

**Testimony of Joseph Cappel, Vice President of Business Development,  
Toledo-Lucas County Port Authority before the  
Ohio Senate General Government & Agency Review Committee  
5/14/2019**

Chairman Schuring, Vice Chairman Rulli and Ranking Member O'Brien – Thank you for the opportunity to testify in support of the Maritime Assistance provision in House Bill 166, the creation of a statewide maritime commission, and in support of funding for airports in Ohio to attract new services. My name is Joseph Cappel, and I am the Vice President of Business Development for the Toledo-Lucas County Port Authority.

**STATE ASSISTANCE FOR PORT INFRASTRUCTURE**

Great Lakes Seaway shipping supports 147,000 jobs in the eight Great Lakes states. This fact demonstrates that ports are important economic drivers for their communities. While our states invest heavily in highways, rail, airports and other transportation infrastructure, they largely ignore their ports. Of the eight Great Lakes states, only two (Minnesota & Wisconsin) have a state port assistance program. The State of Florida is investing heavily in ports as an economic development strategy. Between 2011-2017, Florida invested \$1.2 billion in port infrastructure. Illinois ports handle more cargo tonnage than Florida ports, yet the state has no focus on ports. With more than 20 federally authorized commercial harbors, and twice the shoreline of Florida, the State of Michigan largely ignores its ports and has failed to strategically leverage these assets to grow its economy. The same can be said for Ohio.

In late 2015, a regional maritime strategy released by the Conference of Great Lakes Governors and Premiers called for port investment by states. Great Lakes states should follow-up on that recommendation and enact harbor assistance programs similar to those in Wisconsin and Minnesota. The maritime strategy made the following points:

- When allowed by authorizing legislation and adequate funding, States should establish long-term port and harbor investment programs and funds similar to the Wisconsin Harbor Assistance Program, Minnesota's Port Development Assistance Program and Québec's Maritime Strategy.
- States and Provinces should make any financial assistance that they may provide to ports contingent on the prior demonstrated integration of port development projects with local and regional economic development planning and investment.

- States and Provinces should sustain and provide financial and other resources to the Governors' and Premiers' Regional Maritime Entity to continue and build on its work to date.
- Federal infrastructure programs (e.g. US TIGER (now BUILD) program and the Building Canada Fund) should be expanded to provide additional funding for maritime projects, increase modal interconnectivity, operational efficiency, MTS competitiveness and economic development, with greater emphasis placed on first- and last mile connections at ports with rail, highways and pipelines.

A 21st century transportation system requires all modes to work in concert with each other including rail freight and maritime. I am a member of the ODOT Access Ohio 2045 Steering Committee which met on Monday to discuss the future of Transportation in Ohio. While all modes of transportation are considered and included in the long-range plan, the draft plan has no state funding or contribution planned for maritime and notes that all support for Ohio's future maritime needs will come for "partners" including the Army Corps or Port Authorities. The fact is that Ohio is a maritime state and we need the state's assistance to preserve, maintain and enhance our port infrastructure. We believe a Maritime Commission or some other office to assist with port programs and to promote maritime transportation in Ohio would be most helpful to ensure that Ohio is leveraging port infrastructure and capabilities to attract new commerce and opportunities. Here are some statistics about the cargo that moves through Ohio's maritime ports:

- Ohio is 8th in the nation for total water tonnage moved.
- Ohio's maritime ports and river terminals handle over 103 million tons of commodities valued at \$11 billion worth of cargo per year.
- The Lake Erie System is responsible for 40.6 million tons of commodities valued at \$3.6 billion moving to, from and within Ohio.
- The five Great Lakes, their connecting channels, and the St. Lawrence River form one of the longest deep draft navigation systems in the world. This bi-national waterway has been a foundation of the region's economy for more than 200 years. In a time before railroads and highways, the Great Lakes and St. Lawrence River served as the primary transportation system.

At the Port of Toledo, our infrastructure needs exceed available resources. In 2019 we are investing \$4.2 to replace two deteriorating warehouse facilities from the 1960s and \$2.1 M to

replace a waterline serving our general cargo facility. The list of infrastructure needs goes on and on and rent and other fees collected from cargo handling activities are not enough to support debt service on such preservation projects that do not generate additional business but are necessary to continue to support the commerce of the region. Here are some statistics about the Port of Toledo:

- The Port of Toledo is the largest U.S. port on the Great Lakes by land mass. Collectively, Toledo's terminals encompass well over 1000 acres of waterfront property on Maumee Bay and along the Maumee River.
- According to a Martin and Associates Economic Impact Study conducted in 2017, over 7,000 jobs in Ohio are supported by cargo moving via the marine terminals at the Port of Toledo.
- The direct business revenue received by the firms directly dependent upon the cargo handled at the marine terminal located at the Port of Toledo in 2017 was \$374.9 million. These firms provide maritime services and inland transportation services for cargo handled at the marine terminals and the vessels calling the terminals.
- A total of \$179.8 million in state and federal taxes were generated by cargo and vessel activity at the Port of Toledo in 2017 with \$50.3 million generated at the state level and \$129.5 million at the federal level.
- The Port of Toledo loads or unloads 500-800 lake trading vessels, barges, and overseas vessels in any given year. Toledo handles between 8-12 million short tons of cargo each year. The addition of the Cleveland Cliffs HBI plant will increase these totals substantially by adding 100 additional vessel calls and over 2 million additional tons of cargo annually. The HBI plant will receive their first vessels of cargo in the fall of 2019.
- The Port of Toledo is home to one of the four major U.S. shipyards on the Great Lakes. The Toledo Shipyard has two graving docks, a high bay facility, heavy lift capability and dock frontage for out-of-water inspection, maintenance and repairs. Every winter, dozens of freighters dock at the Port of Toledo so that they can be serviced by hundreds of workers from the Toledo Region.
- The Port of Toledo exports soybeans, corn and bulk products to overseas destinations in Europe and Africa via the Great Lakes St. Lawrence Seaway System. The Port also imports products such as fertilizer, wind farm components, salt, pig iron and modules for Toledo's refining industry. Each year, up to 100 foreign flag vessels call on the Port of Toledo linking Ohio to global markets.
- The Port of Toledo is also a gateway to Canada, Ohio's largest trading partner. Approximately half of Toledo's trade within the Great Lakes is with Canadian

ports. Products traded with Canada include aluminum, steel, corn, oats, and other bulk commodities.

- Each year, the U.S. Army Corps of Engineers invests approximately \$5M to keep Toledo Harbor dredged for safe navigation.
- Many companies in the Toledo Region and throughout Ohio depend on the maritime capabilities of the Port of Toledo. Some examples are as follows:
  - ADM Grain – export Ohio, Indiana, Michigan Soybeans and Corn to Europe, Middle East, North Africa via the Port of Toledo
  - The Andersons- export Ohio, Indiana, Michigan Soybeans and Corn to Europe, Middle East, North Africa via the Port of Toledo. Import calcium nitrate from Norway for local agriculture. Also handle wheat, and liquid fertilizer
  - Kuhlman- use port to bring in salt to treat pavements in winter for public and private entities. Also bring in canola and oats from Canada.
  - Shelly Liquids – use the Port of Toledo to bring in liquid asphalt on barges for road paving projects.
  - Midwest Terminals handles a wide variety of various cargo from ocean and lake trading vessels.
    - Pig iron for North Star Steel in Delta, Ohio is handled
    - Salt for road treatment
    - Petroleum coke is imported and exported – some of the petcoke is from the Toledo BP Husky refinery
    - Mill scale
    - Steel coils from Algoma Steel in Canada and from Europe on occasion are imported and sent to local steel processors for slitting and pickling prior to sending to automotive and appliance manufacturers.
    - Aluminum from Eastern Canada is imported and held on the London Metal Exchange – when released the aluminum goes to automotive plants for engine blocks and other parts
    - Project cargo is handled from vessels at Midwest – Project Cargo is anything too heavy or large to be transported inland for long distances. Examples include wind mill blades, hubs, tower sections, steel pipe for natural gas lines, transformers for Ohio’s nuclear power industry, modules for Toledo’s refineries, automotive presses, large tanks for food production, yachts, etc.
    - Limestone for Walleye Energy to use in their scrubbers
    - Rail ballast stone for Norfolk Southern Railroad and CSX Railroad
    - Millscale and Dunite for steel production
  - Arms Trucking uses their dock for importing salt for road treatment
  - The City of Toledo also operates a salt dock where they receive deliveries of salt on vessels.
  - Hansen Mueller imports oats from Canada for horse feed

- BP Husky uses their marine dock to import liquids used in manufacturing various fuels at the Toledo refinery
- Mondelez operates the largest flour mill in North America at the Port of Toledo. They import soft wheat on vessels from Canada for flour production which is shipped to the Kraft / Nabisco bakeries throughout the U.S.
- St. Marys Cement and LaFarge Cement each operate marine terminals at the Port of Toledo to unload cement from barges, store the cement and load it into trucks. This cement is used for construction projects throughout the region.
- CSX operates the Coal and Iron Ore dock at the Port of Toledo. The coal is exported to steel mills throughout the Great Lakes and the iron ore is shipped in from Minnesota on vessels and railed to AK Steel in Middletown, Ohio.
- Project cargo was imported into the Geo Gradel dock for the Cleveland Cliffs HBI Plant currently under construction at the Port of Toledo. The Cliffs HBI Plant will utilize the Port to bring in 100 vessels of iron ore each year to produce raw materials for steel making in Ohio at electric arch furnaces such as North Star Steel in Delta, Ohio.
- The Port of Toledo is also home to the National Great Lakes Maritime Museum, a US Coast Guard Response Station, various marinas, and other maritime related businesses who provide support services to the maritime industry.

Finally, as the operator of Toledo Express Airport and Toledo Executive Airport, the Port Authority would like this Committee to consider ways that the State of Ohio can support air service development at Ohio's airports. The Ohio Aviation Association is advocating for a \$15M air service fund to support new domestic and international service. Neighboring states already have a state level air service funding program that allows airlines to test new routes with assurance that they will not incur abnormal losses as the routes are developed. It is clear that these new routes can have a substantial economic impact on our local economies and support many jobs. In Toledo a new service to Charlotte on American Airlines generated a 42% in parking revenue, a 46% increase in concession revenue and a 34% increase in passenger facility charges in 2018. One new daily nonstop route has potential to generate nearly \$400,000 in additional revenue each year so it is very important that the State consider ways for Ohio airports to compete for new routes moving forward.

Thank you