Portland. This fact is demonstrated by the number of loans that have gone out to other ports. The loan fund makes possible projects that otherwise would not be undertaken due to lack of funding. For instance, many ports do not want to sell waterfront property and would prefer to lease the land. Because businesses usually cannot qualify for a loan to build facilities on leased land, the OPRF allows a port to receive money for building in the form of a loan from the state. The port can then build and lease the facility to an interested company, while maintaining ownership of the land and counting the new facility among its assets. In all probability, the port itself does not profit financially, but the surrounding community reaps the benefit of increased economic activity at the port.¹³

In the early days of the fund, ports occasionally acted as conduits for pass-through funding. A port would help arrange a loan that would allow for a building and also for initial operating capital (e.g., for acquiring manufacturing equipment). The OPRF will not currently do pass-through loans for operating capital; however, it will work with a port and its client to set up funding for

construction of a building and leasehold improvements while trying to help the business obtain funding for operating capital from other sources.¹⁴ In this situation, the port maintains ownership of the building and land, but is not under risk of ensuring the success of the business. If the business does fail, the port retains the infrastructure improvements and the Ports Division will assist the port in remarketing its asset.¹⁵

The Port of The Dalles is an example of a port that uses the OPRF primarily as a land development tool. Marine-related businesses at the port include a barge leasing company and a marina. The Port of The Dalles considers the OPRF the least bureaucratic, simplest, and easiest funding mechanism for ports to use.¹⁶ The Port of The Dalles is currently developing plans to use money from the OPRF to build a recreational vehicle park. Between 1979 and 1989, the port used the OPRF for five projects totaling nearly \$980,000. Projects that have been completed and paid in full include \$47,000 for improvements to a boat basin and \$400,000 to construct and equip a building for wood-product remanufacturing.

Another port that uses the OPRF for land development is the Port of Hood River, located in the Columbia River Gorge National Scenic Area. Hood River is a small niche port that in the past relied heavily on revenue from the timber industry. With the decline of the timber industry, the port and town of Hood River have diversified into tourism and attracted over 20 windsurfing-related companies to the area. To help diversify, the port has used the OPRF for six projects between 1979 and 1993 for loans totaling approximately \$1.85 million. Most of the projects involved construction or renovation of manufacturing buildings and space. One \$300,000 project consisted of a waterfront recreation event site. Greg Baker, the executive director at the Port of Hood River, worked for the Ports Division of OEDD in the early 1980s. According to Baker, the OPRF has remained flexible and timely and served its purpose as an alternative funding source to revenue bonds for ports in mostly rural areas.¹⁷

The OPRF loan officer, Gil Wright, believes the OPRF has worked well because it is well structured, easily accessible, quick, fills a niche, and continues to evolve as evidenced by the growing loan limit.¹⁸ Also, with the advent of other funds such as the Oregon Business Development Fund and the Special Public Works Fund, and with changes in the economy, the versatility of the fund structure is another reason for its continued success. For example, while early OPRF loans were directed only for port infrastructure improvements, they have now become more widely used by ports throughout the state for economic development or diversification. The other loan funds now offer grants and loans that ports can use for financing infrastructure improvements; therefore, the OPRF is often a second option for ports as a source of funding for projects which fall outside of that infrastructure specific framework.¹⁹

Feedback

Oregon ports have used the program to varying degrees. A few ports have used the fund only one time, while for others, it is a crucial part of their port-funding strategy. In general, everyone who evaluated the OPRF for this case study was strongly supportive of it. Only the representatives from the Port of Portland were negative.

The Port of Portland has used the revolving loan program only once. In that case, the port acted as the conduit for financing of \$13 million in revenue bonds, loans and grants to build an automobile unloading dock for the Hyundai Corporation. The OPRF contributed \$500,000 to the project as part of a State of Oregon package that also included about \$650,000 in grants. Because the OPRF loan and the state grant were packaged together, neither could be used alone.²⁰ In the future, the Port of Portland would prefer not to use the OPRF again. A port official described the administrative details required by the fund as a "nuisance" and called the terms used in portions of the application relating to economic development, job creation and retention as a "foreign language."²¹ At the time of the project, job creation was important

politically and the states of Oregon and Washington were in competition to land the Hyundai project. The port official felt that working with the state to attract the business had a value in and of itself without the addition of further administrative requirements.²²

The Port of Portland is large enough to be able to fund its own projects which cost less than two million dollars without using state funding. The OPRF provides a marginal financial benefit to the port, while requiring time and resources to answer questions about many of the details of the project. Time is often critical for the Port of Portland because it is in competition with other ports and must move quickly to attract some development and revenue generating projects. For these reasons, the Port of Portland has chosen not to use OPRF financing, thereby leaving it for the smaller ports to use.

Greg Baker, port director for the Port of Hood River, believes many successful smaller projects would not have been completed without funding from the OPRF. He notes that one of the keys to the OPRF's success is its history of flexibility in the total amount to be loaned on one project. The limit's periodic increase has kept pace with inflation, rising to its present level of \$700,000. A lower cap would preclude many feasible projects from being undertaken, while a higher limit would reduce the number of possible projects and would approach the amounts in which financing by revenue bonds is more cost effective.²³

A representative for the Port of Newport, who has used the OPRF while working with other ports and administered the OPRF while working for the Ports Division, described the OPRF as "bulletproof."²⁴ Two safeguards make the OPRF a solid and successful program. First, the Ports Division applies bank-type scrutiny during the loan process. Second, the ports usually retain ownership of the newly developed property. The fact that there hasn't been a default on any of the loans to date illustrates the quality of the program and usefulness of these two safeguards.²⁵

He also stated that the OPRF continues to remain a viable program because it is easy to access, there is not much red tape involved, and the application process is not too long. He felt that port managers who have used the OPRF know what types of projects will be financed because project qualification is clear and there is not a lot of guessing in the process. He finished by saying that he thought it would be hard to find a port manager to say something negative about the OPRF.²⁶

Perhaps the most significant evidence that the OPRF works efficiently and effectively comes from the Port of Brookings Harbor and its local port authority where the OPRF is being used as a model to develop a similar fund for economic development in the area.²⁷ The general manager of the Port of Brookings Harbor said Oregon's docks, piers, and wharves would not be the quality they are today if it were not for the OPRF. The OPRF has been used mostly for moorage improvements and land acquisition for the 400-square-mile port district.²⁸ One of the projects financed included approximately \$500,000 for the purchase of more than 12 acres of waterfront land for development. The port district is working on a million-dollar boat basin renovation project that would include some 900 mooring slips for commercial and recreational boats. In projects like this and others, the port district views itself as an aggressive land developer focused on economic development for an area whose primary industries have historically been limited to fishing and small business.²⁹

Lessons for Texas

This last illustration of the Port of Brookings Harbor and its large port district may best point out the differences in philosophy between Oregon and Texas on the role of ports. In Oregon many, if not most, of the ports see themselves as land developers focused on economic development for their immediate area of the state. Oregon justifies its aid to its ports as vital for the growth and economic well-being of the state as a whole, not just the areas that house the ports. This idea is

not held by many in the state of Texas. Legislation creating a loan fund of this type using state funds may be difficult to achieve without first convincing legislators from the interior regions of the state that the ports affect their districts economically. It is likely that many legislators may perceive such a plan as benefiting only those counties located along the Gulf Coast of Texas.

Another striking difference is that the Ports Division which administers the OPRF is part of the Oregon Economic Development Department, not the Oregon Department of Transportation. Maintenance of infrastructure at Oregon's ports is seen as vital to economic development. Texas has historically viewed its ports mainly as transportation infrastructure sites which also happen to provide economic benefit. As an example, the Texas Department of Transportation (TxDOT) has used highway and other transportation funds to improve access to the ports. TxDOT and the Texas Department of Commerce (which will become the Texas Department of Economic Development effective September 1, 1997) need to work more closely together to assist the state's ports; not only to improve the infrastructure needs for transport, but also for the future economic benefits brought about by increased international trade. The OPRF has also allowed Oregon's ports to diversify the industries and businesses through which it achieves economic benefit. The creation of a revolving fund in the state treasury set aside specifically for ports could achieve all of these goals.

**Table 3.1
Oregon Port Revolving Fund Loan Activity by Port (As of 12/31/95)**

Community	Year Of Award	Project	Amount	Status
Alesea	1988	Construct port operations building and boat storage	\$35,000	Balance
Arlington	1994	Construct additional moorages at marina	63,000	Balance
Astoria	1978	Matching funds for EDA grant	250,000	Paid
	1980	T-hangar construction	232,000	Paid
	1982	Dredging	250,000	Paid
	1985	Construction of warehouse extension, barge ramp, and dolphin	295,000	Balance
	1995	Reroof two hangar buildings at airport	350,000	Partially Dispersed
Bandon	1979	Purchase of barge	15,000	Balance
	1985	Acquisition of stern-wheeler passenger tour boat	40,000	Paid
	1989	Complete office building construction	10,000	Paid
Brookings	1979	Port improvements	200,000	Paid
	1980	Rehabilitation of boat repair facility	300,000	Paid
	1990	Purchase waterfront land	500,000	Balance
	1991	Purchase commercial building	44,000	Balance
Cascade Locks	1980	Lumber mill repair	500,000	Paid
	1987	Refurbish passenger stern-wheeler	100,000	Paid
	1990	Construct port utility building	150,000	Balance
Coos Bay	1978	Install waterline on docks	73,296	Paid
	1978	Construct fish receiving dock	137,000	Paid

	1978	Fire protection sprinklers- dock	35,000	Paid
	1979	Seafood receiving dock expansion	14,000	Paid
	1979	Purchase and leaseback of building	70,000	Consolidated
	1979	Dredging Charleston boat basin	125,000	Paid
	1979	Construct T-dock	478,000	Consolidated
	1980	Fish protein reduction plant	150,000	Consolidated
	1981	Purchase of fish unloader	53,800	Paid
	1982	Purchase of building for NOAA use	35,000	Paid
	1985	Consolidation of previous loans	277,258	Paid
	1985	Matching funds for EDA grant-barge facility on North Spit	400,000	Paid
	1986	(With Siuslaw) Purchase of interest in dredge from Umpqua	45,000	Paid
Coquille River	None	N/A	N/A	N/A
Garibaldi	1979	Dredging of boat basin	50,000	Paid
Gold Beach	1990	Construct 20 dry storage bays	50,000	Balance
	1994	Purchase industrial building located on port land	150,000	Balance
Hood River	1979	Construct manufacturing building	300,000	Paid
	1990	Renovate buildings for manufacturing space	500,000	Balance
	1991	Renovate buildings for manufacturing use	100,000	Balance
	1992	Construct waterfront recreation event site	300,000	Paid
	1993	Construct duplex industrial building	500,000	Balance
	1993	Leasehold improvements	150,000	Balance
Morrow	1979	Expansion of effluent site	425,000	Paid
	1985	Equipment for alfalfa cubing plant	225,000	Paid

	1987	Construct warehouse for alfalfa plant	56,000	Paid
	1988	Purchase effluent distribution equipment	45,000	Paid
	1988	Purchase land and building for port maintenance operations	150,000	Paid
	1989	Construct building for alfalfa processor	300,000	Paid
	1989	Purchase irrigation equipment	250,000	Balance
	1990	Purchase equipment for popcorn processing	200,000	Balance
	1992	Upgrade dock equipment	233,000	Paid
	1993	Construct building for RV manufacturer	350,000	Paid
	1994	Construct storage sheds for baled hay compression facility	275,000	Balance
	1994	Improvement to wastewater disposal utility system	90,600	Balance
	1995	Leasehold improvements for RV manufacturer	125,000	Partially Disbursed
	1995	Gasline extension and water well for onion dehydration plant	175,000	Partially Disbursed
Nehalem	1981	Land purchase for jetty restoration	50,000	Paid
Newport	1978	Electrical improvements to moorage	44,500	Paid
	1981	Purchase of marine terminal	450,000	Paid
	1984	Improvements to wood products export docks	500,000	Paid
	1986	Matching funds for EDA grant- renovate commercial fishing moorages	264,000	Paid
	1991	Renovate exhibition hall	75,100	Balance
	1991	Dredge sport marina	25,500	Paid

	1995	Construct building for scientific research and testing firm	500,000	Approved
Portland	1990	Construct dock for auto imports	500,000	Balance
Port Orford	1985	Dock extension and boat hoist installation	15,000	Paid
Siuslaw	1979	Main dock rehabilitation	135,000	Paid
	1979	Install boat haulout	100,000	Paid
	1980	Purchase and leaseback of building	38,000	Paid
	1986	(With Coos Bay) Purchase of interest in dredge from Umpqua	45,000	Paid
	1991	Match Marine Board grant	150,000	Balance
	1995	Match two federal grants for waterfront development	332,700	Partially disbursed
St. Helens	1983	Purchase building for electronics manufacturing	325,000	Paid
	1987	Construct building for concrete products manufacturing	160,000	Paid
	1988	Construct ten T-hangars at airport	75,000	Paid
	1988	Construct manufacturing building	200,000	Paid
	1988	Construct industrial service building	48,000	Paid
	1989	Construct ten T-hangars at airport	67,000	Paid
	1989	Construct ten T-hangars at airport	118,000	Paid
	1990	Construct infrastructure for lumber reload facility	492,500	Paid
	1990	Construct 20 T-hangars at airport	160,000	Paid
	1993	Purchase industrial land	91,980	Paid
	1993	Marina improvements	250,000	Paid
	1993	Construct two industrial buildings	495,000	Paid
	1994	Construct office building for wood products firm	70,000	Paid

	1995	Purchase former plywood mill property	500,000	Balance
The Dalles	1979	Construct manufacturing building	400,000	Paid
	1982	Boat basin improvements	47,000	Paid
	1984	Industrial park improvements	100,000	Paid
	1988	Construct and equip building for wood products remanufacturing	400,000	Paid
	1989	Construct warehouse for wood products remanufacturer	31,000	Paid
Tillamook Bay	1978	Construct building for electronics manufacturing	250,000	Paid
	1981	Rail line improvements	35,000	Paid
	1983	Matching funds for federal grants	80,000	Paid
	1984	Lumber mill improvements	220,000	Paid
	1984	Leasehold improvements for aircraft modification firm	80,000	Paid
	1989	Repairs to blimp hangar	200,000	Balance
	1990	Construct eight T-hangars at airport	110,000	Balance
	1990	Construct building for water fountain manufacturer	110,000	Balance
	1990	Railroad track rehabilitation and federal grant match	500,000	Balance
	1992	Expand manufacturing building	62,000	Balance
	1992	Purchase and install paint booth	35,000	Balance
	1994	Construct lumber drying and storage sheds	234,000	Balance
	1994	Construct eight-unit T-hangar	92,000	Balance
	1994	Construct building expansion for water fountain manufacturer	300,000	Balance
	1995	Construct warehouse for mint snuff manufacturer	75,000	Approved

Toledo	1994	Purchase land and industrial building	230,000	Balance
Umatilla	1979	Purchase and leaseback of log processing facility	400,000	Paid
	1981	Purchase and leaseback of wood products manufacturing facility	400,000	Paid
	1990	Construct building for vegetable processing	441,200	Balance
	1990	Purchase container handling equipment for dock	320,000	Balance
	1991	Purchase building for food processing	266,000	Balance
	1992	Purchase refrigeration equipment and building	42,000	Balance
Umpqua	1978	Construct boat manufacturing facility	80,000	Consolidated
	1978	Construct and equip shrimp processing plant	170,000	Paid
	1979	Expansion of Umpqua Marine Ways project	170,000	Consolidated
	1979	Expansion of Umpqua Marine Ways project	330,000	Consolidated
	1985	Consolidation of previous loans	555,808	Balance

Source: Oregon Economic Development Department, Ports Division, *Program Description*, January 1996.

Notes

¹ Gil Wright, Loan Officer, Oregon Port Revolving Fund, Oregon Economic Development Department (OEDD), Ports Division, *Program Description* (1995).

² Interview by Paul Bollinger with Gil Wright, Loan Officer, OEDD Ports Division, Portland, OR, December 18, 1996.

³ *Ibid.*

⁴ Oregon Revised Statutes § 285.800 (1995).

⁵ Wright, *Program Description*.

⁶ *Ibid.*

⁷ OEDD Ports Division, "Oregon Port Revolving Fund," Salem, OR, May 1997, available from: <http://www.econ.state.or.us/PORTS.HTM>; INTERNET.

⁸ Wright, *Program Description*.

⁹ Interview by Bollinger with Wright.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² Telephone interview by Paul Bollinger with Gil Wright, Loan Officer, OEDD Ports Division, Salem, OR, January 7, 1997.

¹³ Interview by Bollinger with Wright.

¹⁴ *Ibid.*

¹⁵ Telephone Interview by Bollinger with Wright.

¹⁶ Interview by Paul Bollinger with Scott C. Hege, Executive Director, Port of the Dalles, The Dalles, OR, December 20, 1996.

¹⁷ Interview by Paul Bollinger with Greg Baker, Executive Director, Port of Hood River, Hood River, Oregon, December 20, 1996.

¹⁸ Interview by Bollinger with Wright.

¹⁹ Ibid.

²⁰ Interview by Paul Bollinger with Donald J. Grigg, General Manager, Marine Planning and Development, Port of Portland, Portland, OR, December 19, 1996.

²¹ Ibid.

²² Ibid.

²³ Interview by Bollinger with Baker.

²⁴ Telephone interview by Paul Bollinger with Dan Mann, General Manager, Port of Newport, Newport, OR, January 9, 1997.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Telephone Interview by Paul Bollinger with Russ Crabtree, General Manager, Port of Brookings Harbor, Brookings Harbor, OR, January 9, 1997.

²⁸ Ibid.

²⁹ Ibid.

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Chapter 4. Oregon Marine Navigation Improvement Fund

Background

During the Reagan administration, the federal government enacted the Water Resources Act of 1986. This legislation changed the way dredging and other U.S. Army Corps of Engineers' projects were funded by requiring nonfederal entities to provide matching fees for projects which in the past were funded completely by the federal government. In 1991, the Oregon State Legislature established the Marine Navigation Improvement Fund (MNIF) in response to this change. This fund provides state grants to finance the nonfederal portion of project costs. Funding is approved only for federally authorized studies, dredging, and construction of new navigation improvement projects.¹

Implementation

The Oregon Public Ports Association (OPPA) played a vital role in the establishment of the MNIF.² The OPPA felt a study was necessary to justify such state funding. Working together, the OPPA and the Ports Division of the Oregon Economic Development Department (OEDD) conducted a study justifying the need and benefits that would be derived from such a fund.³ The study was designed to illustrate how the new federal legislative changes were affecting the port industry in various regions of Oregon. The collaborative effort between the various Oregon ports and the Ports Division resulted in the development of a funding source which meets the needs of all the ports instead of only a select few.⁴

Program Advantages

The main advantage of this program is that it provides state funding for a vital need. Port districts and communities could no longer afford to finance the dredging activities which were essential to maintain navigable waterways for the maritime industry. The state has taken an active role by realizing that it must either pay for dredging or tolerate the loss of maritime trade and commerce that will inevitably result from the halt of dredging activities.⁵

Specifics of Program

Purpose of Financial Assistance

The MNIF is designed to offer financing for dredging projects when the U.S. Army Corps of Engineers requires a local community to cover a portion of the costs and that same community is unable to finance the activity.

State Agency Administering the Program

The Ports Division of the OEDD administers this program. The point of contact for this program is:

Gil Wright, Loan Officer

Oregon Economic Development Department, Ports Division

775 Summer St., NE

Salem, OR 97310

Telephone: (503) 986-0123

FAX: (503) 581-5115

email: gil.wright@state.or.us

Project Eligibility

In order to be eligible, a project must be federally authorized. Types of projects which are considered include studies, new dredging, and construction of new navigation improvement projects that require nonfederal share of project costs. Maintenance dredging projects are not eligible for participation.

The following requirements must be met to qualify:

1. The Ports Division must be notified at the time of the reconnaissance study.
2. All federally required studies of the project must be complete, and positive benefit-cost ratios must be confirmed as required by the National Economic Development Plan.
3. Written documentation of participation in a federal project must be submitted showing:
 - a. the nature and purpose of the project including scheduling and costs;
 - b. the federal documents authorizing the project including any reconnaissance/feasibility studies;
 - c. the proposed local cost share agreement.
4. Benefit-cost information must identify the benefits to the local community, the region, and the state as a whole.

Project review criteria which are used by the Ports Division:

- a. The project is federally authorized.
- b. Benefit-cost analysis is satisfactory to the State of Oregon, and the relative costs and benefits of the proposed project are derived on the basis of the amount requested from the fund, not on total project costs.
- c. The required nonfederal share is available in the MNIF.⁶

Funding Information

Type

Grant

Amount Available

The MNIF is established as a separate account in the state treasury. Monies, including accrued interest, are continuously appropriated to the Oregon Economic Development Department by the Legislative Assembly.⁷ In 1989, the Legislative Assembly appropriated one dollar for the MNIF followed by a \$3.5 million appropriation from lottery proceeds in the 1991 legislative session.⁸ As of March 1997, all requests for funding had been met and a maximum grant amount had not been established.⁹

Matching Fund Requirements

To date, the State of Oregon has not required local ports or communities to provide matching funds for this grant. This would contradict the purpose of the grant which is to help ports which cannot match federal grants.

Program Evaluation

Since 1991, ten projects have been funded through the MNIF at a total projected cost of nearly \$6.7 million. Projects include two feasibility studies on channel deepening, one construction project on channel deepening, the feasibility study and construction of a breakwater rehabilitation project and the feasibility study and construction of an access channel and barge dock.¹⁰ A listing of the projects is included in Table 0.1.

The MNIF is currently being used to assist in funding a feasibility study on deepening the channel of the Columbia River which is due to be completed in 1999. Originally, the Port of Portland had agreed to pay the entire \$600,000 local-matching portion of the study. However, due to additional environmental impact studies, the cost of the feasibility project has risen dramatically. The ports of St. Helens and Astoria are both contributing a few thousand dollars and the MNIF is contributing an additional \$925,000.¹¹

Lessons For Texas

The State of Oregon has demonstrated that its ports are vital to the state's economic interests. To support these interests, Oregon has funded various programs supportive of its ports including the MNIF. The allocation of state funding to ports has as much or more to do with economic development than with transportation in Oregon. Although the attitude of the port managers who have used the MNIF is supportive, looking into the future at possible changes in federal maintenance dredging, many believe the OPPA will ask for changes in the MNIF to include maintenance dredging. Currently, the fund only provides monies for new dredging projects and not for maintenance dredging. Oregon ports view this ongoing dredging as critical to their continued viability. For instance, coastal ports require 10 to 12 million dollars annually in maintenance dredging.

On October 25, 1995, the U.S. Court of International Trade found that the federal Harbor Maintenance Tax (HMT) violated the export clause of the United States Constitution. The HMT

is the funding mechanism of the Harbor Maintenance Trust Fund (HMTF). The proceeds from this tax are used to finance federal dredging.¹² On June 3, 1997, the U.S. Court of Appeals for the Federal Circuit in Washington, DC, upheld the October 1995 decision.¹³ The U.S. Customs Service will probably appeal to the U.S. Supreme Court, which will have to determine if it will hear the case. Because of these court rulings, the OPPA plans to ask the legislature to modify the MNIF to include monies to finance maintenance dredging. This move would drastically increase the amount of money needed to sustain the fund. On the other hand, without additional funding, the economies of the communities that rely heavily on port-related development for economic activities may suffer greatly.

If Texas considers establishing a similar fund to assist its ports in the funding of dredging projects, it may be wise to consider financing the program to provide for both new and maintenance dredging projects and the appropriate studies. The annual cost of maintenance dredging may be much less for Texas ports due to their location on Gulf of Mexico and the Gulf Intracoastal Waterway. By providing the matching funds needed for federally approved projects, many individual ports would gain access to federal improvement dollars which they cannot now use because of funding shortfalls. Because a program of this type is focused on aiding the port industry directly from the state, the importance of that industry to the state's economy must be considered. Legislators from the interior of the state may not support the funding of such a program unless it can be demonstrated that the interests of the ports are vital to increasing international trade and that port improvement can benefit the entire state.

**Table 4.1
Oregon Marine Navigation Improvement Fund Grants by Biennium**

PROJECT	1991-1993	1993-1995	1995-1997	1997-1999	1999-2001	TOTAL
Coos Bay Channel Deepening (Feasibility Study)	115,000	66,000				181,000
Coos Bay Channel Deepening (Construction)			3,500,000			3,500,000
Newport Breakwater Rehabilitation (Feasibility Study)		297,500				297,500
Newport Breakwater Rehabilitation (Construction)			122,250	122,250		244,500
Columbia River Channel Deepening (Feasibility Study)		342,200	158,600	424,200		925,000
Columbia River Channel Deepening (Planning, Engineering, and Design)					630,000	*630,000
Morrow Access Channel/ Barge Dock (Feasibility Study)				150,000		*150,000
Morrow Access Channel/ Barge Dock (Construction)					300,000	*300,000
Brookings Harbor Surge Problem (Feasibility Study)				150,000		*150,000
Brookings Harbor Surge Problem (Construction)					300,000	*300,000
TOTAL	115,000	705,700	3,780,850	846,450	1,230,000	6,678,000

Source: Oregon Economic Development Department, Ports Division, *Marine Navigation Improvement Fund Needs*, March 1997.

* Projected Costs

Notes

¹ Oregon Administrative Regulations §123.27 (1997).

² Telephone interview by Paul Bollinger with Russ Crabtree, General Manager, Port of Brookings Harbor, Brookings Harbor, OR, January 9, 1997.

³ Ibid.

⁴ Telephone interview by Bollinger with Crabtree.

⁵ Oregon Regulatory Statute 777.262.

⁶ Ibid.

⁷ Oregon Regulatory Statute 777.267.

⁸ Telephone interview by Paul Bollinger with Gil Wright, Loan Officer, Oregon Port Revolving Fund, OEDD Ports Division, Salem, OR, January 7, 1997.

⁹ Ibid.

¹⁰ Gil Wright, Loan Officer, OEDD Ports Division, Oregon Marine Navigation Improvement Fund Activity (As of 1-2-96),” Salem, OR, January 2, 1996.

¹¹ Telephone interview by Bollinger with Wright.

¹² U.S. Court of International Trade, slip op. 95-173, no. 94-11-00668 (New York, NY, October 25, 1995), p. 15.

¹³ Gregory S. Johnson, “Harbor Tax Thrown Out by Court of Appeals,” Journal of Commerce (June 5, 1997), p. 1A.

Chapter 5. Louisiana Port Construction and Development Priority Program

Background

Purpose of the Program

The Louisiana Port Construction and Development Priority Program (LPCDPP) was implemented in 1989 by the State of Louisiana as a new method for funding improvements to ports and harbors in the state.¹ From 1977 to 1984, Louisiana expended more funds for ports than any other state in the Union.² In enacting this program, the state wanted to ensure better management of the funds allocated to such projects³ and hoped to create an orderly way of evaluating state funding of port-related projects.⁴ Jude W. P. Patin, secretary of the Louisiana Department of Transportation and Development (LDOTD), described the program as “the most aggressive program ever undertaken in Louisiana to assist the state’s port industry with its infrastructure needs.”⁵

The program provides for the development of a system for port project evaluation and presents a recommended construction program to the state legislature.⁶ Its goal is to finance port transportation or port facilities projects that will improve the movement and intermodal transportation of cargo or passengers in commerce and trade within the state of Louisiana. Funding of this program is provided by the state’s Transportation Trust Fund.⁷

Implementation

The LPCDPP was established by Act 452 of the 1989 Regular Session of the Louisiana Legislature. Before this program, the State of Louisiana funded port projects through the state’s Capital Outlay Program without requiring any feasibility studies prior to allocation of funds.⁸

Program Participants

Applications for funding of public port construction or development project may be submitted by any public port authority in the state. The only exception to this was the Port of New Orleans (or its successor), which was specifically prohibited from participating in the LPCDPP during the first five years of funding by the legislature. This stipulation allowed smaller ports to benefit first from the program before the Port of New Orleans, which had received large state grants in the past, became eligible.⁹ The LDOTD and the Joint Legislative Committee on Transportation, Highway and Public Works evaluate, prioritize, and allocate funding for approved projects.

Program Advantages and Disadvantages

The program, generally speaking, has been a success. Prior to the program’s enactment, ports would request state funds on an essentially *ad hoc* basis without any feasibility studies. Its greatest success has been its ability to create structure and guidance in the financing of port programs. It has established strict guidelines which require both compliance with the port’s initial proposals and fiscal auditing during construction to ensure the efficient management of program funds. The program has also created a

framework which the state can expand in implementing any future comprehensive transportation and intermodal planning programs.

The State of Louisiana has enacted specific instructions on preparation of plans and specifications of proposed projects, guidelines on bids for construction, supervision of construction, prioritization of programs, public hearing requirements, and allocation of funding.¹⁰ The state also requires that the recipient of state program funds certify annually to the legislative auditor that the funds made available have been expended in accordance with standards established by law.¹¹

The largest criticism of the program is that its guidelines may be too strict. Program participants indicate that as a result of this strictness, the program lacks flexibility.¹² No program participant is exempt from these potentially burdensome requirements. Program participants must make a demonstration of "immediate need" for the project. They must also give a preliminary project design and cost estimate as well as a description of the project area. Finally, all programs are subject to a final review and evaluation by LDOTD, or whomever LDOTD shall deem fit to conduct such evaluations.¹³ Such reviews are often completed by the state's Ports and Waterways Institute which is based at Louisiana State University.

Other Alternatives Considered

No other methods of state assistance were considered at the time this legislation was enacted.

Specifics of Program

Funding Information

Method of Financing

Approximately \$15 million per year is made available from the Transportation Trust Fund to fund the LPCDPP.¹⁴ That fund was originally established in January of 1990. It is funded through yearly excess revenues from state taxes levied on gasoline, motor fuels, and other special fuels.¹⁵ An additional \$5 million is available from fees and self-generated revenues for a total of \$20 million in funding.¹⁶

State Agency Administering the Program

The LDOTD oversees the administration of program funds and reviews applications for funding.¹⁷ LDOTD may contract with the Louisiana State University Ports and Waterways Institute for any duties associated with the development of the program, including but not limited to the development, review, and evaluation of plans and specifications, and the development of the port priority program list¹⁸; however, the development of and authority over the final determination of which projects will be recommended to the legislature remains with LDOTD. The list of recommended projects is presented to the Joint Legislative Committee on Transportation, Highway and Public Works which is composed of the state legislature's House and Senate Committees on Transportation, Highways and Public Works.¹⁹ The joint committee then holds public hearings to obtain public input regarding the recommended list of projects.²⁰ Following approval, a legislative auditor oversees spending after projects begin to ensure that there is no misuse of state funds.²¹

The point of contact for information on this program is:

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Port Eligibility

All public ports are now eligible for funding under this program.²² Each port is required to submit applications for funding no later than November 1 of each year.²³ The applications must include a description of the project, a demonstration of the immediate need for the project, a preliminary project design, a cost estimate, and a description of the project area.²⁴ Project applications are not eligible for formal review and evaluation until all the information required in the application has been submitted.²⁵ Projects are undertaken only after the joint committee has approved LDOTD's recommendations and the governor has signed the Capital Outlay Bill. LDOTD then becomes responsible for oversight and monitoring the progress of projects.²⁶

Project Eligibility

Each year, the LDOTD submits a list of programs to be funded, ranked in priority order, and based on the revenue anticipated from the legislature.²⁷ A supplemental list of proposed projects to be started within the next four years is also provided to the joint committee; however, both lists are subject to change until the joint committee finally approves each project for construction.²⁸

The types of projects that are funded by the program are limited to "the construction, improvement, capital facility rehabilitation, or expansion of publicly owned port facilities including intermodal facilities; and maritime-related industrial park infrastructure development, such as wharves, cargo handling capital equipment, utilities, railroads, primary access roads, and buildings which can be shown to be integral components of any port project submitted for funding."²⁹

Financial Assistance

Type

Grant

Amount Available

Under the program, each port is eligible to receive not more than 20 percent of the program's total allocation for a given year.³⁰ Therefore, based on the current annual allocation of \$15 million, ports are limited to a maximum of \$3 million per year.³¹ Recent proposals have suggested that the total amount available through the program be increased from \$15 to \$24.5 million annually.³²

Matching Fund Requirement

Each port authority provides a local match equal to at least ten percent of the cost of constructing the project and 100 percent of the engineering fees.³³ Funds obtained from federal sources may be used for the local match; however, no state funds can be used as local matching funds. Prior to advertisement for bids, verifiable evidence shall be submitted indicating that all nonprogram funds are in hand or are readily available.³⁴ A port authority may choose to provide a local match greater than ten percent. Since the state's investment is the cost used in calculating the benefit-cost ratio, the benefit-cost ratio will be greater if the port elects to provide a larger percentage. A higher benefit-cost ratio will also result in a higher evaluation score with LDOTD.³⁵

Each port executes an agreement with the LDOTD to provide a ten percent local match for the cost of construction of the project, excluding the cost of lands, easements, rights-of-way, and spoil disposal areas necessary to construct, operate, and maintain the project without cost to the state.³⁶ However, other costs may be included as project costs if they are deemed "critical to the project."³⁷ Additionally, each respective port requesting program funds will be responsible for all engineering services for the project, including consultant engineering services unless such services are provided by LDOTD by law.³⁸ Those port authorities located in a parish with a population of less than 50,000 persons may have such services provided to them while those parishes with populations in excess of 50,000 must absorb these costs themselves.³⁹ Finally, the port authority may have to agree to assume all maintenance and operation costs for the project without cost to the state.⁴⁰

Interest Rate

As this is a grant program, an interest rate is not applicable.

Project Selection Criteria

The LDOTD reviews and approves or disapproves each project which is eligible to be funded pursuant to the program's guidelines.⁴¹ In order for LDOTD to be able to adequately assess the merits of the proposed project, applications must be complete and verifiable. After reviewing all of the proposals, LDOTD prepares a list of recommended projects to be funded. Those selected projects are then reviewed by the joint committee for further recommendation and final approval.⁴²

Priority of projects is based on the "total project" concept. This term is used to convey the idea that each project must provide the state with some quantifiable benefit. A

“project” as defined by the LPCDPP Rules & Regulations is “...[t]hat activity that derives benefits to the State after an investment of program and port funds. It may be composed of components that, all together, require up to two consecutive years to implement.”⁴³ The “total project,” on the other hand, takes into consideration the overall benefits gained by the state after investment in the project is made by the state, the port, the federal government, and private-sector firms.

A minimum rate of return of 3.7 percent on the state’s investment, based on no growth, must be anticipated before the state will consider any project. This rate of return guarantees to the state that its involvement in the project is financially sound.⁴⁴ In calculating the rate of return, the “costs” are the total program funds invested. The “benefits” for purposes of this calculation are the port revenues less expenses associated with the proposed project. Expenses are to include maintenance costs. Salvage value or project life remaining after a ten-year evaluation period shall be indicated as a benefit.⁴⁵

Ultimately, only projects that have a benefit-cost ratio equal to one or greater will be funded by the LPCDPP. In calculating the benefit-cost for this criteria, the cost is the total investment, both public and private, required to implement the “total project” and derive the benefits.⁴⁶

For three years after the completion of a project funded by the program, the port authority submits a report to LDOTD at the end of every fiscal year which compares the actual benefits derived with the estimated benefits associated with the project. The source of data for the actual benefits will be included in the report. Any significant deviations will be noted, and proposed corrective actions, if needed, will be indicated.⁴⁷

Specific reasons for denial of funding for otherwise eligible projects are:

1. Project proposal is not fully developed or is incomplete.
2. Project proposal is low priority.
3. There are no “letters of commitment” available (e.g., evidence that provided certain infrastructure, businesses would expand or develop at the port in question).
4. There is an inability to demonstrate that the project would meet the 3.7 percent minimum rate-of-return requirement.
5. The port fails to annually submit a monitoring report to the department.

Program Evaluation

Successful Projects

The program has funded a wide range of projects including construction work, rehabilitation of facilities, dredging, and repair projects. A list of the projects undertaken by the LPCDPP is included as Table 5.1.

Unsuccessful Projects

There is no record of unsuccessful projects. Much of the credit for this is due to the detailed application process which identifies potential problems before funding is approved.

Hidden Restrictions

Port improvements funded through the LPCDPP must be built, installed, and/or implemented only on port-owned lands or public lands. No private land may be used. Public lands are defined as those lands owned by “public organizations which are authorized by law to perform governmental functions.”⁴⁸ Moreover, projects must not simply be based upon land acquisition; if land is involved, there must be some exigent circumstance justifying its acquisition.⁴⁹

Lessons for Texas

Both Texas and Louisiana have a substantial interest in international commerce in and around the Gulf of Mexico. Louisiana ranked first among states in waterborne tonnage in 1994, and Texas was not far behind.⁵⁰ As such, each state has made efforts to expand its intermodal transportation capacity.

There were 45 separate port commissions and districts in Louisiana as of 1994. Although recent efforts to encourage partnership have been undertaken by the Ports Association of Louisiana, this fragmentation has been cited as an impediment to growth for the state’s waterway system.⁵¹ The LPCDPP has unified the ports, at least in an effort to gain state funding, and has provided LDOTD a system through which to evaluate projects on a statewide level. Texas port districts also act somewhat independently at the present time in regards to planning future improvements. If Texas were to implement a similar program, it would also need to make provision for the privately owned ports in our state.

In addition to the states’ differences in port-structures, the Texas Constitution prohibits the use of motor fuels and lubricant taxes for transportation infrastructure improvements other than for public roadways.⁵² Because Louisiana’s program is funded through the state’s Transportation Trust Fund, a fund financed by fuel taxes, an amendment to the state constitution would be required in Texas to establish a similar funding source for a port improvement program.

Finally, the program may not be viable in Texas as key political differences separate Louisiana from our state. All LPCDPP projects are submitted by the LDOTD to the state legislature; however, the joint committee has final authorization of all projects to be funded. This joint committee is an effort by both the Louisiana House and Senate to directly involve themselves in the distribution of state funds for port revitalization projects. Such removal of the decisionmaking authority from LDOTD officials seems problematic. If Texas develops a similar program, it would remove many of the political obstacles if it left the decisionmaking authority within a state agency such as TxDOT while the state legislature set funding levels for the program as a whole. This would tend to make the program more viable statewide and should avoid the political obstacles experienced in Louisiana.

**Table 5.1
Louisiana Port Construction and Development Priority Program Funded
Projects 1992-1996**

Port Authority	Project Name	Project Cost	Year Funded	Amount Funded
Mermentau River HT District	Port Access Road	\$1,019,151	1992	\$764,363
Caddo-Bossier Parishes	Public Terminal	\$8,550,940	1992	\$2,250,940
Caddo-Bossier Parishes	Public Wharf	\$3,371,130	1994	\$2,520,000
Caddo-Bossier Parishes	Liquid Wharf	\$1,438,720	1995	\$1,119,600
Caddo-Bossier Parishes	Road and Rail Extension	\$1,991,225	1996	\$1,500,000
Lake Charles Harbor & Terminal	Critical Environmental Projects Group I	\$4,695,000	1991	\$2,148,750
Lake Charles Harbor & Terminal	Critical Environmental Projects Group I	\$4,695,000	1990	\$1,297,500
Lake Charles Harbor & Terminal	Replace & Renovate Roofs	\$5,360,00	1991	\$656,250
Lake Charles Harbor & Terminal	Replace & Renovate Roofs	\$5,360,00	1990	\$3,363,750
Lake Charles Harbor & Terminal	Group I Construct Conveyor 5A&6A	\$5,500,000	1991	\$2,195,000
Lake Charles Harbor & Terminal	Group I Construct Conveyor 5A & 6A	\$5,500,000	1992	\$1,930,000

Vinton Harbor & Terminal District	Dredging of Vinton Navigation Canal	\$887,000	1992	\$665,250
Lake Charles Harbor & Terminal	New Ship Berth	\$17,176,832	1992	\$1,070,000
Lake Charles Harbor & Terminal	New Ship Berth	\$17,176,832	1993	\$3,238,333
Lake Charles Harbor & Terminal	New Ship Berth	\$17,176,832	1994	\$1,691,667
W. Calcasieu Port Harbor Terminal	Maintenance Dredging	\$1,547,590	1993	\$1,160,693
Lake Charles Harbor & Terminal	Bulk Grain Elevator Expansion	\$4,000,000	1994	\$1,308,333
Lake Charles Harbor & Terminal	Bulk Grain Elevator Expansion	\$4,000,000	1995	\$1,841,667
Lake Charles Harbor & Terminal	Dock Extension at Bulk Terminal No. 1	\$10,700,000	1996	\$1,546,837
Lake Providence Port	Bulk Handling Facility & Equip.	\$750,000	1990	\$562,500
Lake Providence Port	Hydraulic Truck Dumper Facility	\$390,000	1990	\$292,500
Lake Providence Port	Access Road, San Sewer, Op Center	\$1,676,000	1991	\$509,200
Lake Providence Port	Bulk Liquid Storage Facility	\$852,000	1993	\$639,000
Lake Providence Port	Cottonseed Warehouse & Road	\$645,150	1994	\$134,444
Lake Providence Port	Cottonseed Warehouse & Road	\$645,150	1995	\$293,406

Lake Providence Port	Landfill & Dry Bulk Fertilizer Storage	\$932,000	1995	\$550,000
Port of Iberia	Bulkhead Improvement Lots 1A & 1B	\$320,000	1990	\$240,000
Twin Parish Port Commission	Port Improvement Port of DeLacambre	\$622,221	1990	\$240,000
Port of Iberia	Public Dock Bulkheading	\$1,528,105	1990	\$839,281
Port of Iberia	Sanitary Sewer Collection (LP)	\$1,288,500	1991	\$966,375
Port of Iberia	Bulkhead Improvement, Pipe Coating	\$255,805	1992	\$183,000
Port of Iberia	Water System for Port of Iberia	\$352,589	1993	\$264,442
Port of Iberia	Public Dock Bulkhead Improvement	\$1,095,458	1994	\$877,390
Greater LeFourche Port Comm.	Multiuse Dock Facility	\$2,380,500	1990	\$1,785,375
Greater LeFourche Port Comm.	Bulkheads and Improvements to E-Slip	\$1,385,000	1991	\$999,999
Greater LeFourche Port Comm.	Warehouse Facilities	\$952,000	1992	\$714,000
Greater LeFourche Port Comm.	Multiuse Dock Extension	\$857,038	1993	\$642,779
Greater LeFourche Port Comm.	Deep Draft Berthing Facilities	\$6,898,284	1994	\$221,296
Nadison Parish Port Commission	Access Road	\$285,000	1990	\$213,750

Nadison Parish Port Commission	Railroad Improvements	\$144,800	1991	\$108,600
Nadison Parish Port Commission	Rail Spur Construction	\$240,000	1993	\$180,000
Natchitoches Port Commission	Port Infrastructure Transit Shed & Dock	\$6,318,000	1996	\$2,475,000
Port of New Orleans	Jordan Road Terminal Fender System	\$1,187,112	1995	\$890,334
Port of New Orleans	Napoleon Ave. Terminal Marshaling Yard	\$9,438,250	1996	\$2,713,028
Plaquemines Port Harbor	Marine Spill Response Phase I	\$1,875,000	1991	\$1,026,500
Plaquemines Port Harbor	Marine Spill Response Phase I	\$1,875,000	1992	\$379,750
Plaquemines Port Harbor	Marine Spill Response Phase II	\$3,395,000	1993	\$1,140,000
Alexandria Regional Port Authority	General Cargo Dock Phase 2A	\$1,600,000	1990	\$1,050,000
Alexandria Regional Port Authority	General Cargo Dock Phase 2B	\$925,000	1992	\$249,540
Alexandria Regional Port Authority	General Cargo Dock Phase 2B	\$925,000	1993	\$444,210
Alexandria Regional Port Authority	Bulk Handling Facilities & Access Road	\$2,958,000	1995	\$1,402,109
Alexandria Regional Port Authority	Bulk Handling Facilities & Access Road	\$2,958,000	1996	\$816,391
Alexandria Regional Port Authority	Cargo Handling Equip & Security Fence	\$7,299,837	1996	\$316,800

St. Bernard Port	Rehab of Dock #1, Chalmette Slip	\$5,054,512	1993	\$3,000,000
St. Bernard Port	Rehab of Dock #2, Arabi Terminal	\$8,931,039	1994	\$3,000,000
St. Bernard Port	Rehab of Dock #2, Arabi Terminal	\$8,931,039	1995	\$3,000,000
Port of South Louisiana	Riverplex International Facility Improvement	\$3,144,575	1990	\$2,358,431
Port of South Louisiana	Louis Dreyfus Corp. Grain Facility Improvement	\$1,687,500	1990	\$1,265,625
Port of South Louisiana	Riverplex International Phase II	\$5,003,000	1992	\$3,000,000
Port of South Louisiana	Riverplex International Phase II	\$5,003,000	1993	\$752,250
Port of South Louisiana	Globalplex, Phase IV, Gantry Crane	\$6,250,000	1994	\$1,900,000
Port of South Louisiana	Globalplex, Phase IV, Gantry Crane	\$6,250,000	1995	\$3,000,000
Port of South Louisiana	Globalplex, Phase IV, Gantry Crane	\$6,250,000	1996	\$185,000
Greater Krotz Springs Port Comm.	Clearing and Grading Port Site	\$456,000	1990	\$342,000
Greater Krotz Springs Port Comm.	General Cargo Dock Phase II	\$2,930,437	1994	\$1,497,918
Greater Krotz Springs Port Comm.	General Cargo Dock Phase II	\$2,930,437	1995	\$621,000

West St. Mary Parish Port H T	Public Intermodal Terminal Facility Phase IV	\$1,920,000	1990	\$980,000
Morgan City Harbor & Terminal	Morgan City Bulkhead & Dock	\$1,200,000	1990	\$800,000
Morgan City Harbor & Terminal	Morgan City Bulkhead & Dock Phase II	\$2,800,000	1991	\$1,515,826
Morgan City Harbor & Terminal	Morgan City Bulkhead & Dock Phase II	\$2,800,000	1992	\$584,174
West St. Mary Parish Port H T	Public Intermodal Terminal Facility, Phase V	\$959,500	1992	\$719,925
West St. Mary Parish Port H T	Dry Bulk Offloading Storage/ Processing	\$502,750	1992	\$337,062
Morgan City Harbor & Terminal	Mobile Crane & Forklift & Misc. Material Handling	\$1,950,000	1992	\$1,462,500
West St. Mary Parish Port H T	Hard Road Surfacing at Port	\$344,850	1993	\$206,910
West St. Mary Parish Port H T	Public Terminal Rail Spur Extension	\$393,225	1993	\$235,935
West St. Mary Parish Port H T	Warehouse	\$555,000	1994	\$446,400
Morgan City Harbor & Terminal	Transit Shed & Truck Yard	\$2,285,200	1995	\$1,410,000
West St. Mary Parish Port H T	Turning Basin Bulkheading	\$2,661,100	1996	\$211,770
Morgan City Harbor & Terminal	Railroad Spur & Railroad Loading Dock	\$1,383,500	1996	\$874,800

South Tangipahoa Parish Port	Rail Spur with Unloading Platform	\$1,660,000	1990	\$1,513,500
South Tangipahoa Parish Port	Regional Distribution Center	\$1,200,000	1991	\$900,000
South Tangipahoa Parish Port	Rehabilitation & Expansion of Dock Cargo Handling Facilities	\$250,000	1992	\$187,500
South Tangipahoa Parish Port	Barge Canal Improvement	\$325,000	1993	\$65,000
South Tangipahoa Parish Port	Intermodal Bulk Terminal Facility	\$1,163,000	1994	\$953,000
South Tangipahoa Parish Port	Motor Vessel Equipment	\$1,045,000	1996	\$940,500
Greater Baton Rouge Port Comm.	Expansion of General Cargo Dock Facility	\$5,586,000	1990	\$4,500,000
Greater Baton Rouge Port Comm.	Expansion of General Cargo Dock Facilities	\$5,586,000	1991	\$1,086,000
Greater Baton Rouge Port Comm.	Renovation of Molasses Terminal Phase I	\$1,600,000	1990	\$412,500
Greater Baton Rouge Port Comm.	Renovation of Molasses Terminal Phase I	\$1,600,000	1991	\$787,500
Greater Baton Rouge Port Comm.	General Cargo Dock Access	\$16,186,000	1991	\$2,100,000
Greater Baton Rouge Port Comm.	Renovation & Rehabilitation of Pot Water & Fire	\$669,328	1992	\$501,996

Greater Baton Rouge Port Comm.	Burnside Barge Unloading Facility & Storage	\$5,576,023	1993	\$2,550,448
Greater Baton Rouge Port Comm.	Greater Baton Rouge Inland Rivers Terminal	\$640,000	1993	\$480,000
Greater Baton Rouge Port Comm.	Barge Terminal Crane	\$1,150,000	1994	\$634,800
Greater Baton Rouge Port Comm.	Barge Terminal Crane	\$1,150,000	1995	\$400,200
Greater Baton Rouge Port Comm.	Grain Tower & Elevator Roads Reconstruction	\$2,888,000	1994	\$2,365,200
Greater Baton Rouge Port Comm.	Cargo Conveyance & Access Improvement (Doors)	\$576,502	1995	\$471,684
Greater Baton Rouge Port Comm.	Inland Rivers Terminal Transit Facility	\$1,271,600	1996	\$1,059,660
Greater Baton Rouge Port Comm.	Transit Shed No. 3 Extension	\$6,319,200	1996	\$1,653,368
	Total	\$154,357,677		\$116,650,511

Source: LDOTD, LDOTD Port Database, May 1997.

Notes

¹ Louisiana Department of Transportation and Development (LDOTD), Project Support Section, *Louisiana Port Construction and Development Priority Program Procedural Manual*, (Baton Rouge, LA, July 1992), p. 1.

² Ports and Waterways Institute, *Louisiana Statewide Ports Assessment*, 2 vols., (Baton Rouge: Louisiana State University, 1986), vol. II, p. 88.

³ Telephone interview by John Black with D. J. Webre, Jr., LDOTD Project Support Chief, Baton Rouge, Louisiana, January 22, 1997.

⁴ Telephone interview by John Black with Tony Rizzutto, Director of Planning and Development, Baton Rouge, LA, January 22, 1997.

⁵ Letter from Jude W. P. Patin, Secretary of Louisiana Department of Transportation and Development, to All Louisiana Maritime Industry Members, undated, enclosed in the *Louisiana Port Construction and Development Priority Program Rules & Regulations Handbook*.

⁶ LDOTD, *LPCDPP Procedural Manual*, p. 1.

⁷ Louisiana Revised Statutes (LA. R.S.) 34:3457 (1996).

⁸ LDOTD, Project Support Section, *Louisiana Port Construction and Development Priority Program Rules and Regulations*, (Baton Rouge, LA, July 1992), p. 1.

⁹ LA. R.S. 34:3456 (1996).

¹⁰ LA. R.S. 34:3453 (1996), LA. R.S. 34:3457, LA. R.S. 34:3458 (1996).

¹¹ LA. R.S. 34:3461 (1997).

¹² Telephone interview by Black with Rizzutto.

¹³ LA. R.S. 34:3452 (1996).

¹⁴ 1996 LA. ALS 45, 1; 1996 LA. ACT 45; 1996 LA. HB 2.

¹⁵ Louisiana Constitution, Article VII, § 27 (1997).

¹⁶ *Ibid.*

¹⁷ LDOTD, *LPCDPP Rules and Regulations*, p. 2.

¹⁸ LA. R.S. 34:3452(D) (1996).

¹⁹ LA. R.S. 34:3452(D) (1996); LA. R.S. 34:3451(3) (1997).

²⁰ LDOTD, *LPCDPP Rules and Regulations*, p. 3.

²¹ *Ibid.*

²² LA. R.S. 34:3452(A)(1) (1996).

²³ *Ibid.*

²⁴ LA. R.S. 34:3452(A)(a), (b) & (c) (1996).

²⁵ LA. R.S. 34:3452(2) (1996).

²⁶ LA. R.S. 34:3455(A) (1996).

²⁷ LA. R.S. 34:3454(A) (1996).

²⁸ LA. R.S. 34:3454(B) (1996).

²⁹ LDOTD, *LPCDPP Rules and Regulations*, p. 8.

³⁰ LA. R.S. 34:3457(A) (1996).

³¹ Telephone interview by John Black with D. J. Webre, Jr., LDOTD Project Support Chief, Baton Rouge, LA, March 25, 1997.

³² Myers, Doug. "Plan Widens Area Roads," *The Advocate* (March 21, 1995), p. A-1.

³³ LDOTD, *LPCDPP Rules and Regulations*, p. 7.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ LA. R.S. 34:3457(A) & (A)(1) (1996).

³⁸ LA. R.S. 34:3457(A)(2) (1996).

³⁹ LA. R.S. 34:3458(A)(B) (1996).

⁴⁰ LA. R.S. 34:3457(A)(3) (1996).

⁴¹ LA. R.S. 34:3452(D) (1996).

⁴² Ibid.

⁴³ LDOTD, *LPCDPP Rules and Regulations*, p. 7.

⁴⁴ Telephone interview by Black with Webre.

⁴⁵ LDOTD, *LPCDPP Rules and Regulations*, p. 9.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid., p. 7.

⁴⁹ Telephone interview by Black with Webre.

⁵⁰ U.S. Army Corps of Engineers, Navigation Data Center, "Waterborne Commerce Statistics: Estimated Internal Commerce CY 95 and Final Annual Summaries CY 94," Washington, D.C., March 1996, available from: <http://www.wrc-ndc.usace.army.mil/ndc/wcstation.txt>; INTERNET.

⁵¹ Lyndon B. Johnson School of Public Affairs, *Port-Related State Programs and Federal Legislative*

Issues, Policy Research Project Report Series, no. 117 (Austin, TX, 1996), p. 141.

⁵² Tex. Const. Art. VIII §7-a (1997).

Chapter 6. Florida Seaport Transportation and Economic Development Funding Program

Background

Purpose of the Program

Florida ports are continually seeking out new ways to emphasize to their state government the importance of programs involving port expansion or revitalization. John LaCapra, President of the Florida Ports Council, stated in a 1995 interview, "Leaders are beginning to see that transportation infrastructure is the economic development tool that needs to be developed."¹ The Florida Seaport Transportation and Economic Development (FSTED) Funding Program is among the state's best answers to address this need.

This program was created after state legislators realized that a unified port industry, acting through cooperation, would be of great benefit to the state.² The program's goal is to finance port transportation or port facilities projects that will improve the movement and intermodal transportation of cargo or passengers in commerce and trade within the state of Florida.³ To implement the FSTED program, a 17-member FSTED Council has been created comprising the port directors of the fourteen publicly-owned deepwater ports as voting members. The secretary (or designee) of the Florida Department of Transportation (FDOT), the secretary (or designee) of the Florida Department of Community Affairs, and the director of the Governor's Office of Tourism, Trade and Economic Development also serve on the council as nonvoting members.

In 1985, the legislature passed the Local Government Comprehensive Planning and Land Development Regulation Act.⁴ This act required all cities and counties to prepare comprehensive development plans which must be found consistent with the state's comprehensive plan and the appropriate regional policy plan by the state's land planning agency, the Department of Community Affairs. In addition, each of the state's fourteen publicly-owned deepwater ports was mandated to prepare a master plan which outlined future development goals.⁵ Each port master plan must be included in the appropriate local government comprehensive development plan. After this process was underway, FDOT issued a series of long-range goals to be accomplished for transportation improvements over a period of at least 20 years.⁶

Furthering the state's efforts to plan for future development, in 1990 the FSTED Council was mandated to prepare and submit to the legislative and executive branches of government an annually updated five-year Seaport Mission Plan. In addition to its strategic planning role, this plan describes the five-year capital improvement needs of the ports designed to ensure the economic growth of the state through seaborne commerce.⁷ For funds appropriated by the legislature to the FSTED Council, the Council evaluates port capital improvement funding requests for consistency with state land development policy, state and local transportation improvement plans, and state economic benefit criteria. The Council grants funds to the various seaports for capital improvements on a 50 percent state/ 50 percent local port authority matching basis for those projects found consistent.⁸ This coordination of requests leads to more comprehensive planning and more efficient allocation of state funds.

Implementation

The FSTED program is authorized by Florida Statutes, Title XXII: *Ports and Harbors*.⁹ These statutes authorize the formation of the FSTED program within FDOT.¹⁰ Chapter 311 of the statutes (and as amended since 1990) outlines the program and sets aside a minimum of \$8 million per year for it from the state's transportation trust fund. This money, which comes primarily from motor vehicle registration fees and fuel tax revenues, is used to finance port projects on a 50 percent state/ 50 percent local port authority matching basis. During the 1996 legislative session, an additional \$15 million per year was allocated to ports for capital improvements pursuant to a newly created section in chapter 320 of the Florida Statutes—section 320.20(3).

This section also allowed the FSTED program to maximize the ports' abilities to finance their essential, but costly, capital improvement projects by allowing the annual allocation to be used for debt service on bonds.¹¹ Three ports who have participated in previous FSTED program financing have chosen not to participate in this new bonding program because they do not have any completed project plans at the present time. The bond program also requires the same grant application approval process as the previously described chapter 311 program and same 50 percent bond program/ 50 percent local port match. The Florida Ports Financing Commission (FPFC), a new entity created pursuant to Florida Statutes Chapter 163 to administer the bond program, drew on the resources of a bond financing team to derive the maximum advantage for the seaports from this allocation. The FPFC was able to close on a triple-A-rated insured bond offering on December 19, 1996, meeting a challenging time schedule and parlaying the State's \$15 million annual investment into more than \$222 million.¹²

When matched by ports, these bond proceeds represent almost one-half billion dollars. Although this sum is substantial, it is still less than 40 percent of the port capital improvements planned for the next five years. Consequently, even with a substantial new source of revenue, Florida's ports are forced to prioritize their projects to maximize the impact of these funds.¹³ The state, however, recognizes the unspoken benefits of funding this program as the seaport industry and port-dependent businesses create over 300,000 jobs and provide the state with some \$600 million in annual local tax revenues.¹⁴

Program Participants

Each one of Florida's 14 ports plays a role in distribution of the monies allotted to the program. Because each port has a vote on the FSTED Council, no port is left powerless in determining fiscal allocations.¹⁵ As mentioned previously, only the fourteen ports are voting members; however, the secretary of FDOT, the secretary of Florida's Department of Community Affairs, and the director of the Governor's Office of Tourism, Trade, and Economic Development (or their designees) are also on the council in an advisory capacity.¹⁶

Program Advantages and Disadvantages

The program, generally speaking, has been highly successful. Although the creation of a governing body responsible for allocation of funding might seem to lend itself to infighting and "port-politics," all evidence points to the contrary.¹⁷ Annual funding requests to the council approach \$200 million while the total funding requests outlined in the five-year Seaport Mission Plan regularly exceed the \$1 billion mark. Despite this apparent enthusiasm by all port directors to have their projects funded and the shortage of funding to do so, few have evidenced concern that the distribution system in place has lent itself to inequities.¹⁸ In fact, there seems to be some indication that the needs of smaller ports have

taken priority over larger ports. Part of this is due to the fact that their requests for funding are typically smaller and accomplish more in relation to the larger projects undertaken at the larger ports.¹⁹ The program also has been successful in requiring all ports to work toward the common goals outlined in the Seaport Mission Plan for the betterment of the state as a whole. Because each port is represented equally on the council, each port has a voice with which to support or oppose all allocation proposals.

A final success of the program is implicit in the FSTED program's structure. The concept of working to fulfill a master plan has forced every port in the state to plan ahead. Each port identified its own advantages and disadvantages while also pointing out opportunities in advance. This approach helped to eliminate *ad hoc* or reactive planning by ports.

The program, however, is not without problems. One criticism of the bonding portion of the program is that the maximum amount of bonds statutorily available was secured all at once. Although this provided a large amount of immediate cash flow to ports through FSTED bonds, some ports would have preferred that the bonds should have been secured in phases.²⁰ This would have allowed for additional time to consider future port programs and would have allowed for advances in technology which might make any given project more efficient or less expensive to complete. This additional time would have been especially beneficial to smaller ports which grow at considerably slower rates. The FPFC is trying to address this concern by maintaining a reserve funding program for future unanticipated needs.²¹

While the program overall is quite flexible, the funding guidelines a port must follow to be compensated for work performed are very strict.²² Allocation of the matching funds requires the port to spend its share of the match first. As the port has paid for work done or services provided, it may apply to FDOT for a reimbursement of 50 percent of its costs. After the project is complete, FDOT requires a fiscal audit of the project to determine if the project met its specifications as they were outlined in the initial proposal.²³

Other Alternatives Considered

No other methods of state assistance existed at the time the program's authorizing legislation was enacted in 1990 or when it was expanded to include bonding authorization in 1996.

Specifics of Program

Method of Financing

Eight million dollars per year was made available from the State Transportation Trust Fund to fund the FSTED program beginning in 1990.²⁴ Funding for this portion of the Chapter 311 program is financed by state taxes on gasoline, aviation fuel, license plate fees and other sources.²⁵ Program funds are used to finance approved projects on up to a 50 percent state/ 50 percent local matching basis with any of the publicly owned deepwater ports in Florida.²⁶ The amount of funding available through the Chapter 311 program increased from \$8 to \$10 million in 1994. In 1996, the additional \$15 million per year was allocated and bonded yielding \$222,320,000.²⁷ As a result of this bond program, the state of Florida stands to benefit from nearly one-half billion dollars in capital improvements to its port facilities when matched by the ports.²⁸ Each port is responsible for securing the remaining funds from any other available source.

State Agency Administering the Program

The FSTED Council within FDOT oversees the administration of program funds. All appropriations are made in accordance with the five-year Florida Seaport Mission Plan and the provisions of Florida Statutes chapter 311.²⁹ All administrative duties of the FSTED Council are carried out by a third party administrator, the Florida Ports Council.³⁰

The point of contact for information for this program is:

Nancy Leikauf

Director of Communications

Florida Ports Council

P. O. Box 10137

Tallahassee, FL 32302

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Port Eligibility

All public ports are eligible for FSTED program funding as long as they comply with the state's statutes on water quality, comprehensive planning, and financial accountability.³¹ Each port is required to submit applications for funding no later than February 15 of each year to be eligible for funding in the following year (i.e., February 15, 1996 for funding July 1, 1997).³² Applications must include the amount requested, whether the project has been submitted for funding before, and a brief description of the proposed project.³³ Moreover, the Florida Department of Community Affairs must verify compliance with the port's master plan,³⁴ and the Office of Tourism, Trade and Economic Development must verify the benefit-cost analysis done by the ports.³⁵ FDOT makes efforts to ascertain the projected impact on statewide transportation needs and determines if the project has been included in state transportation planning as required.³⁶ The application also requests that additional sources of project funding be disclosed to the board; this includes private sources, federal funding, or port-generated revenue.³⁷ A copy of the application is included as Appendix K.

Project Eligibility

Florida Statutes chapter 311 outlines the types of projects which are eligible for program funding. These include:

1. transportation facilities within the jurisdiction of the port;
2. the dredging or deepening of channels, turning basins, or harbors;
3. the construction or rehabilitation of wharves, docks, structures, jetties, piers, storage facilities, cruise terminals, automated people mover systems, or any facility necessary or useful in connection with any of the foregoing;

4. the acquisition of container cranes or other mechanized equipment used in the movement of cargo or passengers in international commerce;
5. the acquisition of land to be used for port purposes;
6. the acquisition, improvement, enlargement, or extension of existing port facilities, and transportation facilities as defined in Fla. Stat. ch. 334.03(31) which are not otherwise part of FDOT's adopted work program; and
7. environmental projects which are "necessary because of requirements imposed by a state agency as a condition of a permit or other form of state approval, which are necessary for environmental mitigation required as a condition of a state, federal, or local environmental permit, which are necessary for the acquisition of spoil disposal sites and improvements to existing and future spoil sites, or which result from the funding of eligible projects" discussed above.³⁸

Financial Assistance

Type

Grant funds are made available through the program on a 50 percent state/ 50 percent local port authority matching basis.

Amount Available

Under the 311 program, ports are eligible for matching funds of not more than \$7 million during any one calendar year and a distribution of not more than \$30 million during any five-calendar-year period.³⁹ The total amount available in the bond program is \$222,320,000. The annual and five-year allocation guidelines under the bond program are the same.⁴⁰

Matching Fund Requirement

All revenues allocated to any port shall be distributed on a 50 percent state/ 50 percent local port authority matching basis.⁴¹

Interest Rate

As this is a grant program, an interest rate is not applicable.

Project Selection Criteria

The FSTED Council reviews and approves or disapproves each project eligible to be funded pursuant to the program's guidelines.⁴² The council, after reviewing all available proposals, prepares a list of recommended projects to be funded. Those projects selected are reviewed by the Florida Department of Community Affairs to ensure consistency with local government comprehensive plans and port master plans.⁴³ FDOT then reviews the proposed projects for consistency with the Florida Transportation Plan.⁴⁴ Finally, a benefit-cost analysis is performed by the Governor's Office of Tourism, Trade, and Economic Development. Its goal in doing so is to ensure that the recommended projects are consistent with the Florida Seaport Mission Plan.⁴⁵

Specific reasons for denial of funding for otherwise eligible projects are:

1. The application is submitted by an ineligible applicant.
2. The application is submitted after the due date.
3. The project does not comport with the necessary selection criteria.
4. Previous funding levels preclude any additional allocations to the port.
5. The project lacks priority over other projects.
6. The applicant has not met the appropriate program planning requirements.
7. The project is inconsistent with port master plans, the appropriate local government comprehensive plan, or the Florida Seaport Mission Plan.

Program Evaluation

Successful Projects

The FSTED program has funded a wide range of projects including construction work, rehabilitation of facilities, dredging, and repair projects. A table listing examples of new projects approved to be funded through the bond program is included as Table 6.1. A table listing the allocation by port of the 1996 series bonds is included in Table 6.2.

Unsuccessful Projects

There is no record of an unsuccessful project. As each project proposal is scrupulously studied prior to its being funded, few problems seem to arise once the project has entered the funding phase.

Hidden Restrictions

There are no restrictions or special requirements involved in this program other than those already mentioned. All requirements of the program are statutorily imposed.

Lessons for Texas

Texas has not yet exhibited the vision and drive which Florida has exhibited in recognizing its ports as key actors in the arena of international commerce. In Texas, there is no system in place through which port improvement projects can be evaluated and prioritized on a statewide basis. The creation of an FSTED-type council within TxDOT would be an excellent forum to encourage cooperation and prioritization of state assistance.

Texas also may be apprehensive about providing ports with funding without a statewide comprehensive planning system in place. Since Florida's FSTED program is a direct result of the master plans required by the state of Florida in the 1980s, it is difficult to say how such a program would work in Texas absent the same guidelines. Although Texas could theoretically adopt a similar program without first requiring its ports to submit master plans to the state, such an approach would provide Texas lawmakers no guarantee that funds would be used in the most efficient and effective manner on a statewide basis.

One of the FSTED program's largest benefits to the state of Florida is the fact that it promotes direct communication between the state and its ports. Even if the State of Texas ignored the port master plan concept, the idea of promoting a structured statewide forum for planning, development, and discussion of important issues is critical. Such a method of cooperation, like Florida's FSTED Council, should be one which is flexible enough to encourage participation by all ports regardless of size or ownership. At the present time Texas has 12 deep-draft and 15 shallow-draft ports. This number is much larger than the 14 ports and 3 state agencies which are represented on Florida's FSTED Council. Managing a similarly composed council in Texas with 30 members might prove problematic.

Both Florida and Texas have begun focusing on international trade as an increasingly important part of their economic development strategies. Many of Florida's ports are similarly structured to Texas ports. Miami, Manatee, and Everglades are administered by their county governments as departments or dependent districts, like the port of Port Lavaca-Point Comfort, which is owned and operated by the Calhoun County Navigation District. St. Petersburg, Key West, and Pensacola are operated by city governments, like the port of Galveston. Canaveral, Jacksonville, Palm Beach, Panama City, and Tampa maintain independent port authorities or districts, like the Port of Houston.⁴⁶ Both states also have ports ranging in size from small to large and have fiscally conservative state legislatures. Their relative locations on the Gulf of Mexico often make them competitive for shipping business. Like Florida, Texas needs to recognize the benefits of setting aside state funds for port improvement.

Furthermore, Texas' taxing structure does not lend itself to the assistance of ports in the same way the Florida State Transportation Trust Fund does. Finding a funding source for financing such a program could prove problematic. One reason for this is that the Texas Constitution places limitations on the use of tax revenues generated from motor fuels and lubricant sales. Under present law, the portion of those funds which are designated for transportation infrastructure improvement must be spent on improvement of the public roadways.⁴⁷ Because of this, a constitutional amendment would be required in Texas to establish a funding source similar to Florida's. If such an amendment were not to be adopted, an alternate source of stable funding would need to be identified for financing port-related projects in Texas. One possibility for funding might be to explore bond issues as Florida has done. If this is done, the state should consider phasing the issuance of bonds to spread out the financial benefits over a longer period of time.

Table 6.1
Examples of Projects Approved for Funding
Under the 1996 FSTED Bond Program

Port	Project Description	Estimated FSTED Grant	Total Project Cost
Port Canaveral	Cruise Terminal Construction	\$12,600,000	\$27,000,000
Port Canaveral	Parking for Cruise Terminals	\$200,000	\$400,000
Port Everglades	Road Improvements	\$697,500	\$1,395,000
Port Everglades	Maintenance Dredging	\$400,000	\$800,000
Port of Fernandina	Bulk Pier and Unloading Conveyors	\$2,497,930	\$5,000,000
Port of Fort Pierce	Property Acquisition and Development	\$7,975,000	\$15,995,000
Port of Jacksonville	Crane Rail Extension	\$1,210,000	\$2,420,000
Port of Jacksonville	Mooring Dolphins	\$2,500,000	\$5,000,000
Port of Manatee	Intermodal Container Yard Paving/ Lighting	\$1,193,000	\$2,500,000
Port of Manatee	Construction of a Berth	\$4,250,000	\$8,500,000
Port of Miami	Cruise Terminal Improvements	\$52,000,000	\$117,900,000
Port of Palm Beach	Skypass	\$13,187,271	\$25,000,000
Port of Panama City	Warehouse Creation	\$500,000	\$1,000,000
Port of St. Joe	Property Acquisition	\$2,800,000	\$5,600,000
Port of Tampa	Navigation Improvements	\$2,000,000	\$4,000,000
Port of Tampa	Railroad Extensions	\$1,250,000	\$2,500,000

Source: FSTED Council, *Status of the Florida Seaport Transportation and Economic Development Bond Program*, Tallahassee, Florida, January 1, 1997, pp. 3-23.

Table 6.2
Allocation of Bonds in FSTED Bonding Program Series 1996

Eligible Port	Allocation From Bond Proceeds (50-50 match by each port)	Total Funds with Est. Interest from Construction Accounts	Overall 5-Year Capital Improvement Program
Canaveral	\$19,100,000	\$19,483,745	\$121,313,000
Everglades	\$45,000,000	\$47,350,359	\$175,704,000
Fernandina	\$2,300,000	\$2,450,533	\$8,179,000
Fort Pierce	\$7,875,000	\$7,964,037	\$51,150,000
Jacksonville	\$32,680,000	\$34,287,538	\$242,066,000
Key West	N/A	N/A	\$11,314,000
Manatee	\$14,200,000	\$15,217,752	\$70,100,000
Miami	\$45,000,000	\$46,837,879	\$251,690,000
Palm Beach	\$18,062,321	\$19,868,474	\$60,449,000
Panama City	\$3,500,000	\$3,634,207	\$16,300,000
Pensacola	N/A	N/A	\$10,635,000
St. Joe	\$2,800,000	\$2,979,164	\$6,000,000
St. Petersburg	N/A	N/A	\$9,675,000
Tampa	\$24,250,000	\$25,736,199	\$97,800,000
Total	\$214,767,321	\$225,809,887	\$1,132,375,005

Source: Status of the Florida Seaport Transportation and Economic Development Bond Program, FSTED Council, Tallahassee, Florida, January 1, 1997, p. 1. Those ports marked N/A participate in the Chapter 311 Program, but are not participating in the bond program at this time.

Notes

¹ Charles Lunan, "State Ports Hoping Their Ship Comes In," *Orlando Sun-Sentinel* (February 13, 1995), p.4.

² Telephone interview by John Black with Nancy Leikauf, Director of Communications for Florida Ports Council, Tallahassee, Florida, January 27, 1997.

³ Fla. Stat. ch. 311.07(1) (West 1996).

⁴ Telephone interview by John Black with Joan Sanchez, President of J.D. Consulting Inc., Miami, FL, April 24, 1997.

⁵ *Ibid.*

⁶ Fla. Stat. ch. 339.155(1) (West 1996).

⁷ Fla. Stat. ch. 311.09(3) (West 1996).

⁸ Telephone interview by Curtis Morgan with Nancy Leikauf, Director of Communications for Florida Ports Council, Tallahassee, Florida, July 2, 1997.

⁹ Fla. Stat. ch. 311.07 (West 1996).

¹⁰ Fla. Stat. ch. 311.07(1) (West 1996).

¹¹ FSTED Council, *Status of the Florida Seaport Transportation and Economic Development Bond Program: Florida Ports Financing Commission Revenue Bonds*, Series 1996, (Tallahassee, Florida, January 1, 1997), p. iii.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ Ibid., p. iv.

¹⁵ Fla. Stat. ch. 311.07(2) (West 1996).

¹⁶ Ibid.

¹⁷ Telephone interview by Black with Leikauf.

¹⁸ Ibid.

¹⁹ Telephone interview by John Black with Val Schwec, Vice President Nassau Terminals, Port of Fernandina, Fernandina, Florida, January 23 1997.

²⁰ Ibid.

²¹ Telephone interview by Morgan with Leikauf.

²² Ibid.

²³ Fla. Stat. ch. 311.07(6) (West 1996).

²⁴ Fla. Stat. ch. 311.07(2) (West 1996).

²⁵ Ibid.

²⁶ Fla. Stat. ch. 311.07(3)(a) (West 1996).

²⁷ John Sansbury, "Port-Tax Trial Balloon Floated," *The Palm Beach Post*, (July 21, 1995), p. B-1.

²⁸ Status of FSTED Bond Program, p. iv.

²⁹ Fla. Stat. ch. 311.09(3) (West 1996).

³⁰ Telephone interview by Morgan with Leikauf.

³¹ Fla. Stat. ch. 403.021(9)(b), Fla. Stat. ch. 403.061, Fla. Stat. ch. 163.3178(2)(k), Fla. Stat. ch. 218, and Fla. Stat. ch. 11.45(3)(a)4 (West 1996).

³² Memorandum from Nancy J. Leikauf, Florida Ports Council Communications Director, to Florida Port

Directors, January 7, 1997.

³³ FSTED Project Application, Form A, Florida Ports Council, 1996.

³⁴ Fla. Stat. ch. 311.07(3)(c) (West 1996).

³⁵ Ibid. and FSTED Project Application, Forms D and E.

³⁶ FSTED Project Application, Form F.

³⁷ FSTED Project Application, Form B.

³⁸ Fla. Stat. ch. 311.07(3)(b) (West 1996).

³⁹ Fla. Stat. ch. 311.07(4) (West 1996).

⁴⁰ Telephone interview by Morgan with Leikauf.

⁴¹ Fla. Stat. ch. 320.20(3) (West 1996).

⁴² Fla. Stat. ch. 311.09(5) (West 1996).

⁴³ Fla. Stat. ch. 311.09(6) (West 1996).

⁴⁴ Fla. Stat. ch. 311.09(7) (West 1996).

⁴⁵ Fla. Stat. ch. 311.09(8) (West 1996).

⁴⁶ Lyndon B. Johnson School of Public Affairs, *Port-Related State Programs and Federal Legislative Issues*, Policy Research Project Report, no. 117, (Austin, TX, 1996), p. 141.

⁴⁷ Tex. Const. Art. VIII §7-a (1997).

Chapter 7. California Maritime Infrastructure Bank

Background

Purpose of the Program

The California Maritime Infrastructure Bank (CMIB) is a new program which has only recently been authorized. Its chartered purpose is to establish a funding mechanism for the financing and development of port infrastructure of participating ports or harbor districts.¹ The CMIB intends to promote further growth in international trade for the state of California. Such trade already accounts for 20 percent or more of California's gross domestic product—the largest ratio of any state in the nation.²

The CMIB is authorized by the state to operate as both a nonprofit public benefit corporation and as a public agency with joint-powers authority. By giving the CMIB these dual modes of operation, the empowering legislation gives the CMIB an inherent flexibility. The CMIB can operate either as a nonprofit corporation or as a public agency. In theory, the CMIB will function much like a credit union for ports. Some of the CMIB's potential tools for financing include long-term, low-interest loans and bonds.³

The CMIB is modeled after other state initiatives which leverage both public and private financial resources into a large pool of funds from which improvement monies may be disbursed. Some examples of this type of initiative include the California Community Reinvestment Corporation, a \$225 million loan pool created to finance affordable, low-income housing and the Community Economic Development Lending Initiative, a consortium of banks with \$100 million fund intended for small business loans to companies with limited cash flow or equity.⁴

Implementation

The 1992 California State Legislature passed Senate Bill 1988, authorizing establishment of the CMIB. That bill was subsequently amended by Senate Bill 540 which became effective January 1, 1994. These two bills have established the CMIB as the first statewide, maritime-specific public investment bank in the United States.⁵

Project Eligibility

The CMIB intends to leverage public and private financial resources to fund infrastructure projects which may include, but would not be limited to, distribution facilities and systems, community economic revitalization, and environmental enhancement projects.⁶ Examples of potential port infrastructure investment projects include:

1. lead financing of an upland contained disposal facility (CDF);
2. special facility financing through guarantee of container crane, transporter, and related capital equipment financing;
3. gap lending to member port districts to facilitate public dock and wharf loan financing through participation with other governmental agencies such as the U.S. Economic Development Agency, and local redevelopment agencies;

4. unsecured and secured loans and other assistance to member ports in financing the local share of federal navigation project construction costs and project-related disposal of contaminated dredged material;
5. asset and revenue-based lending for marine terminal facilities, public marinas, and dry-stack storage;
6. port infrastructure planning for U.S. Department of Defense base realignment and closures, conversion, and redevelopment in cooperation with member ports; and
7. leverage of port bonding capacity and favorable interest rates from pooled financing of port infrastructure facilities by tax-exempt debt issuance through joint powers authority.⁷

Stages of Development

As this case study was written, the CMIB was searching for a vision for its future. The CMIB was working with the U.S. Economic Development Agency in efforts to secure a loan to establish a business plan. While the concept has merit and has worked for other programs within the state, the CMIB has not yet been capitalized to fulfill its chartered purpose.

The CMIB anticipated several stages of development and is still in its early and formational stage of lending. The first stage of the CMIB's plan for development calls for it to attain initial capitalization. The plan included a request for a one-time grant for initial capitalization from the U.S. Congress. Potential sources were to include the Harbor Maintenance Trust Fund or the Intermodal Surface Transportation Efficiency Act.⁸ A bill seeking such funding for CMIB in the U.S. Congress failed to pass. A subsequent bill in California seeking funding from the state diesel fuel tax has also failed.⁹

Other potential sources of initial capital for the CMIB include: investments from maritime labor pension funds, credit union type certificates of deposit issued for member deposits from capital reserves, and letters of credit from foreign investment banks. After the initial stages of development, the CMIB plan is to begin to issue bonds supported and guaranteed by foreign development banks and then for direct issuance of taxable and tax-exempt bonds as funds within the bank increase.¹⁰

As of May 1997, the CMIB had only participated in one funded project as a conduit for a \$70 million bond issue for the Port of San Diego. Without the CMIB acting as a partner in the joint venture, the port would have had to go to voters of several communities for approval before issuing bonds. This transaction does provide the CMIB with a record of participation in port development; however, it is not the primary type of transaction the CMIB expects to perform in the future.¹¹

Participants

The Humboldt Bay Harbor District, Port of Stockton, Sacramento-Yolo Port District, Santa Cruz Harbor District, and the Port of Long Beach are the five founding members of the CMIB and constitute the voting members on the original board of directors. Membership is open to the twelve commercial ports and twenty-four small craft districts in the state of California.¹²

Financial advisers include: the San Francisco-based law firm of Orrick, Herrington and Sutcliffe serving as bond counsel; the investment banking firm of Kidder, Peabody & Co. serving as investment advisers and lead underwriter; and KPMG Peat Marwick which is expected to serve as independent auditor.¹³

Members of the board of directors for the CMIB include representatives from various ports. The contact person for information on the CMIB is:

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Program Evaluation

The state of California can be viewed as a worst-case scenario for the port industry in terms of capital financing.¹⁴ The 1991 California State Legislature passed a bill allowing five local municipalities to require payments from their local ports' reserves to offset the loss of funds formerly provided by the state. The Port of Los Angeles has paid \$40 million of a \$90 million bill to the City of Los Angeles for the provision of basic services. This legislation has disrupted development plans, caused uncertainty in credit markets, and upset many port users.¹⁵

Need for Program

The CMIB could service the financing needs of projects not funded by the State of California or the private sector. An example of the type of project in which the CMIB could participate in is the construction of facilities for cargo shipping. The California Department of Boating and Waterways manages the Harbors and Watercraft Revolving Fund (HWRF) which has approximately \$80 million in resources.¹⁶ That fund is financed primarily through the portion of the state gasoline tax attributed to boaters. While it will finance, through both loans or grants, projects involving the construction and maintenance of marinas, docks, and boat ramps for commercial purposes such as commercial fishing marinas and slips, it will not fund projects for cargo-shipping purposes. The CMIB could provide funding in these cases.

Funds from the HWRF also cannot be used on a project for a private tenant on public land. At the same time, this type of project often cannot secure private-sector funding. Banks often balk at projects for a private entity on land leased from a port. In the future, the CMIB could serve as a source for gap financing when the project can't secure funds from the state or private sector and when the port doesn't have the money to loan.¹⁷

Lessons for Texas

A considerable portion of California's economy is reliant on international trade. Therefore, one might expect the development of port infrastructure to be a priority in the state. In spite of this, an initial source of funding has not yet been found for the CMIB. Failed attempts to secure seed money for the CMIB illustrate the difficulty that such a program can have in securing capital. The need to properly capitalize and provide funding to such a program should be evident. If Texas chooses to establish such a program, substantial initial funding or a stable recurring funding source needs to be furnished. Cooperation between the Texas and California congressional delegations could also go a long way toward securing federal funding sources for such programs.

Notes

¹ Jack Alderson, Chairman of the Board, California Maritime Infrastructure Bank, "Background Paper: The California Maritime Infrastructure Bank," November 12, 1996 (Internal Document), p. 1.

² Ibid., p. 2.

³ Ibid.

⁴ Ibid.

⁵ Ibid., p. 1.

⁶ Ibid., p. 2.

⁷ Ibid., p. 5.

⁸ Telephone interview by Paul Bollinger with Brian Foss, General Manager, Santa Cruz Harbor District, Santa Cruz, CA, January 13, 1997.

⁹ Alderson, Background Paper, p. 4.

¹⁰ Ibid., pp. 3-4.

¹¹ Telephone interview by Bollinger with Foss.

¹² Ibid.

¹³ Ibid.

¹⁴ U.S. Department of Transportation, Maritime Administration, Office of Ports and Domestic Shipping, *A Report to Congress on the Status of the Public Ports of the United States 1992-1993*, Washington, D.C., October 1994, p. 39.

¹⁵ Ibid.

¹⁶ California Department of Boating and Waterways, *19th Biennial Report*, Sacramento, CA, Fall 1994, p. 34.

¹⁷ Telephone interview by Bollinger with Foss.

Chapter 8. The Florida Trade Data Center

Background

Purpose of the Program

The Florida peninsula sits at a geographically strategic location for international trade among the United States, the Caribbean basin, and Latin America, and as a transshipment point for trade going onward to Europe and Africa. Consequently, the state of Florida has enjoyed brisk trade throughout much of its history. In 1995 it handled approximately \$52 billion in total merchandise trade.¹ This represented an impressive increase of 30 percent from 1993 and an increase of 70 percent from 1990.² In 1996 this trend continued as its trade grew another \$4 billion in one year to \$56 billion.³ The Wall Street research firm of Samford C. Bernstein & Co. completed a study in 1995 that showed Florida's exports grew by 53.2 percent between 1988 and 1993, while total U.S. exports grew by 41.5 percent. During the same five years, Florida's imports grew by only 25.9 percent—lagging the 31 percent growth figure for the nation.⁴

Up until the late 1980s, the Florida Legislature was surprisingly inactive in enacting programs that would foster economic growth within the state. In 1989 the Florida Chamber of Commerce published one of the state's most influential strategic reports, named Cornerstone. The study examined Florida's economic future and identified issues to enhance its overall competitiveness for the 21st century. One of main conclusions of the report was that government alone could not provide the necessary structure and programs to bring about true competitiveness at a statewide level. The report called for the formulation of an innovative organization to lead an aggressive and comprehensive program of economic development and to establish broad-based citizen support for such an effort. As result, in 1992, the Florida Legislature approved the establishment of a nonprofit corporation, Enterprise Florida, Inc., in the hope that it would eventually replace the Florida Department of Commerce.

Also in 1992, the state legislature set aside \$1 million to fund the Florida Trade Data Center (FTDC) in Miami. The creation of the FTDC was the culmination of the push to have a highly visible and forward international presence that involved both the public and private sectors. The center's opening was held on a turnkey approach requiring private matching funds to insure public and private collaboration. The Florida Seaport Transportation and Economic Development (FSTED) Council was assured of a position on the board of directors. In doing so, Florida ports were one of various stakeholders to gain benefits from the center's services. (Refer to the case study on the FSTED Funding Program for more elaboration on this body and its role.) Furthermore, an agreement was reached between the FTDC and the ports which allows the ports would have access to the center's resources in exchange for providing trade leads and shipping statistics. In creating the FTDC, Florida's policymakers wanted to be in front of the trend toward international trade, helping to create opportunities and define objectives, rather than simply following other states.

Implementation

The Florida Department of Commerce (now defunct, with its duties handled by Enterprise Florida, Inc.) and the FSTED Council received the legislative mandate to establish a

comprehensive trade data resource and research center to be known as the International Trade Data Resource and Research Center and now commonly referred to as the FTDC. The Florida Department of Commerce presented an operational report for management and the establishment of the FTDC that included budget, personnel data, and equipment projections. The center was intended to join with other private and public interests to accomplish its purposes. Florida Statute 288.8155 which established the FTDC is included as Appendix R.

In 1992 the state legislature set aside \$1 million to fund the FTDC, locating it in Miami. The state grant was matched with \$1.4 million from private sources, and the center opened in June of 1994. Designed to be eventually a self-sustaining information broker, the center sells mailing lists of overseas importers, distributors, and agents in a variety of industries to Florida exporters, growers, and ports. The center also maintains a comprehensive trade library and database and an Internet homepage located at <http://www.flatrade.org>.

In its first full year, the center took in \$81,000 in revenues from more than 500 companies which bought information. For the year ending June 30, 1996, the center generated approximately \$150,000 in revenues.⁵ These figures are promising as they exceeded the revenue forecasts for the first two years of operation (a 64 percent increase over FY 1995-96 estimates) which were included in proposals for its creation. In the center's first three months, staff conducted research for only a little more than 100 customers; currently, the center is processing approximately 40 customer data requests a month.⁶

Specifics of the Program

Mission and Purpose

The FTDC views its mission as providing Florida's business community, as well as executives of international companies based in the United States and abroad, with information resources that can enhance their business objectives. Overall, the center sees itself as a valuable component in the strengthening of Florida's competitive position in the international marketplace.

For ports, the FTDC serves as a valuable data repository, with access to a multitude of databases and reports. Due to the ports' financial contributions in the private match during the trade center's origination, port officials receive services free of charge. Many ports gain efficiencies in terms of costs, time, and energy, as the FTDC performs data searches and research studies which otherwise would have had to be carried out by port employees. By consulting multiple databases and then sorting data through spreadsheet software, the center can also produce customized tables and reports within a matter of a few days. It can obtain expensive information like credit reports in bulk and provide it to any port upon request. Business enterprises can obtain information on various traffic flowing through each specific port in the state.

State Agency Administering the Program

The FTDC is officially incorporated as a nonprofit private entity that receives a yearly grant from the State of Florida. At its inception, the center was an extension of the Florida Department of Commerce. However, as a result of the 1996 legislative session, a broad bipartisan and bicameral coalition of economic development practitioners, community leaders, and business executives approved a senate bill that set into motion the closure of the Florida Department of Commerce. At the end of 1996, Florida became the

first state in the nation to dissolve its state department of commerce, placing responsibility for technology, workforce, capital, and trade development in the hands of a government-business partnership.

Thus, the FTDC became a highly independent private firm that employs six full-time staffers. Representatives of both the FSTED Council and the Florida International Affairs Commission sit on the board of directors. Strategic partners include Florida ports, the Florida Department of Agriculture, and the Bilateral Trade Agreements with the state's top partners (including Mexico's BANCOMEXT, ProChile, the Argentine Trade Office, the Brazilian Trade Bureau, Colombia's PROEXPORT, Great Britain, the Hong Kong Trade Development Council, the Italian Trade Office, the Indian Consulate, the Peruvian Consulate, and the Republic of China).

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Port Eligibility

Although virtually any entity can purchase information from the FTDC, the majority of compiled data represents trade in Florida. All 14 of the state's deepwater ports have used the center's information services.

Description of Products and Services

The FTDC conducts a wide array of value-added initiatives. The center has provided trade information to over 8,200 international companies and their executives located in Florida, the rest of the United States, and around the world. It has also performed trade research services to over 800 companies at an average rate of \$118 per company.⁷ In addition to this low-cost access to potential buyers, the center provides a variety of crucial data to its clients.

Available information includes:

1. listings of agents, buyers, distributors, and importers in all world markets;
2. full corporate profile information on over 8,500 international companies operating in Florida;

3. current schedules of overseas, the United States, and Florida trade shows and events;
4. international trade leads;
5. international market and industry reports on top export and market opportunities;
6. analyses of top markets and products with trend and product pricing data;
7. credit reports on 11.5 million companies; and
8. sourcing information on overseas components and products.

Appendix O provides a sample market research report for a particular product that is available through the FTDC.

Also, the center has developed on-line systems for Florida companies to retrieve trade information and to expedite trade leads and inquiries from overseas markets. The center's database includes the Americas Trade Library containing trade information on 200 countries, Port Import Export Reporting Service (PIERS) information, and the National Trade Data Bank. (Refer to Appendix P for a description of the PIERS Database.)

Eighty-two percent of the center's customers are Florida-based, nine percent are foreign-based, and three percent are U.S.-based not originating from Florida.⁸ Ninety percent of Florida-based customers operate in South Florida Customs District and ten percent operate in Central and North Florida Customs.⁹ Seventy-two percent of the purchased trade information is related to export expansion for Florida and other U.S. companies. In the future the FTDC plans to introduce several new services including Latin American trade information bulletin boards, Florida TradeNET (an on-line interface for traders who offer to buy or sell), and a trade consultant referral database.

Pricing Information

Florida ports can obtain, free of charge, directories of importers, overseas agents, and distributors. In addition, port officials can commission the center's personnel at reasonable rates to perform in-depth research on a particular product. Also, trade specialists at the center can assist in identifying attractive markets, shipping trends, and shipping rates. Trade statistics from various databases are also available in the center's library. (Refer to Appendix Q for a price breakdown of the different services.)

Program Evaluation

The FTDC was the state's first one-stop location for providing both trade information and trade assistance services to Florida's international companies and to international executives from around the world. The center has striven to increase the two-way trade activities of their corporate clients. Other than the FTDC, several trade-related organizations are housed in the same complex including an office of Enterprise Florida, Inc., the Export Import Bank of the United States, the Small Business Administration/International Leading Staff, the Florida Customs Brokers and Forwarders Association, the U.S. Department of Agriculture's Foreign Trade Promotion Office (the first of its kind in the United States), the Florida Export Finance Corporation, the Southeast U.S.-Japan Association (Florida Delegation), the Florida Korea Economic Cooperation Committee,

the U.S. District Export Council, and the U.S. Department of Commerce's International Trade Administration. This provides for easy access and cooperation among all of these entities.

It is difficult to evaluate a program that has been in existence only since the summer of 1994. Moreover, because of confidentiality concerns the center was not forthcoming with the breakdown of port services. FTDC officials were reluctant to provide specific information on any particular port. As a result, evaluations were obtained by questionnaires dispatched to port officials. Port directors and their marketing coordinators remarked favorably about the information that is available through the center. Services requested from the FTDC varied widely for each port. Most ports had used the available trade databases and statistics.¹⁰

Thus far, most observers in the trade community agree that the FTDC performs a valuable service to the state of Florida. The compilation of databases, reports, and research studies by the center takes a tremendous load off of port officials. In particular, access to and the analyzing of the voluminous amounts of information in the larger national trade databases, such as PIERS and the National Trade Data Bank, have aided in marketing and strategic planning decisions of port officials.¹¹

All of Florida's 14 deepwater ports have utilized the FTDC for its assortment of services in some form or another. For example, the Port of Miami has used it to receive PIERS data on a timely basis.¹² The Port of Pensacola has acquired information on the characteristics and breakdown of the tonnage that flows out of its own and other ports.¹³ While the smaller ports employ the center's services to a lesser degree than the larger ports, such as Jacksonville and Miami, they do not have the personnel or resources to maintain access to, to sort through, and to analyze the various trade databases at their own ports nor can they effectively perform market and industry studies. Through the FTDC, they can make more informed planning and marketing decisions with the support of outsourced trade information research.

Florida ports provide the FTDC with essential data on shipping activities (twenty-foot-equivalent container unit (TEU) movement, facility utilization, etc.) and trade leads. This information exchange between the seaports and the FTDC enables the center's staff to compile trade data that are more accurate.

Possibly the best feature about the FTDC is its ability to provide services to many varied interests within Florida. The center established common ground between two seemingly conflicting and important stakeholders: the free traders (e.g., Florida ports) and the protectionists (e.g., small- to medium-sized businesses). For extremely low prices, small businesses are privy to an extraordinary assortment of lists and contacts of overseas agents, distributors, and importers, along with the option of obtaining product and market reports. To a lesser extent, large firms purchase many of the same services. At Florida's colleges and universities, academics specializing in international trade conduct much of their research with available, reliable, and accurate primary data purchased from the center. Railway companies utilize the center's services much like the ports, and the Florida Department of Agriculture enjoys timely access to data on commodity prices and trends. These advantages all contribute to the wide appeal of the FTDC and serve to further entrench its position politically.

The initial desire of the center being able to attain self-sufficiency has all but faded. Similar attempts by overseas trade centers have also failed to achieve the status of self-sufficiency—instead they rely on substantial government grants. The center spends a meager marketing budget of approximately \$35,000 and hopes to expand its reach and

exposure.¹⁴ In fact, resource constraints appear to be the center's most pressing concern. The FTDC has also received complaints that several of the foreign trade indices are filled with obsolete addresses and names. Updating information remains a tedious and often neglected task with a staff of only six full-time employees.

Lessons for Texas

Florida and Texas both possess conservative political climates. Nevertheless, Florida has been remarkably innovative in much of its recent economic development policy. It was the first state to dissolve its department of commerce and replace it with a public-private nonprofit corporation. The proliferation of government-business cooperatives such as Enterprise Florida, Inc. and the FTDC demonstrate the political viability of development initiatives which involve the private sector.

The ability to support the business community, ports, and other modes of transportation is one of the center's best features. This linkage cannot be underestimated. Many other programs that assist ports are often too narrow in focus and effect, causing resentment by competing modes of transportation and other public institutions. The FTDC provides advantages not only to the seaports but also rail, highways, and air carriers. For Texas, this is of particular interest because opposition from other modal interests could easily scuttle initiatives to assist Texas ports.

The FTDC has faced several critical periods in which observers felt that it would lose its state funding, especially when it was realized that self-sufficiency could not be attained. Still, the center enjoys statewide popularity and has strong political supporters in Florida's Speaker of House and chairman of the state House of Representative's Subcommittee on International Trade and Economic Development. Many of their most numerous and powerful constituents are small business entrepreneurs who benefit from the center's existence. As a result, the FTDC has succeeded in securing further grant money. For a trade data center to succeed in Texas, it too would require both political and financial support until its value could be proven to both ports and the business community. It could provide a vital service to both the public and private sectors which would keep Texas on a competitive international level.

Notes

¹ Enterprise Florida, Inc., *Business Florida: Bringing More Florida to Your Bottom Line*, Florida Trend, 1997. p. 16. (Brochure).

² David Poppe, "The Crossroads Economy," *Florida Trend*, vol. 37, no. 8, sec. 1. (December 1994), p. 32.

³ Florida Trade Data Center (FTDC), "Florida Trade Data Center Homepage," Miami, Florida, May 1997, available from: <http://www.flatrade.org>; INTERNET.

⁴ David Poppe, "Florida's Trade Gap," *Florida Trend*, vol. 38, no. 11. (March 1996), p. 70.

⁵ David Poppe, "Penny Pinching: Just as the Valuable Florida Trade Data Center Becomes Widely Used, The Legislature Threatens to Pull the Plug on It," *Florida Trend*, vol. 38, no. 4. (November 1995), p. 31.

⁶ David Poppe, "The Crossroads Economy," *Florida Trend*, vol. 37, no. 8, sec. 1. (December 1994), p. 32.

⁷ FTDC, "About the Florida Trade Data Center," Miami, Florida, May 1997, available from: <http://www.flatrade.org/abtftdc.htm>; INTERNET.

⁸ Ibid.

⁹ Ibid.

¹⁰ Questionnaires sent to all 14 seaports. These surveys were completed by port directors and marketing managers.

¹¹ Telephone interview by Roger Williams with Wade Battles, Marketing Manager at the Port of Miami, Miami, FL, March 13, 1997.

¹² Ibid.

¹³ Telephone interview by Roger Williams with Tom Wharton, Marketing Manager at the Port of Pensacola, Pensacola, FL, March 13, 1997.

¹⁴ Charles Lunan, "Trade Center Unit a Data Processor," *Orlando Sun-Sentinel* (February 20, 1995), p. 4.

Chapter 9. Oregon Port Planning and Marketing Fund Grant Program

Background

Purpose of the Program

Port districts in Oregon are a diverse group of municipal corporations, which provide a wide range of marine and non-marine facilities and services to satisfy broad market demand. Several levels of development opportunities for ports exist in order to address and meet local and regional priorities. The dual nature of ports which allows them to function as quasi-private entities while at the same time conducting business in a market-driven economy creates a unique opportunity for communities within the state. Oregon ports pride themselves on their ability to shift operational objectives when the market climate changes. Many ports maintain staffs of fewer than 20 persons who are dedicated to managing the day-to-day functions of their facilities. Because of the small staffs and the great demands on their time, the legislature has realized that the State of Oregon must take a more active role in fostering economic development and investment opportunities for the state's ports. The Oregon Port Planning and Marketing Fund Grant Program (PPMP) is one way in which the state has moved to remove a financial barrier from its ports.

Over the past decade, ports in Oregon have experienced several major challenges. Oregon ports, like other communities all over the Pacific Northwest, have experienced significant downturns in their natural resource industries. The coastal ports especially have witnessed cutbacks in timber and salmon industries. Thus, ports are pressed to diversify their local economies in order to react to these changes. This concern is made all the more problematic when a large portion of port revenues is derived from leases, moorages, and fees which come from the now-threatened industries. Ports are also facing the very real threat of reductions in federal appropriations for operation and maintenance dredging (a critical activity which keeps Oregon's navigable waterways viable for commercial fishing and waterborne commerce). Recently, the Clinton administration proposed legislation to eliminate dredging at certain ports around the nation.¹ Although Congress failed to enact the proposed legislation, such efforts may resurface in the future. Oregon is especially sensitive to its dependence on dredging, since many of its expanding ports lie along relatively shallow harbors located on the Columbia River. The Oregon Economic Development Department (OEDD), the state agency charged with advancing Oregon's economic development, has set out to assist the smaller ports in federal lobbying efforts. Thus, Oregon's state government took the lead in enacting proactive measures to ensure that its ports will have necessary tools to remain flexible and competitive.

Implementation

The OEDD was established in 1985, with the primary mission of creating high-wage jobs within Oregon communities. It identified the state's ports as a key element for Oregon to fulfill its potential in national and international marketplaces into the next century. State government now plays a vital role in assisting the maritime industries (container handling, fisheries, windsurfing, etc.) to expand and prosper. By the mid 1980s, ports were submitting undeserving project proposals for facility construction and improvement when requesting state aid. These proposals were based not on sustainable and meaningful economic development but on political pork-barreling and port expansion. A main goal of the OEDD became encouraging the submission of more prudent projects for loan funding and at-large bids.

The Ports Division of the OEDD, consisting of four full-time staff persons, acts as the statewide coordinating, planning, and research agency for all 23 ports in Oregon. To assist ports in small-to medium-sized loans for infrastructure and development, the Oregon Port Revolving Fund (OPRF) and the Marine Navigation Improvement Fund (MNIF) were established. Both sources of funding provide long-term loans to ports at lower than market interest rates. (Refer to the case studies on the OPRF and the MNIF included in this report for more information on these programs.)

Specifics of Program

Purpose of Funding

The loan-fund earnings from the OPRF support the OEDD's administration costs and costs for the services of the Port Planning and Marketing Fund Grant Program (PPMP), which include accounting and financial assistance on port operations, site development planning, marketing studies/plans, specific project consultation, coordination with regional development officers, and strategic business planning. See Table 9.2 for a sample listing of the programs which the program has funded.

State Agency Administering Program

The Ports Division of the OEDD administers this program. The point of contact for this program is:

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Project Eligibility

The following types of projects are eligible for funding:

1. development of strategic plans for ports;
2. projects leading to economic diversity by encouraging movement away from traditional and declining industries;
3. projects which assist in the redevelopment of existing public facilities;
4. projects helping to develop new or emerging industries;

5. projects which maintain a regional or cooperative emphasis;
6. projects which leverage other marketing efforts by state or other local governmental units;
7. projects which do not exceed 12 months to complete; and
8. projects which do not require local contribution in the form of cash.²

Application Requirements

The pursuit of PPMP funding is initiated by an application completed by the port and sent to the Ports Division of the OEDD. The application must take the form of a letter on port district letterhead and must describe the project in appropriate detail. Upon receipt of an application, the Ports Division shall determine whether the project is worthy of funding. The application must:

1. describe the nature and objectives of the proposed project, including the need for the project, term of the project, the nature of public interest, and the estimate of costs;
2. consist of a resolution of the port governing body that a minimum of 25 percent of the total cost of the project is committed and available for finishing the project, while the remaining 75 percent can come from undetermined sources; and
3. contain a statement from the applicable local governing bodies that the project is consistent with the relevant county or city comprehensive plans.

A sample application from the Port of The Dalles is included as Appendix S.

Funding Information

Type

Grant

Amount Available

The grant will not exceed \$25,000 or 75 percent of the total cost of the project (whichever is the lesser amount).

Matching Fund Requirements

The local port authority must commit to providing 25 percent of the total cost of the project with the state providing the remaining 75 percent if approved.

Funding Source

All monies in the PPMP Fund are appropriated continuously to the Ports Division from a distinct source apart from the general fund at the Oregon State Treasury.³ The fund consists of monies appropriated to the fund by the legislative assembly, those obtained from gifts or grants transferred by the OPRF under Oregon Regulatory Statute 285.086, and those accrued from interest earned on the investment of such monies.⁴ The PPMP funds are administered by the Ports Division of the OEDD and are granted to ports for planning and marketing projects.

Program Administration

The Ports Division devotes to the PPMP one full-time staff person, who maintains offices in both Salem and Portland, Oregon. The fund administrator manages approximately \$160,000 per year to support ten projects. The program entails six different stages, starting with the fund administrator's informal contact through yearly visits to each port in order to ascertain emerging trends in the marketplace. Then, port officials and the fund administrator define market and strategic objectives through continuing dialogue. This phase is meant to nurture the most promising projects while eliminating the occurrence of any surprise proposals. Third, the port directors submit their proposals in draft form with the aforementioned components. The Ports Division staff reviews and recommends proposals that are deemed eligible for funding. Awards are subsequently announced and kept under the \$25,000 ceiling. Finally, awards are dispensed, and the fund administrator works with ports in acquiring additional revenue when necessary. Technical assistance from the Ports Division is particularly important in fine-tuning grant proposals to apply for further aid from federal agencies such as the U.S. Forest Service, the Economic Development Administration, and the Rural Development Administration, along with other state grants such as Oregon's Special Public Works Fund.

Program Evaluation

Between 1985 and 1997, the PPMP awarded a total of \$1,326,465 to 22 of Oregon's 23 ports. The Port of Portland does not apply for funding because its administrators feel the fund is designed to assist the smaller ports, the grant size is too small compared to scope and magnitude of the type of projects it undertakes, and because the Port of Portland possesses sufficient depth in personnel and capabilities to conduct its own strategic and marketing planning. See Table 9.1 for a listing of the number of projects and the grant amounts by biennium. See Table 9.2 for the summary of grant activity. Of the grants allocated by the fund, 33 percent go to formulating strategic business plans, 60 percent to facility plans, and seven percent to marketing plans.⁵

The PPMP has been successful because it has fostered cooperation between the state and its ports and has heightened attention to properly evaluating and calculating the costs of projects. There have been several projects of note. The program has significantly aided the Port of Brookings Harbor in the development of its sports marine basin and development of commercial land. Additionally, the Port of Hood River benefited from the Port Division's assistance in balancing its marine industrial waterfront with its commercial and residential land development.⁶ The Port of The Dalles used program's guidance in conducting studies for an updated business plan, a recreational vehicle park study, and a marine facility study that later obtained matching funds from other state and federal agencies.⁷ In the case of the Port of Morrow, the program was utilized in the planning of intermodal connections.

Facility and business plans that were funded through the PPMP have led to successful grant awards at the federal level. The Port of Brookings Harbor was awarded more than \$400,000 in grant money from the Rural Development Administration for the construction of commercial tourist facilities.⁸ Also, Gold Beach was able to receive the same amount from the Rural Development Administration for construction of commercial tourist facilities based on a funded facility plan.⁹

The PPMP has numerous strong points. First, the program's administration through one state official allows for simplification of the application process. The approval process is often less bureaucratic than attempts to secure financing from private lending institutions. Because of the more efficient application process, the planning cycle is also shortened. Second, personal involvement by the program administrator requires port directors to

exercise more accurate accounting and direct oversight in their individual proposals. Submissions are more itemized and reflect truer cost analyses.

Although the application guidelines do not require benefit-cost analyses, project approval depends in large part on the thoroughness of revenue and cost projections. Also, close cooperation between the fund administrator and the ports on planning helps to instill an emphasis on long-term objectives. Through the combination of the program's approval process, strategic business plan implementation, and continuous planning, reports are more sophisticated and include five-year projections. Lastly, the smaller ports of Oregon have gained competitive advantages relative to other ports around the country when competing for federal grant funding. Proposals completed with the help of the program administrator become more professional and more thorough prior to submission for other sources of funding such as loans.

Negatives of the program largely relate to the duration of the program. The PPMP was established without sunset provisions or program termination clauses. Recently, several port directors have become more complacent in formulating plans and, at times, even recycle many components from prior studies. Because of this, some Oregon maritime experts argue that a termination date for the program should come within the next six to eight years.¹⁰ In addition, the PPMP Fund has been subject to seasonal runs. Proposals occur in higher frequency immediately after the second stage of the fiscal year, when discussions have just taken place between the program fund administrator and port directors about strategic objectives. Thus port directors are forced to shelve promising plans into for following year due to a funding shortfall.

Some administrators also point to lack of marketing emphasis as a weakness in the program.¹¹ Throughout most the program's tenure, the Ports Division has accentuated the infrastructure and industrial development planning aspects over the marketing opportunities. Regional marketing efforts have primarily been led by the Columbia Snake River Marketing Group via trade literature and appearances at expositions. The Columbia Snake River Marketing Group develops brochures and information packets for commercial entities about the capabilities of each of the ports along the Snake and Columbia rivers. Nonetheless, due to the high level of specialization, most ports choose to conduct their own marketing initiatives.

Lessons for Texas

Establishing a program similar to the Oregon Port Planning and Marketing Fund Grant Program (PPMP) for Texas may encounter considerable resistance in the state legislature because of budget constraints. In Oregon it has proven to be an effective strategic assistance tool for the smaller ports. Yet, in Texas, rail and road interests and the larger ports may be reluctant to support a program that affords small ports this special attention. Any legislative proposals in Texas to enact a program similar to Oregon's PPMP will have to convince lawmakers that government staff can enhance small port planning and marketing, while not alienating the other modes of transportation.

Clearly, without the proceeds from the earnings of the OPRF and, to a lesser extent, the MNIF supporting grant costs, this program most probably would not have been passed. Lacking the loan funds' resources, the grant system is merely a direct government subsidy to a specific mode of transportation. A funding source for such a program in Texas could possibly originate from a yet to be established loan fund or generated from taxes on port usage. The successful administration of this type of an assistance program was due in great part to a small and competent staff of civil servants and can conceivably be executed by a similar system in Texas, perhaps through an extension of the Texas Department of Commerce or Texas Department of Transportation.

Table 9.1
Number of Projects and Total Grant Amount by Biennium

Biennium	Number of Projects	Total Grant Amount
1985-1987	8	\$100,000
1987-1989	19	\$245,250
1989-1991	20	\$244,640
1991-1993	20	\$272,488
1993-1995	19	\$317,062
1995-1997	10	\$150,025
Total	96	\$1,326,465

Source: Oregon Economic Development Department, Ports Division, *Program Description*, January 1996.

Table 9.2
Summary of Grants from the Oregon Port Planning and Marketing Program

Port	Biennium	Grant Amount	Type of Project
Port of Alsea	85-87	\$11,840	Port Master Plan
		\$2,250	Strategic Business Plan
		\$14,350	Facilities Development Plan
	91-93	\$5,000	Planning
	93-95	\$7,500	Marketing
Port of Astoria	85-87	\$10,160	Marketing
	89-91	\$18,750	Strategic Business Plan
Port of Bandon	87-89	\$11,000	Strategic Business Plan
	91-93	\$9,750	Planning
	93-95	\$14,250	Planning
	95-97	\$14,025	Waterfront Planning
Port of Brookings Harbor	87-89	\$17,500	Port Master Plan and Strategic Business Plan
	89-91	\$18,750	Master Plan and Business Plan Update
	91-93	\$18,000	Planning
	91-93	\$15,000	Permits/Financial Planning
	93-95	\$13,500	Waterfront Planning
	93-95	\$12,375	Strategic Business Plan and Waterfront Plan Update
	95-97	\$25,000	Sports Basin Planning
Port of Cascade Locks	87-89	\$10,000	Marketing
	87-89	\$7,500	Strategic Business Plan

	89-91	\$9,700	Marketing
	89-91	\$19,500	Industrial and Recreational Site Planning
	91-93	\$18,000	Planning
	93-95	\$25,000	Industrial Park Planning
Port of Coos Bay	85-87	\$15,000	Marketing
	87-89	\$10,000	Marketing
	87-89	\$10,000	Fiscal Management Study
	87-89	\$15,000	Strategic Business Plan
	87-89	\$25,000	Regional Strategic Marketing
	89-91	\$15,000	Land Assemblage Planning
	91-93	\$25,000	Planning
	95-97	\$25,000	Eastside Property Planning
Port of Garibaldi	85-87	\$10,000	Facilities Planning
	89-91	\$17,750	Port Master Plan and Strategic Business Plan
	91-93	\$17,750	Regional Marketing
	93-95	\$9,000	Old Mill Planning
	93-95	\$17,000	Marketing
Port of Gold Beach	87-89	\$18,750	Port Master Plan and Strategic Business Plan
	89-91	\$9,000	Marketing
	91-93	\$11,250	Planning
	93-95	\$7,987	Planning
	95-97	\$6,000	Cannery Building Planning
Port of Hood River	87-89	\$12,000	Strategic Business Plan
	89-91	\$9,000	Master Plan Update

	91-93	\$19,700	Business Site Development Planning
	91-93	\$3,225	Planning
	93-95	\$25,000	Planning
	93-95	\$15,000	Planning
Port of Morrow	91-93	\$12,188	Water System Management Plan
	93-95	\$25,000	Business Planning
	93-95	\$15,000	Planning
	95-97	\$21,000	Planning
Port of Nehalem	89-91	\$7,000	Strategic Business Plan
Port of Newport	87-89	\$22,000	Port Master Plan and Strategic Business Plan
	89-91	\$18,750	Waterfront Facilities Planning
	95-97	\$7,500	Bayfront Property Planning
Oregon Port Districts	89-91	\$14,440	Oregon Port Industry Publication
Port of Port Orford	89-91	\$4,500	Strategic Business Plan
	91-93	\$5,625	Marketing
Port of Siuslaw	87-89	\$19,700	Port Master Plan and Strategic Business Plan
	89-91	\$9,000	Waterfront Facilities Planning
	91-93	\$5,000	Planning
	93-95	\$18,750	Industrial Park Planning
	93-95	\$14,000	Planning/Marketing
Port of St. Helens	85-87	\$15,000	Oregon Port Group Marketing
	89-91	\$3,750	Marketing
	89-91	\$10,500	Strategic Business Plan
	89-91	\$15,000	Industrial Property Planning

	91-93	\$5,000	Marketing
	91-93	\$22,500	Planning
	93-95	\$25,000	Planning
	93-95	\$17,175	Market Analysis
South Coast Ports Group	87-89	\$8,000	Marketing
Port of The Dalles	85-87	\$15,000	Marketing for Windsurfing
	87-89	\$10,000	Strategic Business Plan
	91-93	\$25,000	Planning and Marketing
	95-97	\$10,000	RV Park Planning
Port of Tillamook Bay	87-89	\$11,250	Strategic Business Plan
	89-91	\$4,650	Marketing
	91-93	\$20,250	Planning
	93-95	\$14,400	Planning
	95-97	\$18,750	Industrial Park Planning
Port of Toledo	89-91	\$9,000	Strategic Business Plan
	91-93	\$9,000	Planning
	91-93	\$16,500	Planning
	93-95	\$13,125	Wharf Extension Planning
	95-97	\$18,700	Business Plan Update
	95-97	\$4,000	Wharf Extension Market Feasibility
Port of Umatilla	85-87	\$8,000	Marketing
	87-89	\$3,500	Marketing
	93-95	\$25,000	Planning
Port of Umpqua	85-87	\$15,000	Port Master Plan
	87-89	\$6,800	Marketing

	89-91	\$16,250	Strategic Business Plan
	91-93	\$9,000	Planning

Source: Oregon Economic Development Department, Ports Division, *Program Description*, January 1996.

Notes

¹ Oregon Economic Development Department (OEDD), *Oregon Economic Development Department Ports Division Handbook*, Salem, OR, January 1996, p. 3.

² *Ibid.*, p. 8.

³ Oregon Title 26, Code 285.850 (1995).

⁴ *Ibid.*

⁵ Interview by Roger Williams with James W. Coker, Director, Port Planning and Marketing Fund Grant Program, Salem, OR, December 18, 1996.

⁶ Interview by Roger Williams with Greg Baker, Port Director, Port of Hood River, Hood River, OR, December 20, 1996.

⁷ Interview by Roger Williams with Scott C. Hege, Executive Director, Port of The Dalles, The Dalles, OR, December 20, 1996.

⁸ Telephone interview by Roger Williams with James W. Coker, Director, Port Planning and Marketing Fund Grant Program, Salem, OR, March 18, 1997.

⁹ *Ibid.*

¹⁰ Interview by Williams with Baker.

¹¹ Interview by Williams with Hege.

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**Appendix A. Application for Wisconsin Harbor Assistance
Program**

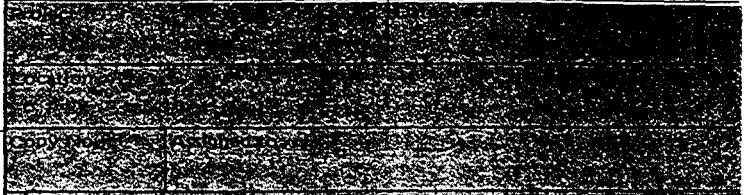
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APPLICATION
Wisconsin Harbor Assistance Program

Submit Application To:
 Manager, Harbor Assistance Program
 P. O. Box 7914 Madison, WI 53707-7914

FOR WDOT STAFF USE



1. HARBOR NAME	2. PRINCIPAL CONTACT:
	PHONE:

3. APPLICANT AGENCY NAME AND ADDRESS

5. PROJECT TYPE (CHECK APPROPRIATE TYPE)

Maintenance dredging and disposal which is the responsibility of the local government and which is outside a U.S. Army Corps of Engineers project area.

Maintenance dredging and disposal within a Corps project area.

Dock wall repair or maintenance.

New project development of publicly owned facilities limited to dredging, dredge disposal and dock walls.

Maintenance of other publicly owned harbor facilities.

New project of other public harbor facilities.

6. ANTICIPATED PROJECT DATES

Start Date _____ Complete Work _____
 (Month, Year) (Month, Year)

4. COST APPORTIONMENT: Submit narrative or other support documentation concerning the timing of available non-grant financing and any known or expected prerequisites for, or limitations on, that financing, i.e. bond issue, budget appropriation, bank loan approval, referendum, other grant, etc.

	AMOUNT	% of TOTAL	SOURCE OF FUNDS
Proposed grant amount	_____	_____ %	_____
Applicant's share of costs	_____	_____ %	_____
Amounts from federal sources	_____	_____ %	_____
Other	_____	_____ %	_____
Total estimated project cost	_____	100 %	_____

7. RESOLUTION FROM ELIGIBLE APPLICANT

Is a resolution, officially adopted by the eligible applicant containing the assurances and information specified under TRANS 28.09 (2)(a), attached to this application?
 YES NO

8. CERTIFICATION

To the best of my knowledge and belief, the information submitted herein is true and correct and this document has been duly authorized for submittal by the governing agency.

 X

 (Authorized signature and Title) (Date)

9. PROJECT SUMMARY (This is to be a brief overall summary with greater detail, including a scope of services and anticipated work schedule, provided in a supporting narrative.)

10. URGENCY OF PROJECT:

Provide supporting documentation for each item checked.

- Harbor depth is now or within 18 months of application date will be less than the required navigation depth if dredging is not accomplished.
- A dock wall has deteriorated to the extent that the terminal facility is not or within 18 months will not be useable.
- A publicly-owned dredge disposal facility has deteriorated to the extent that polluted material may re-enter Lakes Michigan or Superior or the Mississippi River within 18 months.
- Other (please provide a full description of the cause and extent of the urgency in an attached narrative).

11. PROJECT FEASIBILITY:

Submit narrative and other documentation in support of these responses.

YES NO

- 1. The project is economically feasible (economic analyses, benefit/cost analyses, pro formas, etc.).
- 2. The project is environmentally feasible (draft or final environmental assessments).
- 3. The project is feasible from an engineering perspective (preliminary plans and drawings used for estimating).

12. PERMITS AND LICENSES:

Identify the permits and the respective issuing agency required to accomplish the project (include permits issued by all levels of government).

*	PERMIT OR LICENSE	ISSUING AGENCY	IN FORCE	TO BE OBTAINED	START DATE	EXPIRATION DATE

* For items still to be obtained, describe below or on a separate sheet, the current status of applicant's efforts to obtain them, the required work or action still outstanding and the estimated date they will be obtained. Provide copies of permits and licenses already obtained.

13. **COST SUMMARY:** Submit narrative or other support documents describing the basis for the estimated costs described in question 4 and any special circumstances affecting these cost estimates.

A. **Estimated Project Costs:** Add or strike from this list as appropriate to the project. If more than one contractor is to be used, identify each contractor separately as Contractor A, Contractor B, etc.

NOTE: Costs of obtaining permits and licenses, preparation of application materials, including conceptual designs, and economic and environmental data, ARE NOT ELIGIBLE for reimbursement with grant funds.

ITEM	(1) DREDGING	(2) DOCKWALL	(3) OTHER IMPROVEMENTS
Disposal site acquisition	_____		
Disposal costs	_____		
Bid preparation and advertising	_____	_____	_____
Final Engineering	_____	_____	_____
Direct Supervision of Contractor	_____	_____	_____
Contractor A	_____	_____	_____
B	_____	_____	_____
C	_____	_____	_____
D	_____	_____	_____
E	_____	_____	_____
Force Account Work	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
SUBTOTAL	\$ _____	\$ _____	\$ _____
TOTAL ESTIMATED PROJECT COST (Columns 1 + 2 + 3)			\$ _____

B. **Other Development Costs:** Submit narrative or other support documentation describing the basis for the estimates cited, i.e. appraisals, local assessment, design cost, etc.

Estimated market value of land and existing facilities necessary for success of the project. \$ _____

Estimated cost of additional site development and facilities necessary for success of the project. \$ _____

Sources for additional site development funds: _____

14. **ESTIMATED ANNUAL REVENUES AND COSTS:** Submit narrative or other support documentation describing the basis for revenue and operating cost estimates.

Five year projection of applicant's revenue/cost.

	First Full Year of Operation	Second Full Year	Third Full Year	Fourth Full Year	Fifth Full Year
Applicant's projected operating revenues.	_____	_____	_____	_____	_____
Applicant's projected operating and regular maintenance costs	_____	_____	_____	_____	_____

15. **JOB**s: Submit narrative or other support documentation describing the basis for and the method used to calculate the estimates given below.

A. Estimated Jobs in Port County Gained With Project.

OCCUPATION	NO. of JOBS	START DATE

B. Estimated Jobs in Port County Lost Without Project.

OCCUPATION	NO. of JOBS	START DATE

16. **TONNAGE USING CALENDAR YEAR 19_____**: For expected future tonnage, see application guidelines.

COMMODITY	TONNAGE	COMMUNITY,STATE ORIGIN	COMMUNITY,STATE DESTINATION

17. **LIST OF ATTACHMENTS AND SUPPORT DOCUMENTS**: List in this space the title or other identification for each of the documents and supporting statements set forth under blocks 9 through 16.

Harbor Assistance Program

Guidelines and Instructions
for Grant Applications

Issued January 1997 for Calendar 1997 Supplemental Funding

Application Due Date: February 1, 1997

And

For Calendar 1998 Regular Funding

Application Due Date: August 1, 1997

Bureau of Railroads and Harbors
Wisconsin Department of Transportation
P.O. Box 7914
Madison, Wisconsin 53707-7914

Staff Contact: Ellen Fisher (608) 267-9319

(This information is available in other
forms to accommodate special needs)

1.0 THE PROGRAM

The Harbor Assistance Program provides financial assistance to harbor communities on the Great Lakes and Mississippi River for projects which improve or maintain waterborne commerce.

WisDOT (Bureau of Railroads and Harbors) administers the Wisconsin Harbor Assistance Program under the authority of Wis. Stats. 85.095 and under Chapter TRANS 28, Wisconsin Administrative Code (copy available upon request).

2.0 ELIGIBLE PROJECTS

Eligible projects include dredging, dredged material disposal (including acquisition, construction, operation and maintenance of a disposal site and the cost of transporting dredged material to the site), construction and repair of publicly-owned dockwalls and other municipal harbor improvement projects that benefit commercial transportation.

3.0 ELIGIBLE APPLICANTS

An eligible applicant must first be a county, municipality, town or agency thereof, a board of harbor commissioners organized under s.30.37, Wis. Stats., or a federally recognized tribal governing body, and second must have had a three-year Harbor Statement of Intentions formally endorsed by the city, municipal, town, or tribal council or county board of supervisors and submitted to WisDOT on or before each April 1st prior to the application date.

4.0 GRANT AMOUNTS

Harbor Assistance Program grant funds may be used to finance up to 80 percent of eligible project costs or, if U.S. Army Corps of Engineers financing is involved, up to 50 percent of the local share of eligible project costs.

5.0 KEY PROVISIONS OF THE PROGRAM

1. The objective of this program is to provide necessary water access and to maintain or improve the economically effective commodity movement capabilities of Wisconsin's harbors on the Great Lakes and Mississippi River system.
2. Eligible projects must be located in Great Lakes or Mississippi River system harbors where:
 - a. Vessels take on or discharge a combined total of more than 1,000 tons of commercial cargo per year;
 - b. Commercial, naval or recreational vessels are built;

- c. Vehicle-carrying ferry service connects the Wisconsin mainland with other states, Canadian Provinces or populated islands in Wisconsin; or
 - d. Commercial fishing vessels unload fish.
- 3. Projects may be undertaken solely by the eligible applicant, or by the eligible applicant in conjunction with the U.S. Army Corps of Engineers or other government agencies.
- 4. Applications will be evaluated according to the following criteria:
 - a. Economic impact of project -- benefits must exceed costs.
 - b. Urgency of project.
 - c. Type of project -- maintenance projects have higher priority.
 - d. Tonnage moved in waterborne commerce.
- 5. Projects may be denied funding if:
 - a. The application was submitted by an ineligible applicant or was submitted after the due date.
 - b. The application is incomplete.
 - c. The project is inconsistent with the criteria in TRANS 28.
 - d. Harbor Assistance Program funds are inadequate.
 - e. The project is speculative; that is, the applicant for a new project development has no firm financial commitment from a potential lessee or operator that ensures future, productive use of the work performed under the project.
 - f. The project has a lower priority than others requiring Harbor Assistance Program funding during the current biennium.
 - g. The applicant has not met the program planning requirements under TRANS 28.10.
 - h. The project proposed is inconsistent with applicable harbor development plans or local comprehensive plans.
- 6. Projects selected for funding shall be implemented through formal contracts between the Department and the eligible applicant. General conditions of the contracts are described in TRANS 28.08.
- 7. All grant recipients will be required to maintain project books and records and to make periodic progress reports to the Department.

6.0 APPLICATION FORM AND CONTENT

The Program application consists of the form titled APPLICATION WISCONSIN HARBOR ASSISTANCE PROGRAM, plus attachments and other supporting documents provided by the applicant in support of the information and representations made in the application form.

The applicant is advised and encouraged to provide as complete a response to the application requests as possible and to include additional pages or other documentation which the applicant believes suited to explain, clarify and support its application. It is expected that material supplied by the applicant may exceed the space provided in the form. Additional sheets of paper may be used if the response is properly identified with the corresponding block number from the form.

The Department may, at its option, require additional information, analysis or documentation from the applicant in support of the application and may deny the application if such material is not provided in a timely manner.

Application Completion Instructions

- block 1) Self explanatory.
- block 2) Provide the name and telephone number of the person responsible for the management of the proposed project.
- block 3) Self explanatory.
- block 4) Cost apportionment - Complete this block and identify clearly all sources of funds and dollar amounts (use additional sheets as necessary). The source(s) of funds for the applicant's matching share could include revenue bonds, general obligation bonds, property tax revenues, occupational taxes, direct contributions from a private terminal operator, etc.

Federal funds may be committed to some projects. If U.S. Army Corps of Engineers financing is involved, the Harbor Assistance Program grant amount shall not exceed 50 percent of the required local share of eligible project costs.

block 5) Check as applicable. If the proposed project has several elements, more than one check may be necessary. For example, a project might include both maintenance dredging and dockwall repair.

block 6) Self explanatory.

block 7) The resolution from the eligible applicant shall contain the information required under TRANS 28.09(2)(a). The following format for the resolution may be used:

The applicant may include a series of statements setting forth the reasons for, and explanation of the application. These statements often begin with the word WHEREAS.

After the reasons are set forth, a statement, "Now, therefore, let it be resolved that:" usually follows. The resolution then may include the following statements:

1. The (name of eligible applicant agency) hereby requests a grant of (dollar amount) from the Wisconsin Harbor Assistance Program for the project identified as (applicant's name or identification for the proposed project).
2. (Name or names of persons) is (are) the representative(s) of the (name of eligible applicant agency) authorized to sign agreements, forms, claims and other required documents binding upon (name of eligible applicant agency) in connection with the application for Wisconsin Harbor Assistance Program funds.
3. The (name of eligible applicant agency) hereby accepts all responsibilities for the operation and maintenance of the (applicant's name or identification for the proposed project) upon completion of the work funded under a Harbor Assistance Program grant.
4. The (name of eligible applicant) hereby assures that the (applicant's name or identification for the proposed project) is consistent with the harbor development plan or comprehensive plan for (name of harbor in which project is located) titled (name or title of harbor plan and effective date of the plan).

5. The (name of eligible applicant) hereby assures that the proposed project is consistent with the three year harbor development statement of intentions submitted to WisDOT under the requirements of s.85.095(3), Wis. Stats.
6. The (name of eligible applicant) hereby agrees to provide to the department, in a timely manner, additional analysis or documentation in support of the application, if necessary for the review process.
7. The (name of eligible applicant) hereby warrants that it will provide such amounts of matching funds as may be required up to a maximum amount of _____ upon the signing of a grant agreement and at a time and manner specified by WisDOT.

If a harbor plan has been developed, a copy should be forwarded with the application. If a harbor plan or comprehensive plan has not been developed, item 4 should be modified to reflect that a plan is not in force.

- block 8) The applicant agency official named in the resolution under block 7 signs this certification on behalf of the applicant agency.
- block 9) Block 9 is a summary of the key features of the project. It is necessary for the applicant to provide an expanded narrative description of the proposed project. The narrative should address, but is not limited to, the following:
- A. A detailed description of all work elements to be performed accompanied by plans, drawings, sounding reports or other information necessary to fully describe the project.
 - B. A description of the means by which the work is to be performed (sealed bid, force account, etc.).
 - C. A statement and justification of the reasons for accomplishing the project, including a discussion of alternatives. It is especially important to provide data on operating and maintenance costs of the completed facility, if applicable, and the transportation cost data employed to support claims of cost saving, ie., truck operating costs, port handling costs, etc.
 - D. A map, sketch or other device appropriate for locating the project site.

E. A statement of ownership of the project site and facilities. A copy of the deed should be attached.

F. A time schedule for major project work elements.

block 10) Check each item applicable to the proposed project. Provide supporting documentation for each item checked. Documentation may include such items as Corps of Engineers studies, grounding reports, siltation studies, engineering inspection reports, photographs, written correspondence from shippers or shipping lines, or such other information deemed appropriate by the applicant to verify and support its statement of urgency. Please note that the definition of urgency in TRANS 28.05(1)(b) 1 is very specific.

block 11) Check the appropriate response for each of the statements. Provide support documentation for each response. Support documentation for each respective statement may include, but is not limited to:

1. Copies of economic impact studies, benefit/cost analyses, return on investment studies, profit and loss analyses, marketing studies and employment impact analyses.
2. Copies of environmental screening worksheets, environmental assessments, environmental impact statements, and public hearing reports, prepared by the applicant, EPA, DNR, or other applicable agency. If an environmental assessment or impact statement is not attached to this application, the applicant will be expected to submit it with hearing summaries before a department decision on the application is made.
3. Copies of conceptual designs, dredging and dredge disposal plans, architectural drawings, blueprints, engineering drawings, construction plans, specification lists, construction permits.

block 12) Self explanatory.

block 13) A. Estimated Project Costs - The format of this block may be used or, if more appropriate, it may be restructured to better accommodate the cost elements of the proposed project and submitted on an attached sheet. Applicant

should recognize that only costs incurred after the grant agreement is signed will be eligible for reimbursement under the grant.

- B. Other Development Costs - In some cases, the applicant is requesting Harbor Assistance Program Funds for the water-related portions of a much larger harbor development. In these cases, the usefulness of the "project" often depends upon the eventual completion of elements of a much larger development which may need to be in operation to justify the water-related project.

The applicant should:

- 1) Identify the costs of the larger development related to transportation that are not to be funded by the grant, but are necessary for successful operation of the proposed project that is to be funded by the grant (generally, facilities for transfer of a commodity from a ship/barge to storage and/or to truck or railcar).
- 2) Identify the market value of existing land and facilities which are essential to the success of the project.
- 3) Identify the estimated costs of additional site development which are essential to the success of the project, but which are not included under block 13A.

block 14) Estimated Annual Revenues and Costs - Estimate as accurately as possible the applicant's revenues from the project (or revenues lost if the project is not completed) and the annual project maintenance costs. Attach detailed support materials. Applicant revenues, if any, may be generated by leases, through-put charges or other fees.

If major maintenance costs, for example, dredging, are expected to occur after the five year interval shown in block 14, please indicate what the work would be and provide an estimate of cost.

block 15) Jobs - Estimate the total number of jobs directly attributable to the project (if construction jobs, indicate as such), or those jobs which would be lost if the project were not completed.

block 16) Tonnage - For existing facilities, list commodities, tonnage, origin and destination for the most recent calendar year, and provide documentation. Origin and destination should be listed as precisely as possible by community, state and country. Specify if the tonnage amount is in long tons.

For expected increases in tonnage at existing facilities, add information describing the commodity expected to increase, the tonnage increase, the origin and destination of the commodity and the reason for the increase. If this detail is competitively sensitive, use the continent if foreign, country if North America, region of the USA if not Wisconsin. For new facilities, list commodities (tonnage, origin and destination) expected to be handled, and provide documentation.

block 17) Self explanatory.

7.0 APPLICATION SUBMITTAL PROCEDURES

7.1 Application Deadline.

Applications for funding of projects to be initiated during calendar year 1997 must be delivered to the Bureau of Railroads and Harbors, Room 701 of the Hill Farms State Transportation Building, 4802 Sheboygan Avenue, P.O. Box 7914, Madison, Wisconsin, 53707-7914 on or before the close of business on February 1, 1997. Applications may be submitted by mail but must be postmarked no later than February 1, 1997 and sent by certified mail, return receipt requested.

Applications for funding of projects to be initiated during calendar year 1998 must be delivered to the Bureau of Railroads and Harbors, Room 701 of the Hill Farms State Transportation Building, 4802 Sheboygan Avenue, P.O. Box 7914, Madison, Wisconsin, 53707-7914 on or before the close of business on August 1, 1997. Applications may be submitted by mail but must be postmarked no later than August 1, 1997 and sent by certified mail, return receipt requested.

7.2 Copies of Applications and Supporting Documentation.

The applicant is to provide an original and seven legible copies (a total of eight copies) of ALL application materials. This includes plans, drawings, reports, maps, and the like. The reason for multiple copies is to supply non-DOT members of the advisory council with a review copy. Because of the potential volume of material supplied (considering the possible amount of support documentation), each document must be clearly identified with the applicant's name, the identification or name of the project and the phrase, "document in support of application block____."

To the extent possible, application material should be "loose leaf" bound to provide both ease of handling and a secure binding. Bulky items such as harbor plans or blueprints which cannot reasonably be bound with other items must be clearly identified. The application should contain an index or other device for referencing attachments and supplemental materials to the data called for on the form. Page numbers or marginal tabs should also be used.

8.0 GRANT AWARD PROCEDURES

8.1 Project Evaluation and Selection.

Projects will be evaluated on the criteria identified in TRANS 28. To help the Department evaluate the merits of the projects, the Department will prepare an economic analysis of each project. A project must have a benefit-cost ratio greater than one to be considered for funding.

The selection advisory council will conduct its work within 90 days following the application deadline. The Department will notify applicants of their project's selection or non-selection for funding within that time period.

8.2 Grant Agreement.

Upon selection of a project, the Department will prepare a contractual agreement, the terms of which will be negotiated between the Department and the successful applicant. This agreement shall include, but not be limited to, terms which set forth project performance measures, binding commitments for provision of applicant's share of costs, commitments regarding continued facility operation and maintenance, and the

like. Should work not be underway on or before December 31, 1997 for grants awarded on the basis of February applications, the grant award will be withdrawn. Should work not be underway on or before December 31, 1998 for grants awarded on the basis of August applications, the grant award will be withdrawn. Applicants may resubmit an unsuccessful application under subsequent funding cycles.

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Appendix B. Wisconsin Harbor Assistance Program Statutes

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(h). the rights conferred by this section are subordinate to such federal rights and shall take effect only when consistent with 49 USC 10905 (f) (4) and 10910 (h).

(7) RULES. The department may adopt such rules as it deems necessary to accomplish the purposes of this section.

History: 1977 c. 29, 418; 1979 c. 34 s. 1018; Stats. 1979 s. 85.09; 1981 c. 20; 1983 a. 27, 192; 1985 a. 29 ss. 1583 to 1586, 3200(51); 1985 a. 332 s. 253; 1987 a. 5; 1989 a. 31; 1991 a. 39; 1993 a. 16.

85.095 Harbor assistance program. (1) DEFINITIONS.

In this section:

(a) "Eligible applicant" means a county, municipality, town or agency thereof or a board of harbor commissioners organized under s. 30.37.

(b) "Harbor improvements" means any dock wall repair and maintenance, construction of new dock walls, dredging of materials from a harbor or the placement of dredged materials in containment facilities.

(2) ADMINISTRATION. The department, in consultation with the Wisconsin coastal management council created under s. 14.019, shall administer the harbor assistance program and shall have the following powers:

(a) To make grants for the purpose of reimbursing eligible applicants for moneys expended to make harbor improvements and to fund other harbor assistance and improvement projects. The amount of a grant may not exceed 80% of the moneys expended by the eligible applicant for harbor improvements.

(b) To establish criteria for evaluating applications for harbor assistance grants in order to provide for the disbursement of grants. In establishing these criteria, the department shall consult with the department of development and shall give priority to applicants based on the amount of tonnage and waterborne transportation handled in the harbor.

(c) To receive and review applications for grants under this section and to prescribe the form, nature and extent of the information which shall be contained in the applications.

(d) To direct, with the approval of the governor, that state debt subject to the limitations in s. 20.866 (2) (uv) be contracted in accordance with ch. 18 to fund harbor improvements and other harbor assistance and improvement projects.

(3) PLANNING REQUIREMENTS. (a) Except as provided in par. (c), no grant may be made under this section unless the eligible applicant submits information to the department regarding harbor projects for which the eligible applicant may request state aid under this section or federal aid, or both, during the next 3-year period. The information shall be submitted prior to the April 1 which precedes the fiscal year in which the eligible applicant seeks aid under this section.

(b) The department shall, by rule, establish the starting date of each 3-year period and the form, nature and extent of the notice required under par. (a).

(c) The department may waive the requirements under this subsection.

History: 1979 c. 34, 221, 355; 1981 c. 314; 1983 a. 27; 1987 a. 27, 399; 1989 a. 31, 359.

85.10 Sale of aerial photographic survey products.

The department may sell to any person the selection of photographic products from the aerial photographic survey conducted under s. 23.325. The department may retain an amount equal to the costs that it incurs in selling and reproducing the photographic products.

History: 1977 c. 418; 1979 c. 175 s. 53; 1987 a. 27; 1991 a. 39.

85.107 Minority civil engineer scholarship and loan repayment incentive grant program. (1) PURPOSE. The minority civil engineer scholarship and loan repayment incentive grant program is created to assist in improving the representation of minorities among employes of the department who are classified as civil engineers.

Chapter Trans 28

HARBOR ASSISTANCE PROGRAM

Trans 28.01	Purpose and scope	Trans 28.06	Grant award
Trans 28.02	Definitions	Trans 28.07	Grant amounts
Trans 28.03	Harbor assistance program objective	Trans 28.08	Grant agreement
Trans 28.04	Eligible projects	Trans 28.09	Application process
Trans 28.05	Project selection	Trans 28.10	Planning requirement

Note: Chapter Trans 28 as it existed on February 28, 1985 was repealed and a new chapter Trans 28 was created effective March 1, 1985.

Trans 28.01 Purpose and scope. The purpose of this chapter is to set forth the department of transportation's administrative interpretation of s. 85.095, Stats., and to prescribe the administrative policies and procedures for implementing the harbor assistance program authorized by s. 85.095, Stats.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.02 Definitions. As used in this chapter:

(1) "Commerical transportation facility" means a facility used by vessels under construction or repair, by vessels transporting passengers or commodities or by commercial fishing vessels, but does not include a facility used on a regular basis by recreational or sport fishing vessels.

(2) "Department" means the Wisconsin department of transportation.

(3) "Disposal facility" means containment facilities, diked or undiked disposal sites, or transfer sites for future beneficial reuse.

(4) "Disposal facility costs" means costs of acquisition, construction, operation, or physical maintenance of a disposal facility.

(5) "Dock wall" means any publicly owned bulkhead, pier or shoreline development used as a commercial transportation facility.

(6) "Dredging" means the excavating of harbor sediment or bottom materials, including the mobilization or operation of equipment for excavation, the sampling and analysis of sediment to determine the composition of material to be dredged or the transportation of dredged material to and placement of dredged material in a disposal facility.

(7) "Dredged material disposal" means placing dredged material in a disposal facility.

(8) "Eligible applicants" means a county, municipality, town or agency thereof or a board of harbor commissioners organized under s. 30.37, Stats.

Note: Federally recognized tribal governing bodies are also eligible applicants, based on s. 20.002(13), Stats.

(9) "Eligible costs" means costs approved in a grant agreement.

Register, February, 1985, No. 350

Trans 28

(10) "Maintenance dredging" means dredging in an area previously dredged to the dimensions agreed upon in the grant agreement, but does not include dredging to greater dimensions than those to which the area has been previously dredged.

(11) "Project priority list" means a ranking by the department, assisted by an advisory council as described in s. Trans 28.06(3), of various applicant-proposed harbor improvement projects in the rank order in which the department proposes to fund the various projects.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.03 Harbor assistance program objective. The objective of the harbor assistance program is to assist eligible applicants to provide necessary water access and to maintain or improve the economically effective commodity movement capabilities of Wisconsin's harbors on the Great Lakes or the Mississippi River system.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.04 Eligible projects. (1) **DESCRIPTION.** Every eligible harbor assistance project shall benefit a commercial transportation facility. Eligible harbor assistance projects include: dockwall and disposal facility construction, repair, maintenance or rehabilitation; maintenance dredging of materials from a harbor or dredging of new harbor areas; dredged material disposal; and other harbor improvements related to the physical needs of a port that maintain or increase commodity movement capabilities.

(2) **LOCATION.** Eligible projects shall be located only in Great Lakes or Mississippi River system harbors where vessels take on or discharge a combined total of more than 1,000 tons of commercial cargo per year; where commercial, naval or recreational vessels are built; where vehicle-carrying ferry service connects the Wisconsin mainland with other states, Canadian provinces or populated islands in Wisconsin or where commercial fishing vessels unload fish. The U.S. army corps of engineers' annual tonnage figures shall be the basis for the tonnage determination; where tonnage figures are not available, an applicant shall provide tonnage figures based on auditable records.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.05 Project selection. (1) The department shall base its project selection on the following criteria, listed in each paragraph in descending order of importance:

(a) Economic impact of the project:

1. Indicators of expected economic impact shall be determined by an efficiency analysis known as a benefit-cost analysis. Benefits must exceed costs for the project to be further evaluated for funding.

2. The expected number of jobs created by a project or lost by not completing a project shall be considered.

(b) Type and urgency of the project:

1. An urgent project shall be given priority. A project is urgent if:

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a. Harbor depth is less than, or within 18 months after the application date is projected to be less than, the navigation depth required for harbor usage.

b. A dockwall has deteriorated so that a terminal facility is not, or within 18 months after the application date is projected to be not, usable for terminal purposes.

c. Failure to complete the project would decrease passenger or commodity movement through a harbor or through a commercial, transportation facility by 25% or more.

2. The following project types shall have the following priority order for grant award:

a. Maintenance dredging of materials with its attendant disposal where maintenance is the responsibility of a local government and is performed outside a United States corps of engineers project area.

b. Dockwall repair or maintenance.

c. Maintenance dredging and disposal within a United States corps of engineers project area.

d. New project development of a publicly owned commercial transportation facility, where the development involves dredging, dredged material disposal and dockwall construction.

e. Maintenance of a publicly owned commercial transportation facility other than maintenance described in subpars. a, b or c.

f. New project development of a publicly owned commercial transportation facility other than that development described in subpar. d.

(c) Amount of tonnage and waterborne transportation: Higher priority shall be given to projects in harbors with larger amounts of tonnage and waterborne transportation, and a lower priority shall be given to projects in harbors with lesser amounts of tonnage and waterborne transportation.

(2) The department may deny funding of otherwise eligible projects if:

(a) The application was submitted by an ineligible applicant or was submitted after the due date.

(b) The application is incomplete.

(c) The project is inconsistent with the criteria in this chapter.

(d) Harbor assistance program funds are inadequate.

(e) The project is speculative; that is, the applicant for a new project development has no firm financial commitment from a potential lessee or operator that ensures future, productive use of the work performed under the project.

(f) The project has a lower priority than others requiring harbor assistance program funding during the current biennium.

(g) The applicant has not met the program planning requirements under s. Trans 28.11.

(h) The project proposed is inconsistent with applicable harbor development plans or local comprehensive plans.

(3) The department shall establish an advisory council, under authority of s. 15.04(1)(c), Stats., to evaluate harbor assistance program project applications. The advisory council shall include a representative of the Wisconsin department of development and of the Wisconsin coastal management council and shall include 2 or 3 other persons familiar with water transportation. Consistent with this chapter, the advisory council shall evaluate and rank the proposed projects and shall recommend to the department the priority of the projects to be funded.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.06 Grant award. (1) The department shall annually establish deadlines for filing harbor assistance project applications and shall give appropriate notice of the deadlines. Notice shall be by mail, sent to the clerks of all municipalities having jurisdiction over commercial harbors on the Great Lakes, and on the Mississippi River. The department shall issue notice of the grant awards within 180 days after an application deadline. No grant funds may be committed to an applicant until a grant agreement is negotiated and signed by the department and the applicant.

(2) The department may rescind grant awards in whole or in part if:

(a) All legally required permits are not obtained by July 1 of the calendar year for which a grant is awarded;

(b) Local matching funds are not advanced when due;

(c) Funds to be made available from other sources because of the grant are not advanced when due;

(d) Work eligible for grant reimbursement is not begun in the calendar year for which the grant was awarded;

(e) A significant change in the project scope occurs after notice of the grant award is issued; or

(f) The grantee is in default under the grant agreement.

(3) The department shall rescind a grant award if the eligible applicant withdraws its application or is unable to enter a grant agreement in the calendar year for which the grant is awarded.

(4) Recision of a grant award, in whole or in part, shall permit the department to award a grant to the next, most highly ranked, unfunded project on the current project priority list that can be funded under the requirements of this chapter.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.07 Grant amounts. (1) In accordance with s. 85.095 (2) (a), Stats., the state share of project costs may not exceed 80% of the eligible costs incurred by the applicant for the harbor assistance project.

(2) For projects funded in part by the U.S. army corps of engineers, the state share may not exceed 50% of the non-federal share of the project costs.

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(3) For projects with federal funding, other than those projects funded in part by the U.S. army corps of engineers as described in sub. (2), the state share may not exceed 80% of the non-federal share of project costs; furthermore, the minimum local share shall be no less than 10% of project costs.

(4) The department shall not assume a continuing funding responsibility for any project.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.08 Grant agreement. (1) Harbor assistance projects for which grants are approved shall be formally implemented through grant agreements between the department and the eligible applicant. If the eligible applicant is unable or unwilling to enter into a grant agreement with the department in the calendar year for which the applicant's project is approved, the applicant shall resubmit another application for the project before the department shall again consider it for funding.

(2) The types and amounts of costs eligible for state assistance shall be negotiated in developing a grant agreement. Eligible costs may include final engineering, construction, and dredging costs and other costs agreed to by the department and the applicant. The following items, however, are not eligible for reimbursement:

(a) Applicant's general grant administration costs;

(b) Costs of acquiring permits or of preparing environmental documents, feasibility studies, conceptual project designs or design revisions; and

(c) Interest on money borrowed by the applicant or interest charged to the applicant for late payment of project costs.

(3) The maximum amount granted by the department shall be stated in the grant agreement for the project.

(4) The grant agreement shall require a grant recipient to:

(a) Save and hold the department harmless from and against all liability, damage, loss, claims, demands and actions of any nature whatsoever related to the project; and provide, at its expense, a comprehensive general liability insurance policy, with per occurrence limits to be determined by the department, naming the department and its officers, employees and agents as additional insureds.

(b) Provide evidence of performance and payment bonds, satisfying all applicable requirements of ss. 30.32 and 779.14, Stats., for the full amount of any and all construction contracts let by the applicant in connection with the project.

(c) Maintain project-related books and records as required by the department and make such records available to the department for audit purposes. In addition, grant recipients shall make periodic progress reports to the department. The content and timing of these reports shall be specified in the grant agreement.

(5) In the grant agreement, the department shall require repayment of grant funds advanced to an applicant if:

(a) The project for which the grant funds are awarded is not completed in accordance with all terms of the grant agreement, including required completion dates; or

(b) Any commercial transportation facility for which the grant is awarded is converted during that time established in the grant agreement to a use inconsistent with the purposes of the harbor assistance program or inconsistent with the terms of the grant agreement or is converted during that period to a use not approved in writing by the department. Conversion to a use approved in writing by the department may, nonetheless, require repayment of all or a portion of the grant funds to the department.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.09 Application process. (1) Applications for harbor assistance program grants shall be submitted to the department in a manner and form prescribed by the department. Forms shall be available without charge.

(2) Each application shall include the following information:

(a) A resolution officially adopted by the eligible applicant containing:

1. A formal request for assistance.

2. The name of the eligible applicant's representative authorized to sign forms or claims. The representative shall be the applicant's contact person for the project. If there are more than one, all their names shall be included in the application.

3. A statement that the applicant will accept responsibility for operation and maintenance of the proposed project after completion of the work funded.

4. A statement that the proposed project is consistent with the harbor development plan or with the comprehensive plan of the local government if a plan or plans have been adopted. A copy of any plan shall be attached to the application.

5. A statement that the proposed project is consistent with the three-year harbor development statement of intentions submitted by the eligible applicant as required by s. Trans 28.11.

6. A statement that the applicant agrees to provide the department, in a timely manner, additional analysis or documentation supporting the application, whenever the department considers it necessary during the application review process.

7. A statement that the applicant agrees to provide required matching funds up to a stated maximum at the time and in the manner specified in the grant agreement.

(b) A narrative description of the project which, at a minimum, shall include:

1. A detailed description of the work to be performed including plans, drawings, sounding reports or other information necessary to fully describe the project.

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2. A detailed description of the means by which the work is to be performed.

3. A statement of justification and reasons for accomplishing the project, including a discussion of possible alternatives in type and scope to the project.

4. A map, sketch, or other depiction of the project site.

5. A statement of current ownership of the project site and facilities - and of the ownership proposed upon completion of the project.

6. A time schedule for performing major project tasks.

(c) A detailed estimate of project cost, indicating the eligible applicant's cost share, amount of state funding requested, other sources or potential sources of funds and full description of timetables and conditions affecting funds other than funds already budgeted by the applicant.

(d) An estimate of project development costs, not included as estimated project costs, that are essential to the success of the project. This may include, for example, the value of existing land and facilities, the cost of additional site development and the cost of storage or transfer facilities.

(e) An estimate of the applicant's annual revenues from the project if completed, or of revenues lost if the project is not completed, and an estimate of the annual costs necessary to maintain the project property.

(f) An estimate of the number and type of jobs directly attributable to the proposed project, or of those jobs lost if the project is not completed. The estimates shall be supported by a description of the means by which the number of jobs is calculated.

(g) A list of commodities and a disclosure of the tonnage of waterborne commerce using the project property and expected to use the project property if the project is completed, with origin and destination information.

(h) A list of permits necessary for the project to proceed and, if the permits have not been obtained, a description of the actions taken or to be taken to obtain the permits.

(i) A description of the probable environmental impact of the project. Copies of environmental reports, environmental screening worksheets, environmental assessments, and environmental impact statements shall be provided.

(3) If an applicant fails to supply required information or supplies erroneous information, the department may disapprove the application.

(4) Applicants shall submit applications to the department by August 1 in order to receive primary consideration for funding during the following calendar year. If funds are available, applications may be submitted by March 15, 1985, and by February 1 of each year thereafter, for

funding in the same calendar year. The department may waive the requirements in this subsection for emergency repair projects.

Note: Application forms for harbor assistance program grants may be obtained without charge from: Manager, Harbor Assistance Program, P.O. Box 7914, Madison, Wisconsin 53707-7914.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

Trans 28.10 Planning requirement. No grant may be made under s. 85.095, Stats., and this chapter, unless the applicant provides the department a description of the harbor projects for which the applicant may request state assistance under s. 85.095, Stats., or federal aid, or both, during the next 3 years. The description shall be submitted prior to April 1 preceding the fiscal year in which the applicant seeks aid under this chapter. The department may waive this planning requirement.

History: Cr. Register, February, 1985, No. 350, eff. 3-1-85.

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Appendix C. Application for Minnesota Port Development Assistance Program

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Port Development
Assistance Program
Rules

1 8895.0100 DEFINITIONS.

2 Subpart 1. Scope. The terms used in parts 8895.0100 to
3 8895.1100 have the meanings given them in this part.

4 Subp. 2. Assistance agreement. "Assistance agreement"
5 means a formal agreement between the commissioner and an
6 eligible applicant for port assistance improvement funds.

7 Subp. 3. Commercial navigation facility. "Commercial
8 navigation facility" means ports or individual docks and
9 terminals, supporting equipment, structures, and transportation
10 facilities used by vessels transporting passengers or
11 commodities, by vessels under construction or repair, or by
12 commercial fishing vessels. The term does not include
13 facilities used on a regular basis by recreational or sport
14 fishing vessels.

15 Subp. 4. Commercial vessel. "Commercial vessel" means a
16 vessel used for transporting passengers or property, but does
17 not include a vessel used primarily for recreation, sport, or
18 sport fishing.

19 Subp. 5. Commissioner. "Commissioner" means the
20 commissioner of the Minnesota Department of Transportation.

21 Subp. 6. Disposal facility. "Disposal facility" means a
22 containment facility, a diked or undiked disposal site, or a
23 transfer site for future beneficial reuse of dredged material.

24 Subp. 7. Disposal facility costs. "Disposal facility
25 costs" means costs of acquisition or construction of a disposal
26 facility.

27 Subp. 8. Dock. "Dock" means any structure on a shoreline
28 or near shoreline development used in mooring vessels or
29 transferring people or cargo to or from vessels.

30 Subp. 9. Dredging. "Dredging" means excavating harbor
31 sediment or bottom materials, including mobilizing or operating
32 equipment for excavating and transporting dredged material to a
33 disposal facility and for placing the dredged material in the
34 disposal facility.

35 Subp. 10. Dredged material disposal. "Dredged material
36 disposal" means the placing of dredged material in a disposal

1 facility.

2 Subp. 11. Eligible applicant. "Eligible applicant" means
3 a person, company, political subdivision, or port authority that
4 owns a commercial navigation facility.

5 Subp. 12. Final engineering costs. "Final engineering
6 costs" means engineering costs that occur after the application
7 for port assistance improvement funds has been completed. These
8 costs may include, but are not limited to, the cost of final
9 plans and specifications for the project.

10 Subp. 13. Maintenance dredging. "Maintenance dredging"
11 means dredging an area previously dredged to a specific depth,
12 which is not necessary for a new service.

13 Subp. 14. Mn/DOT. "Mn/DOT" means the Minnesota Department
14 of Transportation.

15 Subp. 15. Navigation system. "Navigation system" means
16 the commercially navigable reaches of the Mississippi,
17 Minnesota, and St. Croix rivers; the commercial harbors on
18 Minnesota's Lake Superior shoreline; and the commercial
19 navigation facilities on those waterways.

20 Subp. 16. Port. "Port" means an area along one of
21 Minnesota's navigable waterways that supports at least one
22 terminal that takes on or discharges cargo or passengers.

23 Subp. 17. Program. "Program" means the port development
24 assistance program established in Minnesota Statutes, section
25 457A.02.

26 Subp. 18. Terminal. "Terminal" means any structure and
27 adjacent land area used in the actual operations or support of
28 the transfer of commodities or passengers to or from vessels.

29 8895.0200 PROGRAM PURPOSE AND ADMINISTRATION.

30 Subpart 1. Purpose. The purpose of the port development
31 assistance program and parts 8895.0100 to 8895.1100 is to
32 expedite, retain, or generally improve the movement of
33 commodities and passengers on the commercial navigation system
34 and enhance the commercial vessel construction and repair
35 industry in Minnesota by providing state funds in a revolving

1 account that may be used in establishing contracts between the
2 state and eligible applicants for port development assistance.

3 Subp. 2. Commissioner to administer. The commissioner
4 shall administer the port development assistance program to
5 advance the purposes of subdivision 1. In administering the
6 program, the commissioner may:

7 A. make grants and loans to eligible applicants;

8 B. make assistance agreements with recipients of
9 grants and loans; and

10 C. adopt rules authorized by Minnesota Statutes,
11 section 457A.05.

12 8895.0300 ELIGIBLE PROJECTS.

13 Subpart 1. Description. To be eligible for the program, a
14 project must benefit Minnesota's shippers and receivers by
15 improving or developing a commercial navigation facility or its
16 components. Eligible projects include dock and terminal repair,
17 capital improvement to a commercial navigation facility,
18 supporting equipment directly related to loading or off-loading
19 cargo to or from a vessel, disposal facility construction or
20 repair, and dredging to open a new commercial navigation
21 facility.

22 Subp. 2. Location. Eligible projects must be located on
23 Minnesota's Lake Superior shoreline or on the shoreline of
24 Minnesota's commercially navigable portions of the Mississippi,
25 Minnesota, and St. Croix rivers where vessels take on or
26 discharge commercial cargo or passengers; where commercial
27 freight, passenger, or military vessels are built or repaired;
28 where vehicle- or passenger-carrying ferry service operates; or
29 where commercial fishing vessels unload fish or are
30 headquartered.

31 8895.0400 COST ELIGIBILITY.

32 Subpart 1. Eligible costs. The types and amounts of costs
33 eligible for state assistance must be negotiated in developing
34 an assistance agreement. Eligible costs include final
35 engineering costs, capital improvements to a commercial

1 navigation facility, construction costs and dredging costs to
2 open a new commercial navigation facility, and other costs
3 agreed to by the commissioner and the applicant.

4 Subp. 2. Costs not eligible. The following costs are not
5 eligible for reimbursement under the program:

6 A. an applicant's administration costs, insurance
7 costs, and legal costs to obtain a general assistance award;

8 B. the costs of acquiring permits or preparing
9 environmental documents, feasibility studies, conceptual project
10 designs, or design revisions;

11 C. the interest on money borrowed by the applicant or
12 interest charged to the applicant for late payment of project
13 costs;

14 D. the costs related to the routine maintenance,
15 repair, or operation of a commercial navigation facility; and

16 E. the costs of maintenance dredging to maintain an
17 existing channel.

18 8895.0500 PROJECT SELECTION, MINIMUM QUALIFICATIONS, AND RANKING.

19 Subpart. 1. Project selection. The commissioner shall
20 consider the following factors in selecting projects for funding
21 through the program:

22 A. economic considerations, including determinations
23 of:

24 (1) whether the projected additional revenue
25 generated by the improvement project will be sufficient to
26 recover its costs;

27 (2) the overall economic impact of the project as
28 determined by a benefit-cost analysis;

29 (3) the potential loss of local income, taxes, or
30 jobs if the project is not completed;

31 (4) added costs to shippers, receivers, and the
32 local or regional economy if failure to complete the project
33 causes significant delay or stoppage of vessel movement; and

34 (5) the added costs of full replacement of a
35 facility over the costs of responding to an improvement need if

1 the project is implemented; and

2 B. safety considerations, including determinations of:

3 (1) improvements in vessel or cargo-handling
4 safety at the facilities;

5 (2) improvements in working condition safety in
6 dock cargo-handling and storage areas; and

7 (3) improvements that enhance the movement of
8 cargo or passengers at navigation facilities.

9 Subp. 2. Project funding; minimum requirements. A project
10 does not qualify for program funding if:

11 A. the project is inconsistent with criteria in parts
12 8895.0100 to 8895.1100;

13 B. the application is incomplete or inaccurate; or

14 C. the proposed project is incompatible with
15 applicable harbor development or local comprehensive plans.

16 Subp. 3. Project ranking. The commissioner shall
17 establish timetables for the ranking of projects. The ranking
18 of projects determines the priority in which funding will be
19 considered.

20 Subp. 4. Criteria for ranking projects. The commissioner
21 shall consider the following criteria to determine project
22 ranking:

23 A. ability of the project to expedite, retain, or
24 generally improve the movement of passengers or cargo;

25 B. ability of the project to enhance the commercial
26 vessel construction and repair industry;

27 C. ability of the project to promote identifiable
28 economic development in and around the port and harbor;

29 D. ability of the project to produce a regional or
30 community benefit independent of an individual facility; and

31 E. ability to repay a loan on the basis of the
32 benefit-cost analysis.

33 Subp. 5. Application may be resubmitted. If the
34 commissioner determines that an application is not eligible for
35 ranking or is not ranked high enough for funding selection, that
36 application may be resubmitted for the next funding cycle.

1 8895.0600 TYPES OF ASSISTANCE PROJECTS; ELIGIBILITY; FUNDING.

2 Subpart 1. Schedule for filing applications. The
3 commissioner shall establish annually a deadline for filing
4 applications for assistance under the program. This schedule
5 will be published in the State Register. Upon request to the
6 commissioner, schedules will be sent by mail to interested
7 parties.

8 Subp. 2. Types of assistance; eligibility. The
9 commissioner shall determine under items A and B the type of
10 assistance for which a project will be eligible.

11 A. To be eligible to qualify for a loan, a project
12 must satisfy one or both of the following conditions:

13 (1) the project expedites, retains, or generally
14 improves the movement of commodities or passengers on the
15 commercial navigation system; or

16 (2) the project enhances the commercial vessel
17 construction and repair industry in Minnesota.

18 B. To qualify for a grant or a combination of both a
19 grant and loan, the project must satisfy at least one of the
20 conditions in item A, does not produce an increase in revenue
21 that could be used to finance the project, and either:

22 (1) promotes identifiable economic development in
23 and around ports and harbors in the state; or

24 (2) produces a regional or community benefit
25 independent of an individual facility.

26 C. The interest rate and other terms, including
27 security and repayments of loans, must be negotiated by the
28 parties and must be included in the assistance agreement.

29 Subp. 3. Commitment of funds. Program funds may be
30 committed to an eligible applicant only after a project
31 assistance agreement is negotiated and signed by the
32 commissioner and the applicant.

33 Subp. 4. Final funding restrictions. The commissioner
34 shall not make final decisions on funding a proposed project in
35 whole or in part until:

- 1 A. all legally required permits are obtained;
2 B. non-state-matching funds are formally committed;
3 and
4 C. the project applicant is in compliance with the
5 program agreement.

6 Subp. 5. Rescinding project funding. The commissioner
7 shall rescind funding if the eligible applicant withdraws its
8 application or is unable to enter into a project assistance
9 agreement that in the commissioner's determination satisfies
10 parts 8895.0100 to 8895.1100 and protects the state's investment.

11 Subp. 6. Assigning rescinded funds. When a project's
12 funding is rescinded, in whole or in part, the commissioner may
13 fund the next highest ranked, nonfunded project on the current
14 project priority list.

15 Subp. 7. Repaying loans. A loan recipient shall repay the
16 funds loaned by the commissioner according to the negotiated
17 project assistance agreement. Payments must be made on a set
18 schedule. The maximum repayment schedule must not exceed 15
19 years.

20 8895.0700 STATE PARTICIPATION, LIMITATIONS.

21 Subpart 1. State participation, limitations. The state's
22 share of project costs must not exceed 50 percent of the
23 nonfederal share of the eligible costs to be incurred by the
24 applicant for the project.

25 Subp. 2. No continuing funding responsibility. The
26 commissioner shall not assume a continuing funding
27 responsibility for any commercial navigation facility project.

28 Subp. 3. Fund matching. Port improvement assistance
29 funding must not be used as a required match with other state
30 funds, regardless of source.

31 8895.0800 APPLICATION PROCESS.

32 Subpart 1. Application submittal. An application by an
33 eligible applicant for program funds must be submitted to the
34 commissioner and comply with subpart 2.

35 Subp. 2. Information requirements. An application must

1 include, at a minimum, the following information:

2 A. a formal request for assistance;

3 B. the names of the eligible applicant's
4 representatives who are authorized to sign forms or claims and
5 who shall act as the applicant's contact persons for the
6 project;

7 C. the name of the organization, group, or person who
8 will accept responsibility for operating and maintaining the
9 proposed project after completion;

10 D. documentation that the proposed project is
11 consistent with the harbor development plan or with the
12 comprehensive plan of the local government if plans have been
13 adopted, along with a copy of those plans attached to the
14 application;

15 E. documentation of the source of the required
16 matching funds in the amount specified in the assistance
17 agreement;

18 F. a financial statement, including a credit history;

19 G. a description of the project that, at a minimum,
20 must include:

21 (1) a detailed description of the work to be
22 performed including schematic plans, drawings, and sounding
23 reports;

24 (2) a description of the means by which the work
25 is to be performed;

26 (3) a statement of justification and reasons for
27 undertaking the project;

28 (4) a map, sketch, or other depiction of the
29 project site and its surrounding area including all
30 transportation access facilities;

31 (5) a statement of current ownership of the
32 project site and facilities and of the ownership proposed upon
33 completion of the project;

34 (6) a proposed time schedule for performing major
35 project tasks; and

36 (7) an operating plan as required, when requested

1 by the commissioner; and

2 H. a full discussion of anticipated economic impacts,
3 including:

4 (1) a detailed estimate of project costs,
5 indicating the eligible applicant's cost share, amount of state
6 funding requested, other sources or potential sources of funds,
7 and a full description of timetables and conditions affecting
8 funds other than funds already budgeted by the applicant;

9 (2) an estimate of project development costs,
10 which may include, but is not limited to, the value of existing
11 land and facilities, the cost of additional site development,
12 and the cost of storage or transfer facilities;

13 (3) an estimate of the applicant's annual
14 revenues from the project if completed, or of revenues lost if
15 the project is not completed, and an estimate of the annual
16 costs necessary to maintain the project property;

17 (4) an estimate of the dollar value to the local
18 economy directly attributable to the proposed project, or of
19 lost dollar value to the local economy if the project is not
20 completed, including a detailed description of the assumptions
21 and the bases for those assumptions;

22 (5) a list of commodities and a disclosure of the
23 tonnage of waterborne commerce using the project property and
24 expected to use the project property if the project is
25 completed;

26 (6) a list of permits necessary for the project
27 to proceed and, if the permits have not been obtained, a
28 description of the actions taken or to be taken to obtain the
29 permits;

30 (7) copies of required environmental documents;
31 and

32 (8) how the applicant plans to repay a loan.

33 8895.0900 ASSISTANCE AGREEMENT, FORMAL IMPLEMENTATION.

34 Port development assistance projects must be formally
35 implemented through assistance agreements between the

1 commissioner and the eligible applicant. If the eligible
2 applicant is unable or unwilling to enter into an assistance
3 agreement with the commissioner in the calendar year for which
4 the applicant's project is approved, the applicant may submit
5 another application for the project before the commissioner will
6 again consider it for funding in a subsequent funding period.

7 8895.1000 ASSISTANCE AGREEMENT, REQUIRED PROVISIONS.

8 Subpart 1. Maximum funds. The maximum amount of
9 assistance funds agreed to by the commissioner must be stated in
10 the assistance agreement for the project.

11 Subp. 2. Liability; insurance. The assistance agreement
12 must require an assistance recipient to save and hold the
13 commissioner and Mn/DOT harmless from and against all liability,
14 damage, loss, claims, demands, and actions of any nature that
15 may be related to the project. The assistance recipient shall
16 provide, at its own expense, a comprehensive general liability
17 insurance policy, with per-occurrence limits to be determined by
18 the commissioner.

19 Subp. 3. Bonds. The assistance agreement must require an
20 assistance recipient to provide evidence of performance and
21 payment bonds for the full amount of construction contracts let
22 by the applicant in connection with the project.

23 Subp. 4. Records; audit. The assistance agreement must
24 require an assistance recipient to maintain project-related
25 books and records according to Mn/DOT specifications contained
26 in the agreement and make the records available to the
27 commissioner for audit purposes. In addition, assistance
28 recipients shall make periodic progress reports to the
29 commissioner. The content and timing of these reports must be
30 as specified in the grant or loan agreement.

31 Subp. 5. Inspection. The assistance agreement must
32 require an assistance recipient to permit the commissioner to
33 inspect projects or request applicants to provide independent
34 inspection at any time.

35 Subp. 6. Criteria for repaying funds. The commissioner

1 shall notify a recipient of program grants or loans that the
2 recipient is required to repay, if:

3 A. the project for which the assistance funds are
4 awarded is not completed in accordance with all terms of the
5 assistance agreement, including required completion dates; or

6 B. a commercial navigation facility for which funds
7 were awarded is converted during the time established in the
8 agreement to a use inconsistent with the purposes of the program
9 or inconsistent with the terms of the agreement or is converted
10 during that period to a use not approved in writing by the
11 commissioner.

12 8895.1100 VARIANCE FROM AGREEMENT PROVISIONS.

13 The commissioner shall grant variances for some of the
14 criteria of this chapter in certain cases if the majority of the
15 criteria of this chapter are satisfied and a showing is made
16 that demonstrable hardship to the community or the region would
17 develop without completion of the project.

**Appendix D. Minnesota Port Development Assistance
Program Statutes**

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CHAPTER 457A

PORT DEVELOPMENT ASSISTANCE

457A.01 Definitions.

Subdivision 1. Scope. For purposes of sections 457A.01 to 457A.06, the following terms have the meanings given them.

Subd. 2. Commercial navigation facility. "Commercial navigation facility" means
(1) terminals and docks used for the transfer of property or passengers between commercial vessels and land, and supporting equipment, structures, and transportation facilities,
(2) disposal facilities for dredging material produced by port development projects, and
(3) buildings and related structures and facilities used by commercial vessels under construction or repair.

"Commercial navigation facility" does not include any commercial navigation facility that is
(1) not on the commercial navigation system, or
(2) the responsibility of the United States corps of army engineers or the United States coast guard.

Subd. 3. Commercial vessel. "Commercial vessel" means a vessel used for the transportation of passengers or property. "Commercial vessel" does not include a vessel used primarily for recreational or sporting purposes.

Subd. 4. Commissioner. "Commissioner" means the commissioner of transportation.

Subd. 5. Dredging. "Dredging" means excavating harbor sediment or bottom materials, including mobilizing or operating equipment for excavating and transporting dredged material and placing dredged material in a disposal facility.

Subd. 6. Navigation system. "Navigation system" means
(1) the commercially navigable waters of the Mississippi River, the Minnesota, and the St. Croix rivers,
(2) the commercial harbors on Minnesota's Lake Superior shoreline, and
(3) the commercial navigation facilities on those waterways.

Subd. 7. Repealed, 1995 c 265 art 2 s 33

HIST: 1991 c 298 art 3 s 1; 1992 c 464 art 1 s 44

457A.02 Program established.

Subdivision 1. Purpose of program. A port development assistance program is established for the purpose of:

- (1) expediting the movement of commodities and passengers on the commercial navigation system;
- (2) enhancing the commercial vessel construction and repair industry in Minnesota; and
- (3) promoting economic development in and around ports and harbors in the state.

Subd. 2. Commissioner to administer. The commissioner shall administer the port development assistance program to advance the purposes of subdivision 1. In administering the program, the commissioner may:

- (1) make grants and loans to applicants eligible under section 457A.03, subdivision 1, to apply for them;
- (2) make assistance agreements with recipients of grants and loans; and
- (3) adopt rules authorized by section 457A.05.

HIST: 1991 c 298 art 3 s 2; 1995 c 265 art 2 s 30

457A.03 Port assistance.

Subdivision 1. Eligible applicants. Any person, political subdivision, or port authority, that owns a commercial navigation facility, may apply to the commissioner for assistance under this chapter.

Subd. 2. Types of assistance. The commissioner may make loans to an eligible applicant if the commissioner determines that the project submitted by the applicant for assistance will serve either or both of the purposes stated in section 457A.02, subdivision 1, clauses (1) and (2). The commissioner may make grants, or a combination of grants and loans, to an eligible applicant if the commissioner determines that the project submitted by the applicant for assistance will serve either or both of the purposes stated in section 457A.02, subdivision 1, clauses (1) and (2), and will also enhance economic development in and around the commercial navigation facility being assisted.

Subd. 3. State participation; limitations. The commissioner may not provide any assistance under this chapter for more than 80 percent of the nonfederal share of any project. Assistance provided under this chapter may not be used to match any other state funds. The commissioner shall not assume continuing funding responsibility for any commercial navigation facility project.

HIST: 1991 c 298 art 3 s 3; 1995 c 265 art 2 s 31

457A.04 Assistance agreements.

Subdivision 1. Agreements required. The commissioner may not provide any assistance to a project under this chapter unless the commissioner has signed an assistance agreement with the recipient of the assistance.

Subd. 2. Costs. An assistance agreement must specify those project costs which may be paid in whole or in part with assistance from the commissioner. Assistance agreements may provide that only the following costs may be so paid:

- (1) final engineering costs on a commercial navigation facility project;
- (2) capital improvements to a commercial navigation facility; and
- (3) costs of dredging necessary to open a new commercial navigation facility project, and for disposal of dredged material.

The following costs may not be paid with assistance from the commissioner:

- (1) the applicant's administrative, insurance, and legal costs;
- (2) costs of acquiring project permits;
- (3) costs of preparing environmental documents, feasibility studies, or project designs;
- (4) interest on money borrowed by the applicant or charged to the applicant for late payment of project costs;

- (5) any costs related to the routine maintenance, repair, or operation of a commercial navigation facility;
- (6) costs of dredging to maintain an existing channel; and
- (7) costs for a project that involves only dredging.

Subd. 3. Insurance; liability. An assistance agreement must require the applicant to:

- (1) provide a comprehensive general liability insurance policy, complying with minimum amount prescribed by the commissioner by rule, naming the commissioner and officers, employees, and agents of the department of transportation as additional insureds; and
- (2) save and hold the commissioner harmless from and against all liability, damage, loss, claims, demands, and actions related to the project being assisted.

Subd. 4. Performance and payment bonds. An assistance agreement must require an assistance recipient to provide evidence of performance and payment bonds, satisfying all applicable legal requirements for the full amount of any and all construction contracts let by the applicant in connection with the project.

Subd. 5. Repayment. An assistance agreement must require the recipient to repay all or part of any assistance received, in an amount determined by the commissioner, if the project for which the assistance is provided:

- (1) is not completed according to the terms of the assistance agreement, or
- (2) is converted, during the period of time specified in the assistance agreement, to a use that is
 - (1) inconsistent with the purposes of this chapter, or
 - (2) inconsistent with the terms of the assistance agreement, or
 - (3) not approved in writing by the commissioner.

HIST: 1991 c 298 art 3 s 4

457A.05 Rules.

The commissioner may adopt rules that provide for:

- (1) application procedures for assistance under this chapter;
- (2) procedures for establishing deadlines for applications, and for notifying potential recipients of those deadlines;
- (3) eligibility criteria for projects to be assisted;
- (4) information required to be submitted with applications;
- (5) contents of assistance agreements;
- (6) any other requirement of this chapter; and
- (7) any other requirement the commissioner deems necessary for the administration of this chapter.

HIST: 1991 c 298 art 3 s 5

457A.06 Revolving fund.

A port development revolving fund is established in the state treasury. The fund consists of all money appropriated to the commissioner for the purposes of this chapter and all money received by the commissioner from repayment of loans made under this chapter.

HIST: 1991 c 298 art 3 s 6

Source: Minnesota Statutes 1996, *Port Development Assistance*, (St. Paul, Minnesota, June 1997); available from: <http://www.revisor.leg.state.mn.us/st96/457A/>; INTERNET.

**Appendix E. Application for Oregon Port Revolving Fund
Loan Program**

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LOAN APPLICATION
FOR
OREGON PORT REVOLVING FUND LOAN

PORT DISTRICT _____

COMMISSIONERS (names & titles)

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Organization Date: _____ Authority: (attach a copy) _____

Chief Operation Officer: _____

Date: _____

Loan Amount Requested: _____

Brief description of project and benefit to the local and Oregon economies:

(Attach all required support - sketches, documents, financial information - per rules approved 6-30-78.)

LOAN APPLICATION

Page 2

Proposed Collateral: _____

Proposed construction period and repayment schedule: _____

(Loan funds used as match money will not be disbursed until release of grant funds is guaranteed.)

Submitted and Signed by Port Commission

President: _____

Secretary: _____

Treasurer: _____

Date: _____

Forward application, \$100.00 application fee, and supporting material to:
Loan Officer, OPRF, Economic Development Department, 775 Summer St. N.E., Salem,
OR 97310.

A:\LOAN.APP

Oregon Administrative Rules Chapter 123 Division 30

123-030-0005

Application

To facilitate the performance of duties imposed by ORS 285.870 - 285.943 from and after the effective date of these rules, any Oregon port district applying for a loan from the Oregon Port Revolving Fund shall comply with these rules as prescribed by the Oregon Economic Development Commission:

(1) All applications by Oregon port districts for loans from the Oregon Port Revolving Fund, as authorized under ORS 285.870 - 285.943, shall be submitted to the Economic Development Commission and shall be signed by the Port Commission President, Secretary, and Treasurer of the port district. In addition, the following information shall be included in the application:

- (a) The port district's official name;
- (b) The port district's business address;
- (c) Name of chief operating officer of the port district;
- (d) Name of all port district commissioners and their respective titles; and
- (e) Organizing date and authority of the port district.

(2) A fee of \$100 shall be charged for each loan application submitted to the Department. All application fees shall be made by check or money order and made payable to the Oregon Port Revolving Fund.

(3) All applications for loans from the Oregon Port Revolving Fund filed with the Department shall include or be accompanied by adequate information in sufficient detail and clarity to indicate the nature and extent of the work proposed. A sketch shall be provided, drawn to scale on substantial paper, and shall include a plot plan showing the proposed facilities, if appropriate, and the physical relationship to other facilities on the property. Specifications shall include preliminary cost estimates, engineering specifications, and architectural specifications when appropriate.

(4) All applications for loans from the Oregon Port Revolving Fund shall include or be accompanied by sufficient financial and economic data that will demonstrate that the port development project is feasible from an economic standpoint and has reasonable prospect for repayment. The data shall include, but not be limited to:

- (a) Pro forma budget forecast, formally reviewed by the port fiscal officer and attesting to the correctness of the fiscal data, showing total costs of the port development project, the amount of funds requested from the Oregon Port Revolving Fund, the source of all other funds associated with the project, and all expenditures and revenues projected on an annualized basis to implement and operate the project for the loan period;
- (b) A plan for payment of all funds borrowed, plus interest, to the Oregon Port Revolving Fund;

(c) A copy of the port's audit report, when appropriate, filed in accordance with ORS Chapter 297, and a copy of the budget filed in accordance with ORS Chapter 294 for the previous four years. If an audit report is not available, a detailed financial statement reviewed by a Certified Public Accountant that includes a statement of total current assets, liabilities, and current net worth;

(d) Whether any information relating to the application is confidential, pursuant to ORS 184.160(4). (Note that the projects must be considered by the Commission in public meetings, and there may be information that cannot be kept confidential in the course of such consideration. Should this become a problem, the situation will be discussed with the applicant in advance.)

(5) All applications for loans from the Oregon Port Revolving Fund shall indicate the proposed collateral to secure the loan and shall include the following information:

(a) If the port's taxing authority is proposed to be pledged as collateral, a statement certified by the county assessor's office that sets forth the current mileage rate, the projected new mileage rate, if required, to pay off the loan, and a statement indicating whether the proposed pledge is within the port's current six percent limitation;

(b) If any of the port's personal or real property is proposed to be pledged as collateral, the Commission may require a formal appraisal, certified by an appropriate licensed authority, attesting to the value of all collateral proposed to be held as security.

(6) The project shall satisfy the applicable requirements of OAR Chapter 123, Division 8.

(7) The Economic Development Commission may provide preliminary approval of a loan application at any time and identify all necessary requirements for final approval.

(8) If the Economic Development Commission approves the loan application, it may authorize a loan from the Oregon Port Revolving Fund, secured by good and sufficient collateral.

(9) If the Economic Development Commission denies the application, the matter will be set aside unless the applicant requests further action under ORS Chapter 183.

Stat. Auth.: ORS 285.857

Stats. Implemented: ORS

Hist.: EDD 9, f. & ef. 10-14-77; EDD 6-1978, f. & ef. 7-10-78; EDD 17-1990, f. & cert. ef. 6-28-90

123-030-0010

Need for the Port Revolving Fund Project

All applications for loans from the Oregon Port Revolving Fund shall include sufficient information that will demonstrate the need for the port development project. The information shall include, but not be limited to, the following:

(1)(a) Whether reasonable alternatives to the proposed port development project have been considered;

(b) Whether economic benefits and opportunities such as increased employment, increased personal income, and cost savings are evident;

(c) Whether the applicant has a prospective user or other near-term use of the proposed port development project;

(d) That the project satisfies the applicable requirements of OAR Chapter 123, Division 8.

(2) In the event the loan is primarily for a proposed port development project to facilitate the location or expansion of industry pursuant to ORS 285.870 - 285.943, then the following condition must be met as a demonstration of need: That industry expansion to be induced by the loan includes one or more of the following activities:

(a) Manufacturing or other industrial production;

(b) Agricultural development or food processing;

(c) Aquaculture development or seafood processing;

(d) Development or improved utilization of natural resources;

(e) Research and development;

(f) Medical, clinical, engineering, or other scientific testing;

(g) Corporation headquarters facilities;

(h) Destination resort and recreational development;

(i) Storage and warehousing facilities;

(j) Product distribution facilities;

(k) Transportation or freight facilities including, but not limited to, airports;

(l) Introduction of new technology or new types of economic development to broaden an area's economic base;

(m) Other activities consistent with the target industries or reverse investment programs of the Department of Economic Development.

(3) Need for the port development project will not be considered established for the purpose of these rules for in-state plant relocation unless the following conditions are met:

(a) The applicant has demonstrated that the relocation is necessary for reasons beyond its control;

(b) The relocation will provide a substantial increase or prevent a substantial direct reduction in total Oregon employment.

Stat. Auth.: ORS 285.870 - 285.943

Stats. Implemented: ORS

Hist.: EDD 9, f. & ef. 10-14-77; EDD 17-1990, f. & cert. ef. 6-28-90

Source: 1997 Oregon Administrative Rules, Chapter 123, Division 30, *Port Revolving Fund* (Salem, Oregon, June 1997); available from:
http://arcweb.sos.state.or.us/rules/OARS_100_1997/OAR_123_1997/123_030_1997.html
; INTERNET.

Appendix F. Oregon Port Revolving Fund Statutes

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Oregon Port Revolving Fund

285.870 Definitions for ORS 285.870 to 285.943. As used in ORS 285.870 to 285.943, unless the context requires otherwise:

(1) "Business development project" means the engineering, improvement, rehabilitation, construction, operation or maintenance, in whole or in part, including the preproject planning costs of any business development project authorized by ORS 777.250 (1). The term does not include a flexible manufacturing space project.

(2) "Division" means the Ports Division of the Economic Development Department.

(3) "Flexible manufacturing space project" means a project for the acquisition, construction, improvement or rehabilitation, in whole or in part, of any building suitable for the conduct of manufacturing processes and, by design, able to be readily modified when necessary to accommodate the operations of the tenants of the building. The term includes any preproject planning activities for a flexible manufacturing space project.

(4) "Fund" means the Oregon Port Revolving Fund.

(5) "Port development project" means the engineering, improvement, rehabilitation, construction, operation or maintenance, in whole or in part, including the preproject planning costs of any project authorized by ORS 777.105 to 777.258, except projects authorized primarily by ORS 777.250 (1).

(6) "Port district" means any municipal corporation incorporated, or proposed to be incorporated, pursuant to ORS 777.005 to 777.725 and 777.915 to 777.953 or ORS chapter 778.

<Formerly 777.850; 1993 c.736 s47; 1995 c.718 s15>

285.873 Application for port development money. Any Oregon port district may file with the Oregon Economic Development Commission an application to borrow money from the Oregon Port Revolving Fund for a port development project as provided in ORS 285.870 to 285.943. The application shall be filed in such a manner and contain or be accompanied by such information as the commission may prescribe.

<Formerly 777.852>

285.875 Commission review of application; fee. (1) Upon receipt of an application filed as provided in ORS 285.873, the Oregon Economic Development Commission shall determine whether the plans and specifications for the proposed port development project set forth in or accompanying the application are satisfactory. If the commission determines that the plans and specifications are not satisfactory, the commission may within 60 days:

(a) Reject the application.

(b) Require the applicant to submit additional information of the plans and specifications as may be necessary.

(2) The commission shall charge and collect from the applicant, at the time the application is filed, a fee of not to exceed \$100. Moneys referred to in this subsection shall be paid into the Oregon Port Revolving Fund.

<Formerly 777.854; 1995 c.718 s16>

285.880 Private development contracts not prohibited. Nothing in ORS 285.870 to 285.943 is intended to prevent an applicant from employing a private engineering firm and construction firm to perform the engineering and construction work on a proposed port development project.

<Formerly 777.856>

285.883 Qualifications for approval of port development funding. The Oregon Economic Development Commission may approve a port development project proposed in an

application filed as provided in ORS 285.873, if, after investigation, the commission finds that:

(1) The proposed port development project is feasible and a reasonable risk from practical and economic standpoints, and the loan has reasonable prospect of repayment.

(2) Moneys in the Oregon Port Revolving Fund are or will be available for the proposed port development project.

(3) There is a need for the proposed port development project, and the applicant's financial resources are adequate to provide the working capital needed to assure success of the project.

(4) The applicant has received all necessary permits required by federal, state or local agencies.

(5) The applicant has not received or entered into a contract or contracts exceeding \$1.4 million with the commission, under authority of ORS 285.870 to 285.943, for the previous 365 days, and provided that no applicant may have more than \$2 million in outstanding loans at any one time.

(6) The standards under ORS 285.025 have been met.
<Formerly 777.858; 1993 c.736 s48; 1995 c.436 s1>

285.885 Loan from fund; repayment plan; project inspection; enforcement of contract. If the Oregon Economic Development Commission approves the project, the commission, on behalf of the state, and the applicant may enter into a loan contract of not more than \$700,000, secured by good and sufficient collateral, which shall set forth, among other matters:

(1) A plan for repayment by the applicant to the Oregon Port Revolving Fund moneys borrowed from the fund used for the port development project, flexible manufacturing space project or business development project and interest on such moneys used at a rate of interest for port development projects and flexible manufacturing space projects of not less than five percent or for business development projects of not less than one percent less than the prevailing interest rate on United States Treasury bills of comparable term, as determined by the commission. The repayment plan, among other matters:

(a) Shall provide for commencement of repayment by the port district of moneys used for the project and interest thereon no later than one year after the date of the loan contract or at such other time as the commission may provide. However, upon approval by the commission, a repayment plan for a flexible manufacturing space project may provide that no interest shall accrue until the building is at least 25 percent occupied or until three years after the date of the loan contract, whichever is earlier.

(b) May provide for reasonable extension of the time for making any repayment in emergency or hardship circumstances if approved by the commission.

(c) Shall provide for such evidence of debt assurance of, and security for, repayment by the applicant as are considered necessary by the commission.

(d) Shall set forth a schedule of payments and the period of loan which shall not exceed the usable life of the contracted project or 20 years from the date of the contract, whichever is less, and shall also set forth the manner of determining when loan payments are delinquent. The payment schedule shall include repayment of interest which accrues during any period of delay in repayment authorized by paragraph (a) of this subsection, and the payment schedule may require payments of varying amounts for collection of such accrued interest.

(e) Shall set forth a procedure for formal declaration of default of payment by the commission, including formal notification of all relevant federal, state and local agencies; and further, a procedure for notification of all relevant federal, state and local agencies that declaration of default has been rescinded when appropriate.

(f) Shall provide for partial or complete repayment, in excess of scheduled payments, of any outstanding principal loan amount without penalty. If any prepayment is made, that amount shall not be included in any computation for the purposes of ORS 285.883 (5).

(2) Provisions satisfactory to the commission for field engineering and inspection, the commission to be the final judge of completion of the contract.

(3) That the liability of the state under the contract is contingent upon the availability of moneys in the Oregon Port Revolving Fund for use in the project.

(4) Such further provisions as the commission considers necessary to insure expenditure of the funds for the purposes set forth in the approved application.

(5) That the commission may institute appropriate action or suit to prevent use of the facilities of a project financed by the Oregon Port Revolving Fund if the port is delinquent in the repayment of any moneys due the Oregon Port Revolving Fund.

<Formerly 777.860; 1995 c.436 s2>

285.887 Project moneys from port revolving fund. If the Oregon Economic Development Commission approves a loan for a port development project, the commission shall pay moneys for such project from the Oregon Port Revolving Fund, in accordance with the terms of the loan contract as prescribed by the commission.

<Formerly 777.862>

285.890 Filing of lien against port; notice of satisfaction. (1) If the Oregon Economic Development Commission accepts a lien against any port district's real or personal property as collateral required by ORS 285.885, the commission shall file notice of the loan with the recording officer of each county in which is situated any real or personal property of the port district. The notice shall contain a description of the encumbered property, the amount of the loan, and a statement that loan payments are liens against such property.

(2) Upon payment of all amounts loaned to a port district pursuant to ORS 285.870 to 285.943, the commission shall file with each recording officer referred to in subsection (1) of this section, a satisfaction notice that indicates repayment of the loan.

<Formerly 777.864>

285.893 Powers to enforce loan agreement. (1) The Oregon Economic Development Commission may institute proceedings to foreclose any lien for delinquent loan payments.

(2) If a port district fails to comply with a contract entered into pursuant to ORS 285.885, the commission may seek appropriate legal remedies to secure the loan, and may contract with any port project developer for continuance of the port development project and for repayment of moneys from the Oregon Port Revolving Fund used therefor and interest thereon.

(3) The commission may also provide by contract or otherwise for a port development project until the project is assumed by the new port project developer.

<Formerly 777.866>

285.895 Sources of loan repayment moneys. A port district that enters into a contract with the Oregon Economic Development Commission for a port development project and repayment as provided in ORS 285.885 may obtain moneys for repayment to the Oregon Port Revolving Fund under the contract in the same manner as other moneys are obtained for purposes of the port district or other moneys available to the developer.

<Formerly 777.868>

285.905 Duties of director. The Oregon Economic Development Commission may appoint the director as their representative and agent in all matters pertaining to ORS 285.870 to 285.943. The director shall assure that all provisions of ORS 285.870 to 285.943 are complied with and that appropriately trained personnel are employed pursuant to ORS 285.033 to properly administer the fiscal and other portions of ORS 285.870 to 285.943.

<Formerly 777.876; 1995 c.79 s99>

285.907 Reimbursement to port revolving fund upon refinancing of project. Except as provided in ORS 285.910, if any port development project is refinanced or financial assistance is obtained from other sources after the execution of the loan from the state, all such funds shall be first used to repay the state if such refinancing or financial assistance applies only to the port development project authorized and does not include any subsequent addition, expansion, improvement or further development.
<Formerly 777.878>

285.910 Joint financing; port revolving fund limit. (1) The Oregon Economic Development Commission may authorize funds from the Oregon Port Revolving Fund to be used in appropriate joint governmental participation projects or as match money with any port, state or federally funded port development project authorized within a port district, subject to the stipulations of ORS 285.870 to 285.943.

(2) Any application for a loan under this section shall be in such form as the commission prescribes and shall furnish such proof of federal, state or local approval as appropriate for funding of the port development project.

(3) The total amount of moneys loaned from the fund for federal, state or local joint port development project purposes shall not exceed \$700,000 per project.
<Formerly 777.880; 1995 c.436 s3>

285.913 Loan contract under joint financing programs. If the Oregon Economic Development Commission approves an application for the loan of moneys authorized by ORS 285.910, the commission shall enter into a loan contract, secured by good and sufficient collateral, with the port district that provides, among other matters:

(1) That notices of any liens against the property be filed with the recording officer of each county as provided for in ORS 285.890 (1) and (2).

(2) That the loan bear interest at the same rate of interest as provided in ORS 285.885 (1).

(3) That the contract shall set forth a schedule of payments including interest and principal for the period of the loan, which shall not exceed the usable life of the contracted project or 20 years from the date of the contract, whichever is less, and shall set forth the manner of determining when loan payments are delinquent. The same schedule shall include repayment of interest which accrues during any period of delay in repayment authorized by ORS 285.870 to 285.943, and the repayment schedule may require payments of varying amounts for collection of such accrued interest. However, the commission may make provisions for extensions of time in making repayment if the delinquencies are caused by acts of God or other conditions beyond the control of the port district and the security will not be impaired thereby.

(4) Such provisions as the commission considers necessary to ensure expenditure of the moneys loaned for the purposes provided in ORS 285.910, including all provisions of ORS 285.883.

(5) That the commission may cause to be instituted appropriate proceedings to foreclose liens as provided for in ORS 285.893 (1) and (2) for delinquent loan payments and shall pay the proceeds of any such foreclosure, less their expenses incurred in foreclosing, into the Oregon Port Revolving Fund.

<Formerly 777.882; 1995 c.718 s17>

285.915 Oregon Port Revolving Fund; creation; purposes; sources; debt limit. (1) There is created within the State Treasury a revolving fund known as the Oregon Port Revolving Fund, separate and distinct from the General Fund. Moneys in this fund are continuously appropriated to the Oregon Economic Development Commission for the following purposes:

(a) Administrative expenses of the commission in processing applications and investigating proposed port development projects.

(b) Payment of loans to port districts pursuant to ORS 285.870 to 285.943.

(c) Administrative expenses of the Ports Division relating to ports.

In any one year, administrative expenses charged under this paragraph may not be greater than the total revenues received in that year from fees provided for in subsection (2)(a) of this section, plus three percent of the total asset value of the fund.

(2) The fund created by subsection (1) of this section shall consist of:

(a) Application fees required by ORS 285.875 (2).

(b) Repayment of moneys loaned to port districts or others from the Oregon Port Revolving Fund, including interest on such moneys.

(c) Payment of such moneys as may be appropriated to the fund by the Legislative Assembly.

(d) Moneys obtained from any interest accrued from such funds.

(3) Outstanding debt on the fund shall not exceed 95 percent of all deposits, accounts payable, and other assets of the fund.

(4) No money shall be expended from the Oregon Port Revolving Fund for any economic development study costing more than \$25,000 unless a work plan and budget for such study has been provided to the Joint Legislative Committee on Trade and Economic Development.

<Formerly 777.884; 1993 c.736 s49; 1995 c.718 s18>

Note: Sections 19 and 20, chapter 607, Oregon Laws 1987, provide:

Sec. 19. Transfers to Port Planning and Marketing Fund.

(1) Notwithstanding ORS 285.915 (1) and 285.920, available moneys in the Oregon Port Revolving Fund that were accrued as earned income of the fund may be transferred to the Port Planning and Marketing Fund created under ORS 285.850.

(2) Notwithstanding ORS 285.850 (1)(b), moneys transferred to the Port Planning and Marketing Fund under this section may be used for payments of grants under ORS 285.850 to 285.863 to ports incorporated under ORS 285.805 to 285.943 or ORS chapter 777 or 778.

(3) In addition to and notwithstanding any other law, an amount not to exceed 1.5 percent of the assets of the Oregon Port Revolving Fund as calculated on July 1 of each year shall be transferred to the Port Planning and Marketing Fund under this section.

<1987 c.607 s19; 1991 c.539 s2>

Sec. 20. Section 19, chapter 607, Oregon Laws 1987, is repealed on July 1, 1999.

<1987 c.607 s20; 1991 c.539 s3; 1995 c.436 s4>

285.920 Use of fund proceeds. All payments, receipts and interest from outstanding indebtedness shall be retained in the Oregon Port Revolving Fund and accumulated for new project disbursement, and repayment of funds allocated pursuant to section 25, chapter 838, Oregon Laws 1977. All interest earnings of the fund from whatever source shall be retained and accumulated in the Oregon Port Revolving Fund and shall be used for port development projects, and repayment of funds allocated pursuant to section 25, chapter 838, Oregon Laws 1977.

<Formerly 777.888; 1993 c.18 s55; 1995 c.718 s19>

Note: See note under 285.915.

285.923 When alternative method of financing port development project permitted. If the Oregon Economic Development Commission finds that a port development project is eligible for approval under ORS 285.883 except that moneys in the Oregon Port Revolving Fund are not available for the proposed project, the commission may finance the project as provided in ORS 285.923 to 285.940.

<Formerly 777.892>

285.927 Issuance of bonds; determining factors. In determining whether to issue revenue bonds under ORS 285.923 to 285.940, the State Treasurer shall consider:

(1) The bond market for the types of bonds proposed for issuance.

(2) The terms and conditions of the proposed issue.

(3) Such other relevant factors as the State Treasurer considers necessary to protect the financial integrity of the state.

<Formerly 777.896>

285.930 Powers of State Treasurer. In addition to any other powers granted by law or by charter, in relation to an eligible port development project, the state, acting through the State Treasurer or designee may:

(1) Pledge and assign to the holders of such bonds or a trustee therefor all or any part of the moneys repaid to the Oregon Port Revolving Fund, including interest on such moneys, and define and segregate such revenues or provide for the payment thereof to a trustee;

(2) Make all contracts, execute all instruments and do all things necessary or convenient in the exercise of the powers granted by this section, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; and

(3) Enter into and perform such contracts and agreements with political subdivisions and state agencies as the respective governing bodies of the same may consider proper and feasible for or concerning the planning, construction, installation, lease or other acquisition, and the financing of such facilities, which contracts and agreements may establish a board, commission or such other body as may be deemed proper for the supervision and general management of the facilities of the eligible project.

<Formerly 777.898>

285.933 Authority to issue bonds. (1) If the State Treasurer determines that revenue bonds should be issued:

(a) The State Treasurer may authorize and issue in the name of the State of Oregon revenue bonds secured by moneys repaid to the Oregon Port Revolving Fund, including interest on such moneys, to finance or refinance in whole or part the cost of acquisition, construction, reconstruction, improvement or extension of projects. The bonds shall be identified by project and issued in the manner prescribed by ORS 286.010, 286.020 and 286.105 to 286.135, and refunding bonds may be issued to refinance such revenue bonds.

(b) The State Treasurer shall designate the underwriter, trustee and bond counsel and enter into appropriate agreements with each to carry out the provisions of ORS 285.923 to 285.940.

(2) Any trustee designated by the State Treasurer to carry out all or part of the powers specified in ORS 285.335 must agree to furnish financial statements and audit reports for each bond issue.

<Formerly 777.900>

285.935 Method of issuing bonds; use of bond proceeds; repayment of loans made with bond proceeds. (1) ORS 285.360 to 285.380 and 285.390 apply to revenue bonds issued under ORS 285.923 to 285.940.

(2) The proceeds of revenue bonds issued and sold under ORS 285.923 to 285.940 shall be deposited in the Oregon Port Revolving Fund and used for the payment of a loan to a port district for a port development project described in ORS 285.923 and for which project the revenue bonds were issued.

(3) A loan made with money derived from the sale of revenue bonds under this section shall be made as other loans under ORS 285.870 to 285.943 are made, except that the loan contract, notwithstanding ORS 285.913 (3), shall set forth a schedule of payments which shall not exceed the usable life of the contracted project.

<Formerly 777.902>

285

.940 Limitations of bonds; recitals. (1) Revenue bonds issued under ORS 285.923 to 285.940:

(a) Shall not be payable from nor charged upon any funds other than the revenue pledged to the payment thereof, except as provided in this section, nor shall the state be subject to any liability thereon. No holder or holders of such bonds shall ever have the right to compel any exercise of the taxing power of the state to pay any such bonds or the interest thereon, nor to enforce payment thereof against any property of the state except those moneys repaid to the Oregon Port Revolving Fund, including interest on such moneys, under the provisions and for the purposes of ORS 285.923 to 285.940.

(b) Shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the state, except those moneys repaid to the Oregon Port Revolving Fund, including interest on such moneys, under the provisions of and for the purposes of ORS 285.923 to 285.940.

(c) Shall not exceed, for all bonds issued, a total value of \$3million.

(2) Each bond issued under ORS 285.923 to 285.940 shall recite in substance that the bond, including interest thereon, is payable solely from the revenue pledged to the payment thereof. No such bond shall constitute a debt of the state or a lending of the credit of the state within the meaning of any constitutional or statutory limitation. However, nothing in ORS 285.923 to 285.940 is intended to impair the rights of holders of bonds to enforce covenants made for the security thereof as provided under ORS 285.935.

<Formerly 777.904>

285.943 Short title. ORS 285.870 to 285.920 shall be known as the Oregon Port Revolving Fund Act.

<Formerly 777.910>

Source: 1995 Oregon Statutes, Chapter 285, *Oregon Port Revolving Fund* (Salem, Oregon, June 1997); available from:
gopher://gopher.leg.state.or.us:70/00/ors95.dir/200.dir/285.txt; INTERNET.

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**Appendix G. Application Information Required for Oregon
Marine Navigation Improvement Fund**

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Oregon Administrative Rules Chapter 123 Division 27

123-027-0050

Determination of Eligibility

(1) Eligibility for assistance from the Fund shall be limited to federally authorized studies, dredging and construction of a new project.

(2) The Sponsor shall notify the Ports Division of a potential project at the time it initiates a Reconnaissance Study with the Government.

(3) Financial assistance for construction of a project shall be limited to those projects that have completed all federally required studies and have confirmed positive cost/benefit ratios as required by the National Economic Development Plan.

(4) The Sponsor shall submit written documentation to the Ports Division evidencing its participation with the Government in a project. The written documentation shall:

(a) Describe the nature and purpose of the project, including: Proposed project scheduling; project term; estimated project cost; the Sponsor's estimated non-federal share of the total project cost; and, the required schedule for payment of the Sponsor's non-federal share of the total project cost;

(b) Contain federal documents which authorize the project, including Reconnaissance/Feasibility Studies;

(c) Contain a copy of the Sponsor's proposed Local Cost Share Agreement with the Government for undertaking and carrying out the project.

(5) The Sponsor shall submit written cost/ benefit information which identifies benefits of the proposed project to the local community, the region, and the State as a whole.

(6) Upon receipt of written documentation, the Ports Division shall determine whether the project is eligible for funding. If documentation is not adequate to determine eligibility, the Ports Division shall, within 30 days, require the Sponsor to submit additional information as may be necessary.

(7) The Ports Division will review documentation for each project and make a determination to either approve or deny payment of the required non-federal share of the total project cost from the Fund. The Ports Division review will be based on the following:

(a) The project is federally authorized;

(b) A cost/benefit analysis which is satisfactory to the State of Oregon. Determination of the relative costs and benefits of the proposed project shall be derived on the basis of the amount requested from the Fund, and not on total project costs;

(c) The required amount needed during a biennium for payment of the non-federal share of the total project cost is available within the Fund.

Stat. Auth.: ORS 777.262 - 777.267

Stats. Implemented: ORS

Hist.: EDD 5-1993, f. & cert. ef. 4-19-93

Source: 1997 Oregon Administrative Rules, Chapter 123, Division 27, *Marine Navigation Improvement Fund* (Salem, Oregon, June 1997); available from: http://arcweb.sos.state.or.us/rules/OARS_100_1997/OAR_123_1997/123_027_1997.html; INTERNET.

**Appendix H. Oregon Marine Navigation Improvement Fund
Statutes**

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Marine Navigation Improvement Fund

777.267 Marine Navigation Improvement Fund.

(1) There is established in the State Treasury the Marine Navigation Improvement Fund. The moneys in the fund are continuously appropriated to the Economic Development Department for the purpose of paying a portion of the costs of dredging activities that are carried out in the harbors and channels on the Oregon coast and along the Columbia River when federal law or regulation requires a portion of the costs of such dredging to be paid by nonfederal interests.

(2) The Marine Navigation Improvement Fund established by this section shall consist of such moneys as may be appropriated to the fund by the Legislative Assembly, including interest on such moneys.

(3) Eligibility for assistance from the Marine Navigation Improvement Fund shall be limited to federally authorized studies and construction of new navigation improvement projects. Financial assistance for such construction costs shall be limited to those projects that have completed all federally required studies and have confirmed positive cost-benefit ratios as required by the National Economic Development Plan.

<1989 c.1020 s2; 1991 c.461 s87; subsection (3) enacted as 1991 c.461s88>

Note: See note under 777.262.

Source: 1995 Oregon Statutes, Chapter 285, *Oregon Port Revolving Fund* (Salem, Oregon, June 1997); available from:
gopher://gopher.leg.state.or.us:70/00/ors95.dir/700.dir/777.txt; INTERNET.

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**Appendix I. Application for Louisiana Port Construction and
Development Priority Program**

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APPLICATION FORMAT

All applications submitted for funding through the Port Construction and Development Priority Program shall be prepared in accordance with the following format:

- i. Title Page
 - a. Parish
 - b. Project Name
 - c. Priority
 - d. Application Title
 - e. Name of Port Authority
 - f. Legislative Delegation
 - g. Preparer
 - h. Date
1. Description of Proposed Project
 - a. Nature and Goals
 - b. Funds Requested
 - c. Alternatives
 - d. Adequacy of Components
2. Demonstration of Immediate Need for Project
 - a. Cargo History
 - b. Market Analyses
 - 1) Extrapolation from Past Trends
 - 2) Diverted Cargo
 - 3) Generated Cargo
 - 4) Origins/Destinations
 - 5) Cargo Handling Revenue
 - c. Industrial Development
 - d. Prospective Industrial Tenants
 - e. Letters of Commitment
 - f. Other Factors
3. Preliminary Design, Plans and Cost Estimate
 - a. Design Criteria
 - b. Design Calculations
 - c. Preliminary Construction Plans
 - d. Cost Estimate
 - e. Progress Schedule
4. Determination of Benefits to the State
 - a. Revenues and Expenses
 - b. Number of Jobs
 - c. Payroll Benefits
 - d. Spin-off Benefits of Payroll
 - e. Shipping Costs
 - f. Other Benefits
 - g. Benefits-Costs Tabulation
5. Description of Project Area
6. Impacts of Implementing Proposed Project
7. Master Plan for Port
8. Other Information
 - a. Funding Sources
 - b. Local Share
 - c. Multi-Year Projects
 - d. Permits

Attachments

- A. Resolution
- B. Design Criteria
- C. Design Calculations
- D. Engineering Report
- E. Layout of Existing and Proposed Facilities
- F. Preliminary Construction Plans

- G. Financial Statements
- H. Cargo Tonnage
- I. Port's Master Plan
- J. Commenting Agencies
- K. Other Attachments

**Appendix J. Louisiana Port Construction and Development
Priority Program Statutes**

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LOUISIANA STATUTES

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LOUISIANA REVISED STATUTES
TITLE 34. NAVIGATION AND SHIPPING
CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3451 (1996)

3451. Definitions

As used in this Chapter, unless the context clearly indicates otherwise, the following definitions shall apply:

(1) "Construction or development project" means a program of construction or development, either new or continuing, that will be planned and implemented with the primary goal of improving ports and harbors in the state.

(2) "Department" means the Department of Transportation and Development.

(3) "Joint committee" means the House Committee on Transportation, Highways and Public Works and the Senate Committee on Transportation, Highways and Public Works, functioning as a joint legislative committee.

(4) "Port authority" means the governing authority of any port area or port, harbor, and terminal district.

(5) "Port construction or development priority program" means the priority list of projects submitted by the department and approved by the joint committee pursuant to this Chapter.

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TITLE 34. NAVIGATION AND SHIPPING
CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3452 (1996)

3452. Methodology for port project evaluation

A. (1) Applications for funding of any port construction or development project may be submitted by any port authority, except as provided in R.S. 34:3456. Applications shall be made to the Department of Transportation and Development by November first of each year, beginning in 1989, for consideration of funding in the following fiscal year. Applications submitted in accordance with the provisions of this Chapter shall not be subject to the provisions of R.S. 39:61 and 62. Information to be provided in the application shall include but not be limited to the following:

(a) Description of the project and demonstration of immediate need for the project.

(b) Preliminary project design and cost estimate.

(c) Description of project area.

(2) Project applications shall not be subjected to formal review and evaluation until the information required in the application has been submitted.

B. Applications shall be reviewed by the department and any other appropriate state agencies.

C. Procedures for review and evaluation shall be developed by the department. Prior to implementing the review and evaluation procedures, the department shall secure the approval of these procedures by the joint committee in accordance with the Administrative Procedure Act. [FN1] The procedures and a set of guidelines for completing project applications shall be made available to eligible port authorities prior to September 1, 1989.

D. The department may contract with the Louisiana State University Ports and Waterways Institute for any of the duties associated with the development of the port priority program, including but not limited to the development, review, and evaluation of plans and specifications, and the development of the port priority program list. However, development of and authority over the final determination of the port priority list shall remain with the department and the joint committee as provided in this Chapter.

E. The department shall insure that an inventory is maintained of ports, navigable waterways, and water transportation facilities, public and private,

with respect to their location, capacities, and capabilities and serve as a clearinghouse for inquiries for ports and waterways information, data, and technical and research assistance.

F. The department shall have prepared each year a summary report containing projections of state, federal, local, and private financial requirements for expanding or renovating existing ports and waterways facilities, constructing new ones, and maintaining these facilities.

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CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3453 (1996)

3453. Priority list of projects; public hearings; final program

Prior to the convening of each regular session of the legislature, beginning with the 1990 Regular Session, the department shall prepare and shall furnish the priority list to the joint committee which shall hold a public hearing or hearings for the purpose of reviewing the priority list of projects for the coming fiscal year. Prior to each hearing, the department shall publish the appropriate official notice in the necessary journals. Subsequent to the joint committee hearing and prior to the convening of the regular session, the department shall prepare the final construction program for the coming fiscal year for submission to the joint committee. When this final construction program is presented to the legislature for funding for the coming fiscal year, the legislature shall not add any projects to this final construction program.

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CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3454 (1996)

3454. Proposed program of construction

A. Each year, beginning with the fiscal year commencing in 1990, the department shall submit to the joint committee a port construction or development priority program to be commenced in the ensuing fiscal year, which shall be based upon the anticipated revenues to be appropriated by the legislature, and listed in an order of priority of the projects herein.

B. The department also shall provide to the joint committee annually a supplemental list of projects proposed to be commenced within the ensuing four years which are in various stages of planning and preparation. The supplemental list shall be subject to change by the department until the department finally approves each project for construction.

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TITLE 34. NAVIGATION AND SHIPPING

CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3455 (1996)

3455. Projects undertaken by the department

A. After adoption of the department's recommendations by the joint committee, the approved list of projects shall be forwarded to the department for implementation subject to the limitation of appropriated funds. The department shall not delete, add, or substitute any projects for those approved by the joint committee, except as provided in R.S. 34:3456. At least semiannually, or as often as required by the joint committee, the department shall summarize and report the progress to date on all projects previously approved.

B. No port project shall be undertaken by the department except those included in the approved program listing for that fiscal year.

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CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3456 (1996)

3456. Commencement of projects; substitutions; Port of New Orleans

A. The projects planned for the year for which appropriations have been made shall be commenced in that year; however, if a project cannot be commenced within the year for which it is planned, the secretary of the department shall file with the project records a public statement as to the factors causing the delay, and the next priority project shall be substituted therefor. When the delaying factors have been overcome, the delayed project shall be placed in the highest priority for the next ensuing fiscal year. Funds allocated for each project shall remain so allocated until the project is completed and the project costs are liquidated.

B. The Port of New Orleans or its successor shall be prohibited from participating in the port priority program for five consecutive years from the first fiscal year in which such priority program is funded by the legislature only if, as, and when House Bill No. 80 of the 1989 Regular Session of the Legislature is finally adopted [FN1] and approved by the electorate. [FN2]

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La. R.S. 34:3457 (1996)

3457. Allocation, reallocation of funds; deposit to Transportation Trust Fund

A. The Transportation Trust Fund shall be the source of state funds provided for any port project on the priority list commenced pursuant to the provisions of this Chapter. Prior to the commencement of any work, the department shall require the presiding officer of each port authority involved in a project to execute an agreement and statement of sponsorship to provide a ten percent local match for the cost of construction of the project including the cost of any items stipulated under the provisions of Paragraph (1) of this Subsection. The department shall further stipulate that such agreement include but not be limited to the following:

(1) Agreement by the port authority to furnish all lands, easements, rights of way, and spoil disposal areas necessary to construct, operate, and maintain the project without cost to the state, unless such lands, easements, rights of way, and spoil disposal areas are critical to the project being applied for.

(2) Agreement by the port authority to furnish all engineering services for the project, including consultant engineering services, if required, without cost to the state, unless such services are provided by the department as authorized in R.S. 34:3458(B).

(3) Agreement by the port authority to assume all maintenance and operation costs for the project as may be required without cost to the state.

B. Any monies allocated for any project not needed for said project may be reallocated for the completion of any other project or projects specified. Any monies not needed for the completion of said projects shall be deposited in and credited to the Transportation Trust Fund.

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TITLE 34. NAVIGATION AND SHIPPING

CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3458 (1996)

3458. Preparation of plans and specifications; letting of bids for construction;
supervision of construction

A. Port authorities located in a parish with a population of fifty thousand persons or more shall be responsible for the preparation of plans and specifications for their respective port project. These authorities shall also be responsible for the letting of bids for construction, and the supervision of construction for all projects, all in accordance with the provisions of this Chapter.

B. For port authorities located in a parish with a population of less than fifty thousand persons, the department may prepare the necessary plans and specifications, may let the contract for bid, and may supervise the construction of the project.

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TITLE 34. NAVIGATION AND SHIPPING

CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3459 (1996)

3459. Inspection

A. The department shall approve the engineering and construction plans for any proposed projects that are prepared by consultant or contract engineers for any recipient port authority. The department may inspect the construction of a project at any time to assure project compliance.

B. The department shall inspect a complete project with the consultant or contract engineer. The engineer shall certify that construction is in accordance with plans and specifications. The department may inspect a completed project at any time to assure that the project is being maintained in accordance with project specifications and agreements.

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CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3460 (1996)

3460. System of administration

Each recipient authority shall adopt a system of administration which shall require approval of the department for any expenditures made out of state and local matching funds, and no recipient authority shall expend any funds without the approval of the department. Each recipient authority shall adopt a system of administration which shall include the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and selective maintenance and construction based upon engineering plans and inspections. Funds appropriated for a project shall not be expended for any other purpose. All contracts for materials, construction, or services shall be advertised and awarded to the lowest responsible bidder in accordance with the provisions of R.S. 38:2212.

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La. R.S. 34:3461 (1996)

3461. Audit of distribution to recipient port authorities

The state monies distributed to the recipient authorities and the local matching funds shall be audited by the legislative auditor or a certified public accountant at least biennially pursuant to R.S. 24:513(A) and shall issue and distribute all audit reports pursuant to R.S. 24:516(A). To the extent that funds available to the legislative auditor permit, the audits of each recipient port authority of the use of the monies shall include an investigation of any failure to comply with the recommendations for planning, design, and construction adopted by the department. The recipient port authority shall certify annually to the legislative auditor that the funds made available under this Chapter have been expended in accordance with the standards established by law.

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CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3462 (1996)

3462. Report of any misuse of funds

If the legislative auditor determines that any expenditures by the recipient port authority have not been made in accordance with this Chapter, he shall promptly report the facts of such expenditure to the Legislative Audit Advisory Council. The council shall make further investigation of the matter as it deems necessary.

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CHAPTER 47. PORT CONSTRUCTION AND DEVELOPMENT PRIORITY PROGRAM

La. R.S. 34:3463 (1996)

3463. Misuse of funds; withholding of distribution; notification of district attorney

A. (1) If, on the basis of the report of the legislative auditor, or from its own investigation, the Legislative Audit Advisory Council, hereinafter referred to as the "council", determines that there has been a misuse by a recipient port authority of funds from the program, it shall then determine whether a partial or total withholding of the authority's appropriation for any remaining portion of the current fiscal year shall be necessary. Should the council determine that it is necessary to withhold all or any part of the authority's appropriation, the council shall send notification of its determination to the co-chairmen of the joint committee and to each member of the legislature who represents any portion of the authority.

(2) If, thirty days after the co-chairmen and the members of the legislature are notified, the council determines that the misuse has not yet ceased, the council shall, by written resolution, instruct the state treasurer to immediately suspend distributions to the port authority of funds appropriated for the program. The suspension of funds shall remain in effect until the Legislative Audit Advisory Council verifies, in writing, to the state treasurer that the offending authority is again in compliance with this Chapter. Such written verification shall be given when the legislative auditor certifies to the council that, to the best of his knowledge, the authority is in compliance with this Chapter or, in the absence of said certification, when the council determines that the authority is in compliance with this Chapter. Upon receipt of the council's written verification, the state treasurer shall reinstate the distribution of funds and distribute all funds previously withheld to the affected recipient port authority.

(3) The council shall report any action it has taken with regard to the suspension of funds to the joint committee and to the legislature at the next regular session, along with any recommendations it may have for forfeiture of suspended funds by those authorities which are still in noncompliance with this Chapter. Forfeiture of funds can be authorized only by the legislature.

B. In any case where there has been a determination made by the council that there has been a misuse by a recipient port authority of funds appropriated for the program, the council shall furnish a copy of the written resolution directing the state treasurer to withhold funds to the district attorney of the parish or parishes where the misuse of funds occurred. The district attorney shall, within thirty days, advise the chairman of the council as to action he

has taken or proposes to take in connection with the misuse of funds cited in the resolution. Where future action is proposed by the district attorney, the council shall set a date for receipt of further advice in the matter. Where such advice is not forthcoming from the district attorney, or where it is evident that suitable action has not been taken, the council shall report the matter to the joint committee and to the legislature at its next regular session for whatever action the joint committee and the legislature deems advisable under the circumstances.

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LOUISIANA STATUTES

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La. R.S. 34:3464 (1996)

§§ 3464 to 4300. [Blank]

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La. R.S. 34:4301 (1996)

§§ 4301 to 4306. [Blank]

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**Appendix K. Application for Florida Seaport Transportation
and Economic Development Funding Program**

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FORM A
FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT
PROJECT APPLICATION

APPLICANT

AUTHORIZED REPRESENTATIVE

PROJECT NAME

<p>PROJECT NUMBER</p> <p>98 - _____ () RESUBMITTED () PHASED</p>	<p>FUNDING REQUEST/FISCAL YEAR</p> <p>\$ _____ 1998/99</p>
--	--

PLAN INFORMATION
(DEPARTMENT OF COMMUNITY AFFAIRS)

ATTACHED _____

ECONOMIC BENEFIT ANALYSIS
(DEPARTMENT OF COMMERCE)

ATTACHED _____

MAPS/DRAWINGS

ATTACHED _____

SIGNATURE OF AUTHORIZED REPRESENTATIVE

BY: _____

PORT: _____
 PROJECT NUMBER: 98- _____

FORM B

**FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT
 PROJECT APPLICATION**

**MEANS OF FINANCING
 FY 1998/99 PROJECT CYCLE ONLY**

PORT: _____

ESTIMATED # OF YEARS FOR PROJECT COMPLETION	PHASE OR YEAR OF REQUEST	SOURCE OF FUNDS		
		STATE	PORT AUTHORITY	OTHER
	YEAR ___ OF ___	\$	\$	\$

NAME OF PROJECT:

PROJECT DESCRIPTION:

TOTAL COST OF PROJECT:

TOTAL FUNDS REQUESTED FROM FSTED PROGRAM FOR FY 98/99:

TOTAL/SOURCE OF PORT MATCHING FUNDS FOR FY 98/99 :

Should a project be phased over more than one Fiscal Year, a revised FORM B for each program cycle must be submitted.

FDOT DISTRICT: _____
 COUNTY: _____
 PORT: _____
 PROJECT NUMBER: 98 - _____

FORM C

FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT PROJECT APPLICATION

PORT DEVELOPMENT CANDIDATE FILE

Department of Transportation

(COST/FISCAL YEAR IN THOUSANDS OF DOLLARS)

PROJECT NAME: (2 LINES MAXIMUM)	I FY 1998/99	II FY 1999/00	III FY 2000/2001	IV FY 2001/2002	V FY 2002/2003
(A + B + C) TOTAL					
MEANS OF FINANCING:					
A. STATE					
B. PORT					
C. OTHER					

INSTRUCTIONS:

- * Complete Columns I - V for each eligible Port Authority Project (Means of Financing must be completed for each project and TOTALs - Use Form B).
- * Round Figures to the Nearest Dollar.
- * If the port's total capital improvement program for the five-year period is different than the five-year forecast of funding request, please describe on separate sheet.
- * **ATTACH A COPY OF PORT 6-YEAR CAPITAL IMPROVEMENT PROGRAM - 1997/98-2002/2003.**

PORT: _____
PROJECT NUMBER: 98- _____

FORM D

**FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT
PROJECT APPLICATION**

PLAN INFORMATION

Department of Community Affairs

The Department of Community Affairs (DCA) will be reviewing each project for consistency, to the maximum extent feasible, with the applicable Port Master Plan and Local Government Comprehensive Plan. The following information must be provided for each project for DCA's review.

I. PROJECT NAME AND DESCRIPTION.

(INCLUDE A DRAWING OR MAP THAT SHOWS THE RELATION OF THE PROJECT TO THE PORT AND THE LOCAL COMMUNITY.)

II. STATEMENT OF PROJECT CONSISTENCY WITH PORT MASTER PLAN AND LOCAL GOVERNMENT COMPREHENSIVE PLAN. (Answer the following questions and include the copies of your current Port Master Plan with your completed funding application.)

- A. Is the project consistent with your existing Port Master Plan?
- B. Has the Port Master Plan been incorporated into a Local Government Comprehensive Plan?
- C. If so, when was the Local Government Comprehensive Plan adopted?
- D. Which government entity approved the plan?
- E. Has the Local Government Comprehensive Plan been approved, i.e. has it been found in compliance with Chapter 163, Part II, Florida Statutes, by DCA?

III. CONSISTENCY EVALUATION CRITERIA. (Either discuss the following points or reference the pages in your Port Master Plan where they are discussed.)

- A. Identify the existing land use before the project, proposed land use following completion of the project and information concerning the compatibility of the proposed project with the adjacent land uses.
- B. Provide a description of the availability of public facilities, including sanitary sewer, solid waste, transportation, drainage, potable water, and recreation, as appropriate, and identify the demand that the project will place on each of these facilities.

PORT: _____
PROJECT: 98- _____

- C. Provide information about the impact of the proposed project on natural resources, including wetlands, beaches and dunes, submerged lands, flood plains, wildlife habitat, living marine resources, and water quality.
- D. Provide information about the impact of the project on public access and historic resources.
- E. Show how the proposed project is consistent to the maximum extent feasible, with the Goals, Objectives, and Policies of your Port Master Plan.

IV. AUTHORIZED REPRESENTATIVE(S). (To answer questions relating to the Port Master Plan and/or the Local Government Comprehensive Plan.)

NAME: _____
ADDRESS: _____
TELEPHONE: _____
FAX: _____

PORT: _____
PROJECT NUMBER: 98- _____

FORM E

FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT PROJECT APPLICATION

ECONOMIC BENEFIT ANALYSIS

Department of Commerce

The Department of Commerce will be reviewing each project in terms of its economic benefit and consistency with the Five-Year Capital Improvement Program to be included in the Florida Seaport Mission Plan. The following information must be provided for each project for this review.

I. PROJECT NAME AND DESCRIPTION.

(INCLUDE A DRAWING OR MAP THAT SHOWS THE RELATION OF THE PROJECT TO THE PORT AND THE LOCAL COMMUNITY.)

II. CAPITAL INVESTMENT.

- A. How much is requested for this project in this fiscal year from the FSTED Program?
- B. What is the amount and source of port matching funds?

III. DISCUSSION OF HOW THE PROJECT WILL SUPPORT INTERNATIONAL COMMERCE, INCREASE OR MAINTAIN CARGO FLOW THROUGH THE PORT OR IMPROVE CRUISE PASSENGER SERVICE. (Answer the following questions.)

- A. On what projections of additional service or capacity is the project based or how is it needed to maintain existing service or capacity?
- B. What type of employment will be created by the project or why is it needed to support existing employment? Provide average hourly wage of employment generated by the project, if applicable.
- C. What is the expected life of the project?
- D. What port revenue estimates are associated with the project or will result from the project?
- E. How will the port project affect and enhance the local, regional, and state economies?

PORT: _____
PROJECT NUMBER: 98- _____

- F. Is the project included in your 5-year Capital Improvement Program?
 - G. Compare present activity (cargo or passenger) at the port with anticipated increases in activity resulting from completion of the project.
 - H. (Optional) Provide any other information which will assist the Council and the Department of Commerce to determine the economic benefit of the project.
- IV. AUTHORIZED REPRESENTATIVE(S). (To answer questions relating to the economic benefit analysis.)

NAME: _____
ADDRESS: _____
TELEPHONE: _____
FAX: _____

PORT: _____
PROJECT NUMBER: 98- _____

FORM F

**FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT
PROJECT APPLICATION**

TRANSPORTATION IMPACT INFORMATION

Department of Transportation

I. NAME AND DESCRIPTION OF PROJECT.

II. PLEASE ANSWER THE FOLLOWING QUESTIONS.

- A. Port estimate of increase in number of vehicles per day resulting from implementing the proposed candidate port project, if any.

- B. Port estimate of the increase in the number of heavy vehicles per day resulting from implementing the proposed candidate port project and expected gross vehicle weight, if any.

- C. Port estimate of the maximum length of vehicles expected to be utilizing the facility as a result of the proposed candidate port project, if any (data to be used to estimate turning radii and any additional need for geometric improvements to the state highway system).

- D. Port estimate of the increase in number of railcars (i.e., trains per day) expected which may affect rail/highway grade crossings on the state highway system, if any.

III. AUTHORIZED REPRESENTATIVE(S). (To answer questions relating to the transportation impact information).

NAME: _____

ADDRESS: _____

TELEPHONE: _____

FAX: _____

FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT

PROJECT APPLICATION

STATUS REPORT

RESUBMITTAL OF PREVIOUSLY SUBMITTED PROJECTS

Please provide the following information relating to the status of PREVIOUSLY SUBMITTED projects which are to be resubmitted for funding in FY98/99:

PORT: _____

PROJECT NUMBER: 98- _____

PROJECT NAME AND DESCRIPTION:

1. Is the scope of the project the same as when the project was initially submitted?

2. Has the project been initiated in any manner? Please describe.

3. Were there any minor inconsistencies to the Port Master Plan regarding this project reported by DCA? If so, please respond how you have addressed these inconsistencies.

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**Appendix L. Florida Seaport Transportation and Economic
Development Funding Program Statutes**

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Florida Statutes Chapter 311

Florida Seaport Transportation and Economic Development Funding

311.07 Florida seaport transportation and economic development funding. ---

(1) There is created the Florida Seaport Transportation and Economic Development Program within the Department of Transportation to finance port transportation or port facilities projects that will improve the movement and intermodal transportation of cargo or passengers in commerce and trade and that will support the interests, purposes, and requirements of ports located in this state.

(2) A minimum of \$8 million per year shall be made available from the State Transportation Trust Fund to fund the Florida Seaport Transportation and Economic Development Program.

(3) (a) Program funds shall be used to fund approved projects on a 50-50 matching basis with any of the deepwater ports, as listed in s. 403.021(9)(b), which is governed by a public body or any other deepwater port which is governed by a public body and which complies with the water quality provisions of s. 403.061, the comprehensive master plan requirements of s. 163.3178(2)(k), the local financial management and reporting provisions of part III of chapter 218, and the auditing provisions of s. 11.45(3)(a)4. Program funds also may be used by the Seaport Transportation and Economic Development Council to develop with the Florida Trade Data Center such trade data information products which will assist Florida's seaports and international trade.

(b) Projects eligible for funding by grants under the program are limited to the following port facilities or port transportation projects: 1. Transportation facilities within the jurisdiction of the port. 2. The dredging or deepening of channels, turning basins, or harbors. 3. The construction or rehabilitation of wharves, docks, structures, jetties, piers, storage facilities, cruise terminals, automated people mover systems, or any facilities necessary or useful in connection with any of the foregoing. 4. The acquisition of container cranes or other mechanized equipment used in the movement of cargo or passengers in international commerce. 5. The acquisition of land to be used for port purposes. 6. The acquisition, improvement, enlargement, or extension of existing port facilities. 7. Environmental protection projects which are necessary because of requirements imposed by a state agency as a condition of a permit or other form of state approval, which are necessary for environmental mitigation required as a condition of a state, federal, or local environmental permit; which are necessary for the acquisition of spoil disposal sites and improvements to existing and future spoil sites; or which result from the funding of eligible projects listed herein. 8. Transportation facilities as defined in s. 334.03(31) which are not otherwise part of the Department of Transportation's adopted work program.

(c) To be eligible for consideration by the council pursuant to this section, a project must be consistent with the port comprehensive master plan which is incorporated as part of the approved local government comprehensive plan as required by s. 163.3178(2)(k) or other provisions of the Local Government Comprehensive Planning and Land Development Regulation Act, part II of chapter 163.

(4) A port eligible for matching funds under the program may receive a distribution of not more than \$7 million during any 1 calendar year and a distribution of not more than \$30 million during any 5-calendar-year period.

(5) Any port which receives funding under the program shall institute procedures to ensure that jobs created as a result of the state funding shall be subject to equal opportunity hiring practices in the manner provided in s. 110.112.

(6) The Department of Transportation shall subject any project that receives funds pursuant to this section to a final audit. The department may adopt rules and perform such other acts as are necessary or convenient to ensure that the final audits are conducted and that any deficiency or questioned costs noted by the audit are resolved.

History: s. 65, ch. 90-136; s. 5, ch. 91-429; s. 55, ch. 93-120; s. 20, ch. 94-237; s. 130, ch. 96-320.

311.09 Florida Seaport Transportation and Economic Development Council. ---

(1) The Florida Seaport Transportation and Economic Development Council is created within the Department of Transportation. The council consists of the following 17 members: the port director, or the port director's designee, of each of the ports of Jacksonville, Port Canaveral, Fort Pierce, Palm Beach, Port Everglades, Miami, Port Manatee, St. Petersburg, Tampa, Port St. Joe, Panama City, Pensacola, Key West, and Fernandina; the secretary of the Department of Transportation or his or her designee as an ex officio nonvoting member; the director of the Office of Tourism, Trade, and Economic Development or his or her designee as an ex officio nonvoting member; and the secretary of the Department of Community Affairs or his or her designee as an ex officio nonvoting member.

(2) The council shall adopt bylaws governing the manner in which the business of the council will be conducted. The bylaws shall specify the procedure by which the chairperson of the council is elected.

(3) The council shall prepare a 5-year Florida Seaport Mission Plan defining the goals and objectives of the council concerning the development of port facilities and an intermodal transportation system consistent with the goals of the Florida Transportation Plan developed pursuant to s. 339.155. The Florida Seaport Mission Plan shall include specific recommendations for the construction of transportation facilities connecting any port to another transportation mode and for the efficient, cost-effective development of transportation facilities or port facilities for the purpose of enhancing international trade, promoting cargo flow, increasing cruise passenger movements, increasing port revenues, and providing economic benefits to the state. The council shall update the 5-year Florida Seaport Mission Plan annually and shall submit the plan no later than February 1 of each year to the President of the Senate; the Speaker of the House of Representatives; the Office of Tourism, Trade, and Economic Development; the Department of Transportation; and the Department of Community Affairs. The council shall develop programs, based on an examination of existing programs in Florida and other states, for the training of minorities and secondary school students in job skills associated with employment opportunities in the maritime industry, and report on progress and recommendations for further action to the President of the Senate and the Speaker of the House of Representatives annually, beginning no later than February 1, 1991.

(4) The council shall adopt rules for evaluating projects which may be funded under s. 311.07. The rules shall provide criteria for evaluating the economic benefit of the project,

measured by the potential for the proposed project to increase cargo flow, cruise passenger movement, international commerce, port revenues, and the number of jobs for the port's local community.

(5) The council shall review and approve or disapprove each project eligible to be funded pursuant to the Florida Seaport Transportation and Economic Development Program. The council shall annually submit to the Secretary of Transportation; the director of the Office of Tourism, Trade, and Economic Development; and the Secretary of Community Affairs a list of projects which have been approved by the council. The list shall specify the recommended funding level for each project; and, if staged implementation of the project is appropriate, the funding requirements for each stage shall be specified.

(6) The Department of Community Affairs shall review the list of projects approved by the council to determine consistency with approved local government comprehensive plans of the units of local government in which the port is located and consistency with the port master plan. The Department of Community Affairs shall identify and notify the council of those projects which are not consistent, to the maximum extent feasible, with such comprehensive plans and port master plans.

(7) The Department of Transportation shall review the list of projects approved by the council for consistency with the Florida Transportation Plan and the department's adopted work program. In evaluating the consistency of a project, the department shall determine whether the transportation impact of the proposed project is adequately handled by existing state-owned transportation facilities or by the construction of additional state-owned transportation facilities as identified in the Florida Transportation Plan and the department's adopted work program. In reviewing for consistency a transportation facility project as defined in s. 334.03(31) which is not otherwise part of the department's work program, the department shall evaluate whether the project is needed to provide for projected movement of cargo or passengers from the port to a state transportation facility or local road. If the project is needed to provide for projected movement of cargo or passengers, the project shall be approved for consistency as a consideration to facilitate the economic development and growth of the state in a timely manner. The Department of Transportation shall identify those projects which are inconsistent with the Florida Transportation Plan and the adopted work program and shall notify the council of projects found to be inconsistent.

(8) The Office of Tourism, Trade, and Economic Development, in consultation with Enterprise Florida, Inc., shall review the list of projects approved by the council to evaluate the economic benefit of the project and to determine whether the project is consistent with the Florida Seaport Mission Plan. The Office of Tourism, Trade, and Economic Development shall review the economic benefits of each project based upon the rules adopted pursuant to subsection (4). The Office of Tourism, Trade, and Economic Development shall identify those projects which it has determined do not offer an economic benefit to the state or are not consistent with the Florida Seaport Mission Plan and shall notify the council of its findings.

(9) The council shall review the findings of the Department of Community Affairs; the Office of Tourism, Trade, and Economic Development; and the Department of Transportation. Projects found to be inconsistent pursuant to subsections (6), (7), and (8) and projects which have been determined not to offer an economic benefit to the state pursuant to subsection (8) shall not be included in the list of projects to be funded.

(10) The Department of Transportation shall include in its annual legislative budget request a Florida Seaport Transportation and Economic Development grant program for

expenditure of funds of not less than \$8 million per year. Such budget shall include funding for projects approved by the council which have been determined by each agency to be consistent and which have been determined by the Office of Tourism, Trade, and Economic Development to be economically beneficial. The council may submit to the department a list of approved projects that could be made production-ready within the next 2 years. The list shall be submitted as part of the needs and project list prepared pursuant to s. 339.135.

(11) The council shall meet at the call of its chairperson, at the request of a majority of its membership, or at such times as may be prescribed in its bylaws. However, the council must meet at least semiannually. A majority of voting members of the council constitutes a quorum for the purpose of transacting the business of the council. All members of the council are voting members except for members representing the Department of Transportation; the Department of Community Affairs; and the Office of Tourism, Trade, and Economic Development. A vote of the majority of the voting members present is sufficient for any action of the council, unless the bylaws of the council require a greater vote for a particular action.

(12) Members of the council shall serve without compensation but are entitled to receive reimbursement for per diem and travel expenses as provided in s. 112.061. The council may elect to provide an administrative staff to provide services to the council on matters relating to the Florida Seaport Transportation and Economic Development Program and the council. The cost for such administrative services shall be paid by all ports that receive funding from the Florida Seaport Transportation and Economic Development Program, based upon a pro rata formula measured by each recipient's share of the funds as compared to the total funds disbursed to all recipients during the year. The share of costs for administrative services shall be paid in its total amount by the recipient port upon execution by the port and the Department of Transportation of a joint participation agreement for each council-approved project, and such payment is in addition to the matching funds required to be paid by the recipient port.

History: s. 65, ch. 90-136; s. 26, ch. 90-227; s. 5, ch. 91-429; s. 56, ch. 93-120; s. 4, ch. 93-164; s. 4, ch. 93-262; s. 21, ch. 94-237; s. 87, ch. 95-143; s. 892, ch. 95-148; s. 10, ch. 95-257; s. 131, ch. 96-320.

311.105 Florida Seaport Environmental Management Committee; permitting; mitigation. ---

(1) (a) There is created the Florida Seaport Environmental Management Committee, which shall be under the direction of the Florida Seaport Transportation and Economic Development Council.

(b) The committee shall consist of the following members: the Secretary of Environmental Protection, or his or her designee, as an ex officio, nonvoting member; a designee from the United States Army Corps of Engineers, as an ex officio, nonvoting member; a designee from the Florida Inland Navigation District, as an ex officio, nonvoting member; the Secretary of Community Affairs, or his or her designee, as an ex officio, nonvoting member; and five or more port directors, as voting members, appointed to the committee by the council chair, who shall also designate one such member as committee chair.

(c) The committee shall meet at the call of the chair but must meet at least semiannually. A majority of the voting members constitutes a quorum for the purpose of transacting business of the committee, and a vote of the majority of the voting members present is required for official action by the committee.

(d) The committee shall provide a forum for discussion of environmental issues, including, but not limited to, those relating to maintenance dredging and dredged-material management; environmental mitigation; air and water quality permitting; and the maintenance of navigation channels, port harbors, turning basins, harbor berths, and associated facilities.

(e) The committee shall work closely with the Department of Environmental Protection, United States Army Corps of Engineers, and ports listed in s. 403.021(9)(b) to ensure that suitable dredged material is deposited on Florida's beaches to the extent the committee determines to be economically feasible and consistent with beach restoration and other beneficial uses criteria of the Department of Environmental Protection.

(2) Each application for a permit authorized pursuant to s. 403.061(38) must include:

(a) A description of maintenance dredging activities to be conducted and proposed methods of dredged-material management.

(b) A characterization of the materials to be dredged and the materials within dredged-material management sites.

(c) A description of dredged-material management sites and plans.

(d) A description of measures to be undertaken, including environmental compliance monitoring, to minimize adverse environmental effects of maintenance dredging and dredged-material management.

(e) Such scheduling information as is required to facilitate state supplementary funding of federal maintenance dredging and dredged-material management programs consistent with beach restoration criteria of the Department of Environmental Protection.

(3) Each application for a permit authorized pursuant to s. 403.061(39) must include the provisions of paragraphs (2)(b)-(e) and the following:

(a) A description of dredging and dredged-material management and other related activities associated with port development, including the expansion of navigation channels, dredged-material management sites, port harbors, turning basins, harbor berths, and associated facilities.

(b) A discussion of environmental mitigation as is proposed for dredging and dredged-material management for port development, including the expansion of navigation channels, dredged-material management sites, port harbors, turning basins, harbor berths, and associated facilities.

(4) Environmental mitigation is not required for dredging and dredged-material management for the maintenance of port harbors, navigation channels, turning basins, or harbor berths if all prior conditions of the original permit to construct the port harbor, navigation channel, dredged-material management site, turning basin, or harbor berth issued by the Department of Environmental Protection or its predecessor agency are met.

(5) Where appropriate, the Department of Environmental Protection shall provide mitigation credits to those deepwater ports that provide for innovative approaches to the onshore and nearshore placement of suitable dredged material consistent with beach restoration and other beneficial uses criteria of the department.

(6) Dredged-material management activities authorized pursuant to s. 403.061(38) or (39) shall be incorporated into port master plans developed pursuant to s. 163.3178(2)(k).

History: s. 132, ch. 96-320.

Source: Florida Statutes, 1996 Supplement, (Tallahassee, Florida, June 1997); available from: http://www.scri.fsu.edu/fla-leg/statutes/1996/CHAPTER_311.html; INTERNET.

Florida Statutes Chapter 320.20

Disposition Of License Tax Moneys

320.20 Disposition of license tax moneys. ---

The revenue derived from the registration of motor vehicles, including any delinquent fees and excluding those revenues collected and distributed under the provisions of s. 320.081, must be distributed monthly, as collected, as follows:

(1) The first proceeds, to the extent necessary to comply with the provisions of s. 18, Art. XII of the State Constitution of 1885, as adopted by s. 9(d), Art. XII, 1968 revised constitution, and the additional provisions of s. 9(d) and s. 236.602, must be deposited in the district Capital Outlay and Debt Service School Trust Fund.

(2) Twenty-five million dollars per year of such revenues must be deposited in the State Transportation Trust Fund, with priority use assigned to completion of the interstate highway system. However, any excess funds may be utilized for general transportation purposes, consistent with the Department of Transportation's legislatively approved objectives. Prior to such utilization, the department's comptroller shall certify that adequate funds are available to assure expeditious [Footnote 1] completion of the interstate highway system and to award all such contracts by 1990.

(3) Notwithstanding any other provision of law except subsections (1) and (2), on July 1, 1996, and annually thereafter, \$15 million shall be deposited in the State Transportation Trust Fund solely for the purposes of funding the Florida Seaport Transportation and Economic Development Program as provided for in chapter 311. Such revenues shall be distributed on a 50-50 matching basis to any port listed in s. 311.09(1) to be used for funding projects as described in s. 311.07(3)(b). Such revenues may be assigned, pledged, or set aside as a trust for the payment of principal or interest on bonds, tax anticipation certificates, or any other form of indebtedness issued by an individual port or appropriate local government having jurisdiction thereof, or collectively by interlocal agreement among any of the ports, or used to purchase credit support to permit such borrowings. However, such debt shall not constitute a general obligation of the State of Florida. The state does hereby covenant with holders of such revenue bonds or other instruments of indebtedness issued hereunder that it will not repeal or impair or amend in any manner which will materially and adversely affect the rights of such holders so long as bonds authorized by this section are outstanding. Any revenues which are not pledged to the repayment of bonds as authorized by this section may be utilized for purposes authorized under the Florida Seaport Transportation and Economic Development Program. This revenue source is in addition to any amounts provided for and appropriated in accordance with s. 311.07. The Florida Seaport Transportation and Economic Development Council shall approve distribution of funds to ports for projects which have been approved pursuant to s. 311.09(5)-(9). The council and the Department of Transportation are authorized to perform such acts as are required to facilitate and implement the provisions of this subsection. To better enable the ports to cooperate to their mutual advantage, the governing body of each port may exercise powers provided to municipalities or counties in s. 163.01(7)(d) subject to the provisions of chapter 311 and special acts, if any, pertaining to a port. The use of funds provided pursuant to this subsection are limited to eligible projects listed in this subsection. Income derived from a project completed with the use of program funds, beyond operating costs and debt service, shall be restricted to further port capital improvements consistent with maritime purposes and for no other purpose. Use of

such income for nonmaritime purposes is prohibited. The provisions of s. 311.07(4) do not apply to any funds received pursuant to this subsection.

(4) (a) Except as provided in paragraph (c), the remainder of such revenues must be deposited in the State Transportation Trust Fund.

(b) Beginning July 1, 1989, the State Comptroller each month shall deposit in the State Transportation Trust Fund an amount, drawn from other funds in the State Treasury which are not immediately needed or are otherwise in excess of the amount necessary to meet the requirements of the State Treasury, which when added to such remaining revenues each month will equal one-twelfth of the amount of the anticipated annual revenues to be deposited in the State Transportation Trust Fund under paragraph (a) as estimated by the most recent revenue estimating conference held pursuant to s. 216.136(3). The transfers required hereunder may be suspended by action of the Administration Commission in the event of a significant shortfall of state revenues.

(c) In any month in which the remaining revenues derived from the registration of motor vehicles exceed one-twelfth of those anticipated annual remaining revenues as determined by the revenue estimating conference, the excess shall be credited to those state funds in the State Treasury from which the amount was originally drawn, up to the amount which was deposited in the State Transportation Trust Fund under paragraph (b). A final adjustment must be made in the last months of a fiscal year so that the total revenue deposited in the State Transportation Trust Fund each year equals the amount derived from the registration of motor vehicles, less the amount distributed under subsection (1). For the purposes of this paragraph and paragraph (b), the term "remaining revenues" means all revenues deposited into the State Transportation Trust Fund under paragraph (a) and subsections (2) and (3). In order that interest earnings continue to accrue to the General Revenue Fund, the Department of Transportation may not invest an amount equal to the cumulative amount of funds deposited in the State Transportation Trust Fund under paragraph (b) less funds credited under this paragraph as computed on a monthly basis. The amounts to be credited under this and the preceding paragraph must be calculated and certified to the Comptroller by the Executive Office of the Governor.

History: s. 27, ch. 7275, 1917; RGS 1031; s. 12, ch. 8410, 1921; CGL 1304; s. 4, ch. 15625, 1931; s. 44, ch. 26869, 1951; s. 1, ch. 65-514; s. 31, ch. 69-216; s. 1, ch. 69-300; s. 1, ch. 77-416; s. 1, ch. 81-222; s. 53, ch. 83-3; s. 14, ch. 83-138; s. 44, ch. 83-318; s. 7, ch. 85-81; s. 68, ch. 85-180; s. 20, ch. 89-301; ss. 61, 62, ch. 90-136; s. 30, ch. 95-143; s. 136, ch. 96-320.

[Footnote 1] Note. Section 136, ch. 96-320, purported to amend s. 320.20, but did not set out in full the text of subsection (2) to include the language "completion of the interstate highway system and to award all such contracts by 1990." Absent affirmative evidence that the Legislature intended to repeal this language, it is set out in full here, pending clarification by the Legislature.

Source: Florida Statutes, 1996 Supplement, (Tallahassee, Florida, June 1997); available from: http://www.scri.fsu.edu/fla-leg/statutes/1996/CHAPTER_320.html; INTERNET.

**Appendix M. California Maritime Infrastructure Bank
Harbors and Navigation Code Regulations**

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California Maritime Infrastructure Bank State of California Harbors and Navigation Code

CALIFORNIA CODES HARBORS AND NAVIGATION CODE SECTION 1690

1690. The Legislature finds and declares all of the following:

(a) The state has a compelling interest in the success of her ports and harbors because they provide significant economic benefit to the state in terms of jobs, personal income, business revenue, and taxes.

(b) Ports and harbors are the vital interface between water and land transportation for trade with the Pacific Rim countries and other trade.

(c) Historically, California's ports and harbors have been self-supporting.

(d) The report of the California Transportation Commission entitled "Improving Access to California's Ports," dated February 1990, found that \$897 million is needed for port access transportation projects.

(e) In addition to port access transportation projects, there is a need for new harbor facilities and to restore facilities damaged in the Loma Prieta earthquake.

(f) Because of shrinking federal and state funding and the increasing demand for those limited funds, ports and harbors are no longer able to finance projects of this magnitude without a new funding mechanism.

(g) It is the intent of the Legislature to assist in the reduction of local borrowing costs, help accelerate the construction, repair, and maintenance of port capital improvements, and promote greater use of existing and new financial instruments and mechanisms.

CALIFORNIA CODES HARBORS AND NAVIGATION CODE SECTION 1691-1698

1691. The definitions in this article govern the construction of this part.

1692. "Authority" means a joint powers entity or nonprofit public benefit corporation created in accordance with Section 1700.

1693. "Bonds" means bonds, notes, bond anticipation notes, commercial paper, or other evidences of indebtedness or lease, installment sale, or other agreements or certificates of participation therein.

1694. "Harbor agency" means any state or local agency, city, county, city and county, harbor district, port district, harbor improvement district, river port district, small craft harbor district, or other public district, entity, board, commission, or agency that operates a port or harbor in the State of California.

1695. "Infrastructure fund" means a port or harbor infrastructure fund established by an authority pursuant to Section 1700.

1696. "Joint powers laws" means Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

1697. "Member" means any harbor agency that is party to an agreement establishing an authority pursuant to Section 1700.

1698. (a) "Port or harbor infrastructure" means any of the following, if its primary or predominant use is of direct benefit to the port or harbor:

(1) Streets, roads, highways, bridges, sidewalks, curbs, gutters, tunnels, subways, alleyways, viaducts, pipelines, rail lines, or other facilities for the transportation or movement of people, vehicles, equipment, or goods.

(2) Piers, docks, wharves, slips, quays, platforms, decks, cranes, or other facilities for the mooring, docking, loading, or unloading of vessels.

(3) Lands, tidelands, submerged lands, easements, port access routes, channel improvements, rights-of-way, dredge disposal sites, safety zones, breakwaters, levees, bulkheads, or walls of rock or other material to protect property or traffic.

(4) Parking, warehouse, or storage facilities.

(5) Parks, recreation, or open space facilities.

(6) Remediation.

(7) Water, wastewater, drainage, electric, or telecommunication systems or facilities.

(8) Buildings, structures, facilities, improvements, or equipment necessary or convenient to any of paragraphs (1) to (9), inclusive, or to the operation of a port or harbor.

(9) Public improvements authorized pursuant to the Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code), the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code), and the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code).

(b) Any port or harbor infrastructure may be privately operated. Except for any port or harbor infrastructure financed or subsidized with public trust revenues, any privately owned port or harbor infrastructure may be eligible in whole or in part for financing or other support or subsidy from money deposited in the infrastructure fund pursuant to subdivision (a) of Section 1701.

(c) If a port or harbor infrastructure financed wholly or partly with public funds is privately owned and if the use for which the port or harbor infrastructure was originally constructed changes or is incompatible with the port authority's master plan, the private owner shall pay the public agency the percentage of the full appreciated value of the port or harbor infrastructure that was originally financed with public funds.

(d) Any port or harbor infrastructure may be located within, partly within and partly outside, or outside the boundaries of any harbor agency.

(e) Any port or harbor infrastructure that has been purchased, constructed, expanded, improved, or rehabilitated by the expenditure or use of public trust revenues shall be held as an asset of the trust in a share proportionate to the investment of public trust revenues.

CALIFORNIA CODES HARBORS AND NAVIGATION CODE SECTION 1700-1706

1700. (a) Any two or more harbor agencies may, pursuant to the joint powers law, establish an authority, separate from the parties to the agreement, for the purpose, in addition to any other purpose permitted under the joint powers law, of establishing an infrastructure fund and financing port or harbor infrastructure pursuant to this part.

(b) An authority may be formed as a nonprofit public benefit corporation subject to the nonprofit corporation law (Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code), for the purpose of establishing an infrastructure fund and financing port or harbor infrastructure pursuant to this part.

1701. An authority established pursuant to Section 1700 shall deposit into an infrastructure fund established by the authority all of the following:

- (a) Any federal, state, or private grants received by the authority directly or by assignment or other transfer from the state, any member, or any other public body.
- (b) Any other money of, or received by, the authority, which the authority determines to deposit in the infrastructure fund.
- (c) Any public trust revenues deposited into an infrastructure account shall continue to be public trust assets subject to Section 6306 of the Public Resources Code.

1702. An authority may establish one or more subaccounts within the infrastructure fund, and may treat each subaccount as separate and distinct. Money in the infrastructure fund may be invested in any instrument permitted by Section 53601 of the Government Code. However, any money in any subaccount which is separately pledged to secure or pay bonds may be invested in, or may be limited to investments in, any instrument permitted by the resolution or indenture providing for the issuance of the bonds. Any investment income earned on the investment of money in an infrastructure fund shall be credited to the infrastructure fund unless, and to the extent that, federal or state law or agreement, pursuant to which moneys were deposited into the fund, requires otherwise. Any income earned on the investment of money in any subaccount shall be credited to the subaccount unless, and to the extent that, the authority establishing the fund determines otherwise.

1703. Subject to the terms and conditions determined by an authority that establishes an infrastructure fund, including, but not limited to, any terms and conditions related to interest rates, payment, prepayment, pledges, security, remedy for defaults, the funds in an infrastructure fund, or any subaccount therein, may be used for one or more of the following purposes:

- (a) To make loans to, or to enter into an installment sale or other agreement with, any member or other harbor agency for the purpose of financing or refinancing any port or harbor infrastructure.
- (b) To purchase, refinance, or restructure bonds issued by any member or other harbor agency in whole or in part to finance or refinance any port or harbor infrastructure.
- (c) To secure or guarantee, or to purchase, pay for, or reimburse any guaranty, insurance, or other credit enhancement of, any bonds issued by the authority, any member, or any harbor agency, if the bonds were issued in whole or in part to finance or refinance any port or harbor infrastructure.
- (d) To pay the costs of administering the infrastructure fund or the authority, including any costs of issuance of bonds issued by the authority to finance or refinance port or harbor infrastructure.

1704. In addition to any purpose authorized under the joint powers law for which bonds may be issued, an authority may issue bonds in the manner set forth in Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code, to finance or refinance any port or harbor infrastructure or to make deposits into the infrastructure fund or any subaccount thereof, except that a nonprofit public benefit corporation may issue bonds only to the extent authorized by a joint powers agreement.

1705. Exclusively for purposes of securing the financing of port or harbor infrastructure, any harbor agency may borrow funds from, or otherwise secure financing through, an authority at the interest rate or rates, with the maturity date or dates, payment, pledge, security, default, remedy, and other terms and conditions specified in bonds of the harbor agency or obtain a loan, loan purchase, installment purchase, lease, or other agreement between the authority and the harbor agency. The harbor agency also may enter into any agreement for liquidity or credit enhancement that may be necessary or appropriate, as determined by the authority and consistent with other provisions of law, in connection with the borrowing or loan. This section provides a complete, additional, and alternative method for performing the acts authorized by this section.

1706. (a) Before any public funds are allocated pursuant to this part for a privately owned port or harbor infrastructure, as specified in subdivision (b) of Section 1698, approval of the Treasurer is required.

(b) Each authority shall submit an annual report regarding receipts and expenditures from the infrastructure fund and all financing activities to the Controller and to the California Debt Advisory Commission.

Source: California Law, *Harbors and Navigation Code* (Sacramento, California, June 1997); available from: <http://www.leginfo.ca.gov/>; INTERNET.

**Appendix N. California Maritime Infrastructure Bank
Government Code Regulations**

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California Maritime Infrastructure Bank State of California Government Code

6516.5. Notwithstanding any other provision of law, a joint powers agency provided for by a joint powers agreement pursuant to Article 1 (commencing with Section 6500) of this chapter may create risk pooling arrangements for the payment of general liability losses incurred by participants and exhibitors in fair sponsored programs and special events users of fair facilities, provided that the aggregate payments made under each program shall not exceed the amount available in the pool established for that program.

Source: California Law, *Government Code* (Sacramento, California, June 1997); available from:
<http://www.leginfo.ca.gov/>; INTERNET.

6571. The bonds shall be issued and sold as the governing body may determine and for not less than par and accrued interest to date of delivery, except that, in the case of a project for the generation or transmission of electric energy, a project for the disposal, treatment, or conversion of energy and reusable materials of solid waste, a project for a purpose specified in Section 6546.6, a project for the construction of bridges and major thoroughfares pursuant to Section 66484.3, a project for an intermodal container transfer facility specified in Section 6546.6, a project for a consolidated transportation corridor pursuant to Section 6546.13, a project funded by a joint powers authority formed to provide port or harbor infrastructure pursuant to Part 1 (commencing with Section 1690) of Division 6 of the Harbors and Navigation Code, or in the case of bonds of a fair and exhibition authority, the bonds may be sold at less than par if the governing body determines that the sale will result in more favorable terms for the bonds. The sale shall be conducted in compliance with Chapter 10 (commencing with Section 5800) of Division 6 of Title 1, unless, in the case of a project for the generation or transmission of electric energy, a project for the disposal, treatment, or conversion of energy and reusable materials of solid waste, a project for the development and construction of an intermodal container transfer facility specified in Section 6546.6, a project for a consolidated transportation corridor pursuant to Section 6546.13, a project for the construction of bridges and major thoroughfares pursuant to Section 66484.3, a project funded by a joint powers authority formed to provide port or harbor infrastructure pursuant to Part 1 (commencing with Section 1690) of Division 6 of the Harbors and Navigation Code, or in the case of bonds of a fair and exhibition authority, the governing body shall determine that a negotiated sale of the bonds is necessary, in which case the bonds shall be sold on the terms approved by the governing body.

The proceeds from the sale (except premium and accrued interest, which shall be paid into the bond service or other fund designated or established for the payment of the principal and interest of the bonds) shall be paid into the construction fund or other fund designated by the indenture authorizing the issuance of the bonds and shall be applied exclusively to the objects and purposes set forth in the indenture, including all expenses incidental thereto or in connection therewith, and also including the payment of interest on the bonds during the period of study and construction of the project and for a period not to exceed 12 months after completion of the construction.

Source: California Law, *Government Code* (Sacramento, California, June 1997); available from:
<http://www.leginfo.ca.gov/>; INTERNET.

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**Appendix O. Sample Market Research Report Available from
the Florida Trade Data Center**

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Florida Trade Data Center Sample Market Research Report

MARKET RESEARCH REPORT

TITLE: ATHLETIC CLOTHING MARKET
SUBJECT COUNTRY: ITALY
POST OF ORIGIN: MILAN
SERIES: INTERNATIONAL MARKET INSIGHT (IMI)
ITA INDUSTRY CODE: SPT
DATE OF REPORT: 960530
DELETION DATE: 970530
AUTHOR: ANNALENA ANSELMINI
APPROVING OFFICER: RONALD SORIANO
OFFICER'S TITLE: COMMERCIAL OFFICER
NUMBER OF PAGES: 10

1. This report provides an overview of the athletic clothing market in Italy, considered one of the most promising "subsectors" in the sporting goods sector for U.S. exporters. It is difficult to differentiate athletic clothing solely designed for actually engaging in sports activities from the clothing that, while intended for sports activities, is increasingly worn daily as casual apparel by people of all ages.

2. SUMMARY

The sporting goods market remains strong in spite of the general economic downturn affecting many sectors in Italy. Demand for apparel and accessories has remained strong due to heightened interest in staying fit and healthy among all age groups and due to the fact that sportswear is worn as casual apparel in daily life by all age groups.

In 1995, Italian consumers purchased approximately USD 5 billion worth of sports products, although sales were off by an average of 10-15 percent from the previous year. However, Italian market experts expect 1996 to be "the year to turn the corner", as the Italian sporting goods market is forecast to grow by approximately 5 percent.

The overall trade surplus in the sporting goods sector has continued to grow, especially in the area of sportswear, which Italy exports worldwide. Although Italy is a large world producer and exporter of apparel, niches exist for imports of athletic clothing which combine image, performance, and especially an innovative look. The latter is a key factor, since it appeals to the sophisticated Italian consumer of such clothing. The Commercial

Service in Italy believes that export opportunities exist in Italy for American manufacturers of sportswear with an "American look", as the Italian market is extremely receptive to innovative American products. The athletic clothing "subsector" covered by this report has been identified as one of the most promising for U.S.- made products.

3. THE ITALIAN SPORTING GOODS MARKET: GENERAL OVERVIEW

Italy is the world's fourth largest market for sporting goods, second only to Germany in Europe. The Italian sporting goods market registered strong growth in the 1980s. In spite of the Italian economic recession which began in 1991, the Italian sporting and recreational goods market remains strong, with 1995 sales estimated at about USD 5 billion.

In the near term, given the economy's expected continued slow recovery, the Italian sporting goods market should register modest but increasing growth at a rate of approximately 5 percent. The market is projected to reach USD 5.2 billion by 1996.

Having a traditionally strong sense of fashion and style, Italians spent 73 percent of all their sports products dollars on clothing, including the popular sports products produced under license. Although there are many reasons for this trend, the main one has been the increasing popularity of sports shoes and clothing worn as casual wear, particularly among young consumers.

These sales have been spurred by the increasing commercialization of Italian professional sports. Popular soccer and basketball teams are normally sponsored by corporations, which reap a publicity benefit from the sale of team logo clothing. This trend has had the additional benefit of increasing the sales of American team logo clothing in particular. Professional sports are widely televised, with national channels devoted to their broadcast. Both NBA and NFL games are regularly telecast, and many American sports superstars and teams (particularly in basketball) are very well known.

- STRUCTURE OF THE SPORTING GOODS INDUSTRY

COMPANIES IN THE SECTOR	550
CONSISTING OF:	
MANUFACTURERS	65%
IMPORTERS	18%
MANUFACTURERS/IMPORTERS	17%

NUMBER OF EMPLOYEES 30,000

DOMESTIC MARKET TURNOVER (1995): USD 5 BILLION

CONSISTING OF:	
APPAREL	73%
FOOTWEAR	22%
SKI AND TENNIS EQUIPMENT	5%

DISTRIBUTION NETWORK	
RETAIL LICENSEES	7,500
SPECIALIZED SPORTING GOODS OUTLETS	4,500
NUMBER OF EMPLOYEES	10,000

IMPORT-EXPORT TRADE BALANCE
SURPLUS (ITALY) OVER USD 650 MILLION

There are, at present, approximately 550 Italian sporting goods manufacturers employing 30,000 workers. An additional 10,000 are employed in distribution, a network which includes 4,500 specialized sporting goods stores. Most of the firms are located in northern Italy, which accounts for over 70% of the total turnover in their sector.

- RETAIL SALES FOR SPORTING GOODS MARCH 1994/FEBRUARY 1995

	SALES VOL. MILLION USD	PERCENT SALES GROWTH	PERCENT QUANTITY
SPORTING GOODS			
APPAREL	3,607	- 4.9	- 4.3
FOOTWEAR	1,105	- 0.8	- 3.5
SKI & TENNIS EQUIP	267	-10.0	-15.0
TOTAL ITALIAN MARKET	4,979	- 4.3	- 4.7
SPORTING APPAREL			
WINTER	1,228	- 7.3	- 8.1
ALL-YEAR	1,750	- 4.1	- 2.0
BEACH	629	- 2.0	- 3.2
TOTAL	3,607	- 4.9	- 4.3
SPORTS FOOTWEAR			
BOOTS AND AFTER-SKI	139	-20.0	-12.7
TENNIS SHOES	699	- 3.7	- 0.9
OTHER FOOTWEAR	267	+ 0.5	- 1.2
TOTAL	1,105	- 0.8	- 3.5
SKI/TENNIS EQUIP.			
SKI	158	-12.0	-15.0
TENNIS	109	- 7.0	-15.0
TOTAL	267	-10.0	-15.0

- ITALIAN SPORTING GOODS TRADE BALANCE

Exports of Italian sporting goods have traditionally been strong. In 1995, Italy recorded a trade surplus in this sector of approximately USD 650 million.

Italy continues to show a very large trade surplus in the area of sportswear and sports footwear, which are exported worldwide. However, it has a trade deficit in several "equipment subsectors", including for skiing, (e.g., snowboarding), tennis, golf, and fishing.

2. THE ITALIAN ATHLETIC CLOTHING MARKET

Although weakened by the recession, the Italian market for athletic clothing has been rather stable over the past three years. The total market size was estimated at USD 1.7 billion in 1995 and is forecast to reach USD 1.8 billion in 1996. Sales of jogging and athletic garments, in particular, are projected to continue to grow at a steady pace.

The strong growth forecast for athletic clothing is attributed to both to Italian consumers' increasing interest in sports and leisure activities and to the fact that athletic clothing has become an accepted clothing alternative for casual wear.

Also, trade sources contacted for this report believe that the increase in the wearing of sports clothes is largely attributable to a new, relaxed attitude towards sports among consumers, who now emphasize its leisure rather than its competitive aspects. This new attitude has fostered the breakdown of a barrier between sports and other leisure activities. Thus, the athletic clothing market, in many ways, is now part of the overall clothing market. It is practically impossible today to differentiate sportswear from leisure wear. In fact, about 80% of sports clothing is bought purely for leisure purposes. This is confirmed by data from a survey conducted by Sita (Nielsen Group) on purchases of sportswear by Italian consumers over the March 1995-January 96 period. Only 20% of such purchases were made with a specifically sports-oriented intent; 47% were directed at free-time activities; while 33% of the purchases were made for daily use.

In recent years, athletic clothing buyers, especially serious participants in sports, have taken a greater interest in the "technical" features of clothing. Technological advances in textiles have made them a frequent prerequisite for almost all purchases. In particular, consumers are placing a great emphasis on style, softness, and comfort when buying athletic clothes.

-PROFILE OF THE ITALIAN ATHLETIC CLOTHING CONSUMER

CONSUMER PROFILE SPENDING VOLUME AS % OF THE TOTAL MARKET

TYPE

MEN	52.4
WOMEN	32.3
CHILDREN	15.3
TOTAL	100.0

AGE GROUP

10 AND UNDER	15.3
11-24	36.2
25-44	30.8
OVER 44	17.7
TOTAL	100.0

GEOGRAPHIC AREA

NORTHWEST	30.6
NORTHEAST	21.3

CENTRAL	20.0
SOUTH/ISLANDS	28.1
TOTAL	100.0
INCOME GROUP	
TO USD 10,000	7.6
10-25,000	45.5
OVER 25,000	46.9
TOTAL	100.0

The number of Italians actively involved in sports activities is estimated at over 21 million (Italy's total population is 57 million.)

According to ASSOSPORT, the Italian sporting goods manufacturers association, 39 percent of Italians over the age of four, or 21.5 million, practice at least one sport. Of these potential consumers, 30 percent practice two or more sports.

Since it is required at the school level, the top sport in Italy in terms of participation is calisthenics, with 3.9 million participants. Following close behind are soccer (3.4 million), swimming/diving (3.3 million), tennis (2.6 million), and downhill skiing (2.5 million). Also among the top categories are fishing, hunting, volleyball, mountain biking, bicycling, and jogging, all of which boast more than a million participants.

Demographic studies indicate the typical Italian sports enthusiast is male, living either in northern or central Italy, in a city with over 200,000 persons, and aged between 11-34. His income is upper-middle to upper, and his educational level is high. Once Italians reach 34, participation in sports falls significantly. The lowest levels of activity are among the over-45 group.

In addition, a new array of physical activities has become popular in recent years. Jogging, aerobics and body-building in particular have opened up new markets and offered possibilities for diversification to existing businesses. Even in the choice of his sports clothes, the Italian consumer is extremely fashion conscious, and style and uniqueness often justify the additional cost of quality imported quality products.

Italian consumers are fashion conscious and like "American" styles and products. As previously noted, Italian children are strongly influenced by American trends and lifestyles as presented on TV.

Brand names have the greatest influence on younger consumers, especially between the ages of 16 and 24. At the same time, the combination of brand name and technology (design and materials used) appear to influence the more serious sporting enthusiasts whatever the gender or age. Consumer perceptions of "quality" are directly tied to brand names and to endorsement or use by well-known sports personalities.

- COMPETITION AND MARKET CONCENTRATION IN ITALY

In Italy more than 2.4 million track suits are sold every year. The Italian market for athletic clothing is highly competitive. Adidas (Germany) is the market leader, claiming a 15% market share, with Lotto (Italy) at 14%, Champion (U.S.A.) at 7%, and Diadora (Italy) also at 7%.

Although the market share held by athletic clothing imported from the United States is thus far limited, strong brand name recognition provides a base from which U.S. manufacturers may capture increased market share. Major companies such as Nike, Champion, and Reebok have already established a strong presence in the Italian athletic clothing market.

Brand name prestige is the most important factor influencing buyers' decisions, followed by quality of the product. U.S. brand names are very well-accepted in the Italian market, and American firms have an edge over their competitors. This has placed U.S. manufacturers in a good position to boost sales in Italy.

- ITALIAN FOREIGN TRADE BALANCE

(IN MILLIONS USD)

	RUNNING SUITS		IMPORT		EXPORT	DIFFERENCE
	USD	PERCENT	USD	PERCENT	USD	
1990	32.3	+ 53.2	149.3	+6.3		+117
1991	66.1	+105.3	88.4	-20.9		+22.3
1992	61.1	- 7.4	60.1	-32.1		- 1.0
1993	43.1	- 29.4	50.5	-15.8		+ 7.4
1994	59.5	+ 37.6	55.5	+ 7.8		- 4.0

Imports of running suits (the leading item in the athletic clothing sector) showed an irregular pattern during the first half of the 1990s. Peaking in 1991, imports stagnated over the following three years, although there was a 37 percent increase in 1994.

While the Italian sportswear industry still maintains its position of world leadership, trade sources indicate that quality products with an American look may have good potential in the market. The "made in U.S.A." label is considered an important factor in buying decisions, especially for younger consumers.

- FORECAST

The market for athletic clothing in Italy is expected to increase in the next few years.

Forces driving the market include increased leisure time among working adults, the growing popularity of sports and the appeal of fashion in sports clothing for casual wear.

Children, teenagers and young adults are highly receptive to U.S. sports clothing, creating a strong demand that should ensure a steadily expanding market for American athletic clothing in Italy. Good market opportunities exist for quality products with an American motif and a competitive price. Sophisticated styles, and quality, in addition to reliability of supply, are important factors to the Italian buyer. American sporting goods enjoy a positive image and immediate consumer acceptance in the Italian market.

In addition, a key point for sportswear manufacturers will be the continuing association of comfort with fashion. New developments in textile technology have allowed manufacturers to inject more color and fashion into garments that are made of light, breathable and waterproof materials. Ongoing developments in micro-fibers will produce fabrics with a combination of durability and softness.

Trade sources contacted predict that licensing of American college logos will be the next big fad in Italy for athletic clothing. Sportswear with logos of American sports teams of alltypes in general are expected to show consistent growth.

At a time when economic constraints tend to orient the consumer towards products of proven quality and name brands, the idea of sports attire as an important part of daily informal wear may well emerge as a very important factor to consumers in 1996 and beyond.

- THE ATHLETIC CLOTHING DISTRIBUTION IN ITALY

ITALIAN DISTRIBUTION OF ATHLETIC CLOTHING BY TYPE OF OUTLET, 1995

(PERCENT OF VOLUME SALES)

SPORTING GOODS STORES	28
CLOTHING STORES	50
DEPARTMENT STORES	5
OUTDOOR STALLS	6
OTHER DISTRIBUTORS	11
TOTAL	100

Source: ASSOSPORT-SITA NIELSEN

Clothing stores and boutiques take the lion's share of the market, accounting for 50 percent of sports clothing sales in 1995. Independent sporting goods stores account for 28 percent of sales, while only 5 percent is sold through megastores (known locally as "la grande distribuzione") during 1995. Industry experts, however, are now paying more attention to this channel.

Over the next few years, the overabundance of small retail stores struggling to survive will slowly give way to more specialized shops and megastores. Department stores are expected to gain market share, capitalizing on their strengths in marketing, service, and efficiency. Within the next five years, the number of hypermarkets, such as the Rinascente Group's, Citta' Mercato and Finiper, is expected to double from the current 180, which are now mostly located in Northern and Central Italy.

Italy ranks fourth behind France, Germany and England in terms of megastore penetration. This makes Italy the top European prospect for the opening of new large retail outlets (namely hypermarkets) and shopping malls. However, a certain amount of caution needs to be exercised in Italy, as certain local governments (like Rome's Lazio region) still protect the small retailers and are often opposed to permitting mega-stores to open. Even specialized stores in city centers are having difficulty obtaining new licenses for equipment sales.

Specialized individual sports shops have declined in importance during the 1980s, particularly in the apparel and footwear markets, because of the trend towards the use of sportswear as fashion wear. They will nevertheless remain significant sellers of branded sporting goods.

The creation of buying groups among small retailers seems to be the next logical step for the majority of retailers. But most have chosen to remain independent, perhaps condemning themselves to a slow death.

- TRADE PROMOTION OPPORTUNITIES

Market experts stress the importance of advertising and exhibiting at trade shows as key elements in implementing a successful Italian marketing strategy.

In Italy, trade fairs play a major role in product marketing, and U.S. companies wishing to penetrate the market are encouraged to exhibit or at least to visit a specialized Italian fair. The following are the most important Italian trade fairs for athletic clothing.

MIAS (The International Market for Sports and Camping Goods) Show

MIAS is the leading Italian exhibition for equipment, footwear and clothing for sports and leisure activities. MIAS was established in 1961 and is promoted by ASSOSPORT (the Italian Sporting Goods Manufacturers Association). This event has proven to be highly effective in developing the Italian market for sporting goods. With admission limited to professionals only, MIAS has approximately 700 exhibitors and is visited by over 16,000 retailers, distributors, manufacturers, and business representatives from all over the world. MIAS is staged twice a year. The winter edition focuses on skiing and winter sports, while the summer edition focuses on summer sports.

EVENT: MIAS (International Sporting and Camping Goods Trade Fair)

DATE: 29-31 January, 1997

SITE: Milan Fairground

ORGANIZER: ASSOSPORT

Italian Sporting Goods Manufacturers Association

Att: Mr. Alberto Borella, General Secretary

Via Petitti, 16

20149 Milano

Phone: 011/39/2/33001135

Fax: 011/39/2/3111182

Sport Show Italia '96

Sport Show Italia, supported by the Chamber of Commerce of Genoa and the bank Cassa di Risparmio di Genova e Imperia, represents the first event of its kind in Italy. The event combines a trade exhibition with a consumer show for the sporting goods sector. It is considered an innovative and advanced exhibition because it brings companies, consumers and representatives of the trade together. Companies are able to market not only to distributors but also to the general public, which is attracted by the presence of well-known sports stars.

The 1st edition of Sport Show Italia was held in Genoa, Italy June 8 to 12, 1995. From June 13 to June 17 1996 the International Fair of Genoa will host the second edition of this new event. The 100,000 square meters of the Fiera di Genova will become a "temple" of sport. The public will be able to preview the latest products while distributors, retailers and manufacturers can directly monitor end-user interest, allowing them to test sales policies and promotions. Commercial Service Italy will organize a catalog booth and information center at the show, showcasing American products in this sector.

EVENT: SPORT SHOW ITALIA (2nd International Sport Exhibition)

DATE: June 13-17, 1996 (annual)

SITE: Genoa Fairgrounds

ORGANIZER: PROMOEVENT

Att: Mr. Luigi Vezzosi
c/o Centro Congressi - Porto Antico
Piazza Cavour
16126 Genova
Phone: 011/39/10/2758970
Fax: 011/39/10/2758969

8th Festival del Fitness

FESTIVAL DEL FITNESS '96 (International Fair for Fitness) is a trade fair catering specifically to the fitness market. The show is held in Rimini, at the Rimini Fair, once a year. The next edition (the eighth) is scheduled for June 20-23, 1996. With 90,000 visitors, this show is the most important event in which fitness equipment, clothing and accessories can be introduced to the Italian market.

For additional information on the show, contact:
Festival del Fitness'96
Attn: Ms. Chiara Brustenghi
Progetti International
Passo dell'Acqua, 44/46 - 06080 Ramazzano PG
Tel. 39/75/5913099 - Fax 39/75/5913399

5. CS Italy has a variety of services to help American companies interested in the Italian market. U.S. exporters wishing to investigate market potential for their products should contact CS Milan: tel- 39/2/659-2260 fax- 39/2/659-6561; mailing address: Commercial Service, American Embassy, Box M, PSC 59, APO AE 09624-0007.

In the United States, exporters should contact the nearest District Office of the U.S. Department of Commerce for assistance.

Source: Florida Trade Data Center, Sample Market Research Report (Miami, Florida, June 1997); available from: <http://www.flatrade.org/oldrep.htm>; INTERNET.

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Appendix P. Description of the Port Import-Export Reporting System (PIERS) Database Available from the Florida Trade Data Center

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PIERS Database Description

Direction and Dates

- DIR** Cargo direction, for limiting searches to either US imports or exports.
- VDate** Vessel date. Searches can be specified by day, month or Quarter, or over a range. For exports, the vessel date refers to when the vessel left the US port, and for imports it refers to the vessel's date of arrival at a US port.

Commodity Codes , Descriptions, and Values

- Commodity** This commodity description is copied exactly as written from the manifest or the bill of lading. This is not a standardized description, and can vary widely over the same product. HScode Harmonized Tariff code. Based on the US Harmonized Tariff Schedule, this code is applied by PIERS when not present in the bill of lading or ship manifest. PIERS tracks commodities down to a 6-digit level, which has 4000 descriptions. A 4-digit HScode is available for more aggregate data, and matches commodities to 2000 descriptions.
- H_val_mton** Value per Metric Ton. PIERS provides this multiplier to estimate shipment values based on a shipment's Harmonized tariff code.
- Comcode** PIERS data can also be searched using the 7 and 4 digit Comcode which is loosely based on the 1979 TSUSA commodity coding schedule. The 7 digit Comcode matches 2,000 codes to all products in the PIERS database, while the 4-digit Comcode is more aggregated, with under 1,000 codes. The Comcode is separate from the Harmonized Tariff Schedule (HScode).

Country and Ports

- Ctrycode** country code. This specifies either the origin of imported cargo, or the destination of exports. It is based on the 1979 version of Schedule K, with modifications such as all the Russian Republic codes, the Middle East, etc.
- Urcode** This is a port code based upon the 1979 US Customs' Schedule D of US ports. The Urcode represents the port where the cargo crossed, meaning either the port that export cargo was loaded onto the vessel, or the first port called in the US by an importing vessel.
- Fcode** This is a foreign port code based on the 1979 US Customs' Schedule K of foreign ports. This port code represents the load port for import cargo and the discharge port for export cargo.
- Ultcode** Like Fcode, this is a foreign port code based on the 1979 version of Schedule K. This code specifies the ultimate destination of the cargo if it can be determined from the vessel manifest. On US Exports, the ultimate destination would be the farther point for the cargo as per the contract between the exporter and the ship line. Ultimate port may be
1. an inland point
 2. a second deep water port (when transhipped)

3. the foreign port
- For Imports, the port of origin would be
1. an inland point
 2. a deepwater port where the cargo is first loaded before being transshipped at the foreign port.
 3. the foreign port

Usfinal

Same as the Uscode, Us final indicates the customs clearing district. This information is supplied on the AMS tape for Imports only.

Fgnfinal

Same as the foreign port code, Fgnfinal indicates the foreign customs clearing district. This information is supplied on the AMS tape for Imports only.

Company Name and Location Fields (Export Shippers and Import Consignees)

NAME

Names the company on the US side of the transaction. For imports, this would be the consignee/importer of the goods as reported on the manifest. For exports, this would be the shipper/exporter of the goods as described on the bill of lading. Some companies, with the approval of the US Treasury Department, can mask their names, but the details of their shipments are still available. The company's location, including street address, is also available.

Comp_nbr Company Number.

To better track a company's import/export activities PIERS will assign a company number. A query can select a company's import/export activities at a particular location, within a city or state, or the company's activities regardless of location..

Foreign Shipper Name and Location Fields

Fname

It is exporter/shipper name for import cargo only. This field is blank for all export data. PIERS will supply the location of the foreign exporter/shipper, including street address, when available.

Fcomp_nbr

Foreign Company Number. PIERS assigns foreign companies unique numbers to better track their import/export activities. A query can select a foreign company's import/export activities at a particular foreign location, within a foreign city or state or province, or the company's activities regardless of location.

Notify Party Name and Location Fields

Ntf_name

Notify-party name, indicates the notify party for goods imported to the US When available, PIERS will also render the notify-party's location, including street address. Ntf_comp_nbr This is a PIERS assigned company number for tracking a notify party's import/export activities. It can be used to query a notify-party's activities at a specific location, city or state, or in general, regardless of location.

Ship Line, Vessel & Packaging Information

Sline

A steamship line carrier code created by PIERS identifying the ship line that transported the cargo.

PIERS also separates steamship line traffic into voyage route numbers unique to each line.

Vessel

This is the name of the waterborne vessel calling at the US port. A vessel can also be searched for using its Lloyd's vessel code.

Manifest_nbr

Manifest number, the code assigned by US Customs to the vessel call. This number is uniquely based on Uscode, Vessel, Vdate and Dir. On vessels that are shared, the Manifest Number would pertain to all liftings. The Bill of lading number, as assigned by the steamship line, is also available.

Container Information

Consize

Container size, in either less than container, 20 foot, or forty foot units. Convol Container volume indicates cubic measurement of the cargo in feet. When available,

CONVOL

returns the cubic measure of the cargo for containerized OR non-containerized data. Volumes can be expressed as 20ft or 40ft equivalent units.

Weights

All weight is collected by PIERS in pounds. The PIERS server will convert pounds to metric tons, long tons, short tons or kilos upon request.

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Appendix Q. Price Breakdown for the Florida Trade Data Center

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Florida Trade Data Center

SERVICES INFORMATION/ RATES/ ORDER FORM

IDENTIFY OVERSEAS AGENTS/ DISTRIBUTORS/ IMPORTERS

Trade specialist research particular markets or industries to obtain the following information.
All services are pre-quoted.

- Listings of importers, manufacturers, distributors, exporters: \$50 set-up fee plus (\$2/name international and \$1 /name U.S.)
- Industrial Sector Analyses Reports/ Product Market Research Reports: \$30
- Country Commercial Guides: \$30
- Credit reports on 11.5 million companies starting at \$85
- In-depth research for your products and markets at \$50/hr.
- Correspondence/ Follow-up: International correspondence prepared in English/Spanish/Portuguese and Mandarin with follow-up to potential partners, buyers, and investors (\$25/company).

IDENTIFY FOREIGN BUYERS/SELLERS IN LATIN AMERICA & THE UNITED STATES

Obtain names of foreign buyers/sellers in seven Latin American countries for shipborne cargo.

- \$450 (one country, one commodity for three months) for Brazil/Chile/Mexico
 - \$375 (one country, one commodity for three months) for Colombia/Ecuador/Peru/Venezuela
- Obtain names of U.S. importers and exporters of waterborne products on a global basis.
- By commodity and/or country- \$.25 per shipment (minimum order is \$50)- Source: PIERS

UTILIZE INTERNET TO IDENTIFY NEW CUSTOMERS

Access the Internet with discounted fees:

- PPP Account - \$15.95/month- includes E-mail capabilities - No Web Page
- Web Entry Level - 1 Web Page - \$150/set-up fee & \$45/month maintenance fee
- Web Intermediate Level - 3 Web Pages - \$315/ set-up fee & \$85/month maintenance fee
- Web Advanced Level - 5 Web Pages - \$450/set-up fee & \$150/month maintenance fee
- Web Deluxe Level - 10 Web Pages - \$900/ set-up fee & \$225/month maintenance fee

DETERMINE BEST MARKETS TO SELL YOUR PRODUCTS OVERSEAS

Trade specialists will assist you to identify the best markets for the sale of your products. Information provided is export sales data for most current quarter and the past 4 years which assists you to determine average FAS/FOB prices and market trends.

- Best market analysis for 1 product: \$50
- Canvas potential markets and customers through market polling by fax broadcast to determine demand for your firm's products/services to target markets. Also, distribute product advertisements and survey forms instantaneously to thousands of customer prospects at lower prices than by using traditional direct marketing.
- \$0.20/minute/company plus \$.10/name for Florida companies , plus \$50 processing fee
 - Quotes provided for other parts of the U.S. and the world.

PURCHASE 1997 FLORIDA INTERNATIONAL TRADE & SERVICES DIRECTORY

- *Corporate information on more than 8,000 Florida international companies
- *Quick reference guide in English and Spanish of 2700 products and services traded by Florida companies
- *Trade statistics for 1992-1996 for Florida (U.S. Customs Districts 52 and 18)
- *Detailed listing of over 300 international business organizations in Florida
- \$95 or \$105 via mail.

ENROLL IN INTERNATIONAL TRAINING PROGRAMS

Arrange customized training programs on international topics taught by international executives. Courses range from the ABC's of Exporting and the How To's of Exporting/Importing to a variety of trade finance and marketing courses.

Half day option, \$50/person (includes coffee break)

Full day option, \$75/person (includes coffee break and lunch)

UTILIZE AMERICA'S TRADE LIBRARY

Utilize hundreds of trade publications on over 200 countries to research different areas of trade interest. Publications consist of export, import, industrial and manufacturing directories, yellow pages, country marketing and investment reports, economic and financial reports, trade show schedules, reference magazines, periodicals, newsletters, etc.

Hours 8:00 a.m. - 5:00 p.m.

ARRANGE TRADE MISSIONS & BUSINESS APPOINTMENTS

Utilize services of the center to arrange preconfirmed appointments for incoming trade missions with prospective buyers/sellers or an individual corporate basis. Quotes provided on request.

OBTAIN TRANSLATION SERVICES

Utilize bilingual staff to translate or generate English/Spanish/Portuguese/Mandarin documents.

Quotes provided on request

UTILIZE CONFERENCE FACILITIES

Conference space for groups up to 100 persons. Audio visual equipment is available.

\$100 - \$200 day.

< ORDER FORM DELETED >

Source: Florida Trade Data Center, *Florida Trade Data Center Services Information/ Rates/ Order Form*, Miami, FL, March 1997.

Appendix R. Florida Trade Data Center Statutes

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Florida Trade Data Center

288.8155 International Trade Data Resource and Research Center. ---

Enterprise Florida, Inc., and the Florida Seaport Transportation and Economic Development Council may establish a comprehensive trade data resource and research center to be known as the "International Trade Data Resource and Research Center." The center may join with other public sector or private sector entities, domestic or foreign, to accomplish its purposes.

(1) Enterprise Florida, Inc., and the council shall prepare an operational plan for the management and establishment of the International Trade Data Resource and Research Center. The operational plan shall contain a pro forma budget that includes, but is not limited to, the acquisition of equipment, data, personnel, and other related services.

(2) Enterprise Florida, Inc., shall contract with the center for the purpose of developing a trade information system that may include, but is not limited to, timely import and export information; trade opportunities; intermodal transportation information that measures cargo flow by transportation mode; commodity trends; trade activity between Florida and specific countries; and other information as determined by Enterprise Florida, Inc., and the council. In addition, this agreement may:

(a) Provide the budget and cost for operating the center.

(b) Provide that Enterprise Florida, Inc., will assist in providing research on trade opportunities in specific countries; that Enterprise Florida, Inc., will have complete access to all information produced by the center; that Enterprise Florida, Inc., and the foreign offices of the state may provide a computer linkup with the center; that Enterprise Florida, Inc., and the center will develop a plan that provides for the sale, promotion, and packaging of information provided by the center to both Florida and non-Florida businesses; that the center will set fees to be charged for trade data information or research developed by the center; and that fees may be paid by cash, credit card, or electronic transfer.

(c) Provide any other terms and conditions required to effect the intent of the Legislature to ensure the general availability of trade data and research to Florida users and to promote the development of a center for the purposes enumerated in this section.

History: s. 8, ch. 92-277; s. 76, ch. 96-320.

Source: Florida Statutes, 1996 Supplement, (Tallahassee, Florida, June 1997); available from: http://www.scri.fsu.edu/fla-leg/statutes/1996/CHAPTER_288.html; INTERNET.

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**Appendix S. Sample Application for Oregon Port Planning
and Marketing Fund Grant Program**

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-- CTR Library Digitization Team



PORT OF THE DALLES

3636 KLINDT DRIVE
THE DALLES
OREGON 97058

503/298-4148
FAX 503/298-2136

August 20, 1996

COPY

James W. Coker
Oregon Economic Development Department - Ports Division
775 Summer St. NE
Salem, OR 97310

RE: Port Planning and Marketing Fund Grant Request

Dear Jim,

The Port of The Dalles would like to request assistance to develop the following project through the Port Planning and Marketing Fund. This project is important to the Port as a planning tool for the riverfront developments. Because the riverfront cannot be replaced, it is critical to appropriately plan the use of the waterfront.

Project Description:

This planning and public policy project will seek to identify appropriate and highest and best uses for the waterfront at the north end of Wasco County in The Dalles. It will update and consolidate prior work on different elements and then propose projects and identify general locations for these projects. It will also seek public input and direction to ensure that the long term plan is compatible with the needs and desires of the different user groups.

The mission of the project is to enhance and effectively utilize the waterfront as a means to provide the most economic value and benefit to the community. This may be achieved through the following goals:

- Enhance and provide amenities for the local and regional citizens to provide a higher quality of life.
- Increase recruitment and business development opportunities through the enhancement of the quality of life.
- Increase visitor and tourism potential through the planning and development of facilities that will encourage and keep visitors.

Project Need:

The project will address local and regional needs with regard to planning for the long term use and development of the riverfront in The Dalles area which is the most developable in Wasco County. The study will include recreational, industrial and commercial needs for the waterfront.

The study will analyze the current use and development of the riverfront and existing facilities and compare this information with current and projected market demand. Available land will be evaluated and determined as to its highest and best use with the goal to steer developments to areas best suited for that in the long run.

Some development already exists on the riverfront, but the majority of it is vacant or uncommitted for anything more than interim uses. Now is the time to plan for an efficient and effective use of this very important resource. While it was once the heart of the community, it has long been cut off by the railroad and the interstate freeway. Much of this access will be difficult or impossible to regain, but we must plan to do the best we can with what we have left. This has made it all that more important.

While much has been done in planning different elements of the riverfront including *The Dalles Riverfront Plan*, 1989 and *Port of The Dalles Riverfront Trail Plan*, 1995, many elements are clearly lacking. One example of this is the complete lack of a master plan for The Dalles Marina/Boat Launch. This facility has been in existence for many decades, but has a renewed importance with the increase in the visitor and tourism industries in the Gorge. Recreational boating is also one of the fastest growing activities in the region and state and this area is the gate way from the river to our region.

There is also a diverse group of users of the waterfront in Wasco County and The Dalles. While much attention has been given to the recreational users, it is crucial that we protect and enhance our basic industries that utilize this resource to provide employment for our citizens. Users ranging from food processing, grain export, wood chip export, barge and ship repair, and others show the importance of maintaining harmony among users and maintain this basic industry and opportunity for more which allowing public access to the waterfront resource.

Project Objectives:

The project goals are listed below:

- ✓ Evaluate the current and planned use of the waterfront for highest and best use and develop and plan to “steer” this best use to those areas what it best fits.
- ✓ Develop a preliminary master plan for the Marina/Boat Launch area to plan for

growth in transient and permanent moorage, day use, and commercial uses including the growing cruise boat industry on the Columbia River.

- ✓ Identify areas of the waterfront that should be maintained for industrial and commercial uses to maintain them for future development of direct employment generating developments.
- ✓ Identity recreational resources of the waterfront and develop a preliminary project list that will work towards developing facilities that will enhance the quality of life and the regions ability to sell itself to businesses looking to expand and relocate and to provide amenities to serve the needs and desires of the visitor industry.
- ✓ Maintain and balance and compatibility between the industrial and commercial uses and the recreational uses with the goal being to maximize the benefit and potential of both sectors.

Scope of Work:

The proposed project includes the following three elements.

I. Conceptual Marine Facilities Plan

This first element will provide the overall concept for the strategic location of various competing marine-related uses along the Port of The Dalles waterfront area. In addition to the marine uses considered under the feasibility portion, the plan will consider public access, trails and open space.

A. Existing conditions analysis

Evaluate all upland conditions such as utilities, proposed and existing development, adjacent land uses, views, vehicular access, etc.

Evaluate waterside conditions such as channel location, existing hydrographic data, and any special concerns such as currents and wave action.

B. Feasibility analysis for alternative marine uses

Assess market demand, through the collection of secondary data, for the following marine-related uses along the waterfront.

- *Cruise dock terminal*: Consider location and condition of

existing facility and cost of redevelopment versus relocation and the construction of a new facility.

○ *Marine cargo terminal*: Consider grain and other potential cargo. Suggest locations for reservation of waterfront parcels to accommodate future uses.

○ *Recreational boating facilities*: Consider needs of short and long term stay recreational vessels as well as launching and access demands. Suggest facility needs, locations and funding sources.

C. Conceptual plan layout and design

II. Marina Redevelopment Master Plan

The existing marina is in disrepair, and based on the current market demands, is also poorly designed. As a result the marina is ineffective, costly to operate and serves only a limited segment of the market for marina uses. This element will focus on specific layout, design and implementation issues related to the redevelopment of the Port's marina facility.

A. Needs analysis

Collect information on the demands for marina facilities in The Dalles area. Forecast estimated demand for various sizes of vessels as well as other uses such as covered moorage and boathouses.

B. Design and layout

Based on the existing conditions analysis and needs analysis, design proposed marina layout and prepare graphic master plan.

C. Preliminary engineering

Consider and plan for marine-related engineering concerns such as Columbia pool levels, currents, types of material, etc.

D. Cost estimates and phasing plan

Develop cost estimates for improvements and a phased improvement plan.

E. Financial analysis

Analyze improvements and costs compared to projected revenues.
Consider fees and lease rates as well as funding sources and interests rates.

III. Public Involvement

This third element will provide the forum by which all proposed improvements will be presented for public review and input. It is proposed that an advisory committee will be formed with representatives including the Port, City, business community, marine users, and the general public. Meetings with this group will be held at key points throughout the planning process.

Estimated Timeline:

It is planned that this project would be finalized and ready for bid by late 1996 or early 1997 and would be completed by early summer 1997.

Cost Estimates (sources & match):

While the project price will be determined by the bids received for the work, the following are the best estimates available at this time and the proposed sources of this funding.

Total Project Cost:	\$ 60,000
Funding Sources:	
Port of The Dalles	\$ 8,000
Oregon State Marine Board	8,000
OEDD - Port Planning and Marketing Fund	20,000
US Forest Service	<u>24,000</u>
TOTAL SOURCES	\$ 60,000

Port Planning and Marketing Fund Program Criteria:

This project addresses many of the criteria that are desired for funding through the Port Planning and Marketing Fund. Below we address the elements that are related to this project:

1. *develops a strategic business plan* - This project does not develop a strategic business plan; however, it does help the Port of The Dalles achieve some of the goals of our existing strategic business plan.
2. *leads to economic diversity* - This project will help in diversification efforts of the

economy through planning for multiple uses of the waterfront in and around The Dalles. The study will address both industrial and transportation related uses as well as recreational and tourism industries.

3. helps develop new or emerging industry - The visitor and tourism industry in Wasco County and The Dalles is in its infancy. The Columbia Gorge Discovery Center, the \$22 million visitor centers for the National Scenic Area, is scheduled to open in 1997 and provide the largest single boost to this industry our region has ever seen. It is expected that up to 250,000 people will visit our area as a result. Planning for the waterfront to provide area and amenities for these visitors is crucial for long term success. This will also help our business development strategy by showcasing the area as a quality place to do business.

4. assists in the redevelopment of existing public facilities - This project focuses on developing a plan that will facilitate the wise use of the Ports extensive waterfront properties. One of the primary focuses is the Master Plan for the Marina and Boat Launch areas. This existing facility is in need of capital replacement and improvements and this study will provide the basis for this future work and development.

5. is regional or cooperative in nature - The project has been included and highly ranked in all regional and local plans for economic development. Many of the projects that will be considered are also included in these priority lists including the development of a cruise dock, marina expansion, and others. In addition, the scope of work indicates that the project will include a public involvement element that will involve key stakeholders.

6. leverages other efforts by state or other local governmental units - As noted in the breakdown of funding sources, four sources are leveraged to complete this project. According to the existing funding proposal, the state funds will account for approximately 33% of the total project funding.

7. does not exceed twelve months to completion - As noted in the letter, the project should take 8 -10 months to complete.

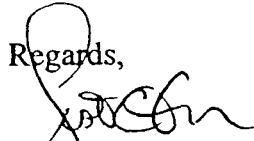
8. contributes local share in the form of cash - The Port Commission has committed to funding the project at a minimum level of \$8,000. This contribution will be in the form of cash and not in-kind services. The marina operation, owned and operated by the Port, will provide some of this funding from revenues on operations.

Following this application we have included a copy of *Resolution 96-09* that identifies that at least 25 percent of the project funding is committed from sources outside of the PPMF. The statement from the City concerning the consistency with the city's comprehensive plan is not included as the city is not willing to provide a "statement that the plan is consistent" prior to the plan actually be completed. The city's planning staff will be invited and encouraged to

participate in the project.

That should cover it. If you have any comments, questions or concerns, feel free to give us a call and we can discuss them. Thank your for all your help and feedback in developing this project.

Regards,

A handwritten signature in black ink, appearing to read "Scott C. Hege". The signature is written in a cursive style with a large initial "S".

Scott C. Hege
Executive Director

Enclosures



PORT OF THE DALLES

3636 KLINDT DRIVE
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OREGON 97058

503/298-4148
FAX 503/298-2136

RESOLUTION 96-09

WHEREAS, The Port of The Dalles applied to the Oregon Economic Development Department, Port Planning and Marketing Program Ports Section for a grant to develop a Marina Facility Study; and


WHEREAS, Condition (b) of said grant agreement requires a resolution to be passed by the Port of The Dalles Commission resolving that at least 25 percent of the total cost of the project is committed and available for carrying out the project; and

WHEREAS, The project has been committed \$40,000 of the expected project cost, including \$8,000 from the Port, which accounts for 67 percent of the total expected project costs.

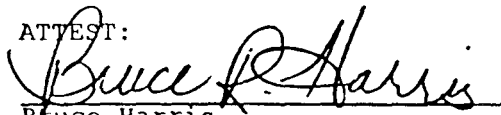
NOW, THEREFORE BE IT RESOLVED, That the President of the Port of The Dalles Commission is hereby authorized to execute said grant agreement on behalf of the Port of The Dalles Commission.

ADOPTED, This 1st day of August 1996.

PORT OF THE DALLES


John E. Geiger
President

ATTEST:


Bruce Harris
Secretary

**Appendix T. Oregon Port Planning and Marketing Fund
Grant Program Statutes**

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Oregon Port Planning and Marketing Fund Grant Program

285.850 Port Planning and Marketing Fund; uses; sources; investment.

(1) There is created within the State Treasury, separate and distinct from the General Fund, the Port Planning and Marketing Fund. All moneys in the Port Planning and Marketing Fund are appropriated continuously to the Ports Division and shall be used by the division for:

(a) Administrative expenses of the division in processing grant applications and investigating proposed planning or marketing projects related to ports.

(b) Payment of grants under ORS 285.850 to 285.863 to ports incorporated under ORS 777.010 and 777.050.

(2) The Port Planning and Marketing Fund shall consist of:

(a) Moneys appropriated to the fund by the Legislative Assembly.

(b) Moneys obtained from gifts or grants received under ORS 285.086.

(c) Moneys obtained from interest earned on the investment of such moneys.

(3) Moneys in the Port Planning and Marketing Fund, with the approval of the State Treasurer, may be invested as provided by ORS 293.701 to 293.820, and the earnings from such investments shall be credited to the Port Planning and Marketing Fund.

<Formerly 777.727; 1993 c.736 s44; 1995 c.718 s12>

285.857 Grant purposes; application; standards; prohibited funding.

(1) The Ports Division may make grants, as funds are available, to any port incorporated under ORS chapter 777 or 778 for:

(a) A planning project conducted under ORS 285.815 or any other planning project necessary for improving the port's capability to carry out its authorized functions and activities relating to trade and commerce; or

(b) A marketing project necessary for improving the port's capability to carry out its authorized functions and activities relating to trade and commerce.

(2) Any port may file with the Ports Division an application for a grant from the Port Planning and Marketing Fund to finance a specific planning project or marketing project.

(3) An application under this section shall be filed in such a manner and contain or be accompanied by such information as the Ports Division may prescribe.

(4) Upon receipt of an application, the Ports Division shall determine whether the planning project or marketing project is eligible for funding under ORS 285.850 to 285.863. If the Ports Division determines that the project is not eligible, it shall within 60 days:

(a) Reject the application; or

(b) Require the applicant to submit additional information as may be necessary.

(5) The Ports Division may approve a grant for a planning project or a marketing project described in an application filed under this section if, after investigation, the Ports Division finds that:

(a) The project meets the standards and criteria established by the Ports Division for grant financing from the Port Planning and Marketing Fund; and

(b) Moneys in the Port Planning and Marketing Fund are or will be available for the project.

(6) Grants to ports under ORS 285.850 to 285.863 shall not exceed \$25,000 and shall not exceed 75 percent of the total cost of the project.

(7) The Ports Division shall not fund any program that subsidizes regular port operating expenses.

<Formerly 777.732; 1993 c.736 s45; 1995 c.718 s13>

285.860 Funding priorities. (1) The Economic Development Department shall develop marketing grant funding priorities considering such factors as community need and whether the project will lead to economic diversification, development of a new or emerging industry and redevelopment of existing public facilities. The department shall give priority to regional or cooperative projects, and projects that leverage other marketing efforts by the state or other local government units.

(2) The department shall review all proposals to avoid duplication of marketing efforts among ports, and to maintain consistency with the applicable county or city comprehensive plans.

<Formerly 777.736; 1995 c.79 s98>

285.863 Annual report. The Ports Division shall provide an annual report to the Joint Legislative Committee on Trade and Economic Development on the marketing and planning program.

<Formerly 777.738; 1993 c.736 s46; 1995 c.718 s14>

Source: 1995 Oregon Statutes, Chapter 285, *Oregon Port Revolving Fund* (Salem, Oregon, June 1997); available from:

gopher://gopher.leg.state.or.us:70/00/ors95.dir/200.dir/285.txt; INTERNET.