



**Cleveland-Cuyahoga County
Port Authority
Long-Term Strategic Plan**

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1. Introduction

In consultation with regional partners, this Strategic Plan has been developed by the Board of Directors of the Cleveland-Cuyahoga County Port Authority ("Port Authority") with the goal of providing a long-term strategic roadmap for the organization. This roadmap clarifies the Port Authority's mission, defines the Port Authority's role and provides a strategic framework for the substantial decisions that will set the course for its investment in the regional economy.

This Strategic Plan serves as an overarching foundation for activity over the next 25 year period. The Board understands that there is a strong imperative that the organization define its actions over a generation of work as it recognizes that transformational planning and capital investment are long-term undertakings.

This Strategic Plan includes input from government and business partners and community stakeholders. The Board has reviewed the opinions shared at a public meeting and those later provided by mail, phone, fax or e-mail. The Board has taken seriously the comments and suggestions of the community and its partners as the Port Authority recognizes community consensus will help achieve momentum to grow the regional economy. This Strategic Plan has undergone revision pursuant to the feedback received, and the Board believes that this document reflects a common-sense and collaborative view of how the Port Authority can utilize its specialized assets and powers to assist in the region's long-term economic development.

The next five-year period is a critical time for the Port Authority in a number of ways. Firstly, the Port Authority will redefine the business potential for maritime and begin to deliver a new generation of water-oriented economic development assets. Secondly, new port infrastructure will better connect the region to the world economy and thus provide a critical anchor for the regional economy to grow over the next generation or two.

Over the next five years, the Port Authority will assume an investor role to accelerate the delivery of a broad and transformative regional economic strategy. With increased potential via investments that are designed to facilitate growth in vital industries, the Port Authority will help the region play a more significant and pivotal role in Ohio's economy. Given the Port Authority's ability to work across business, governmental and political boundaries, the organization is positioned to provide a unifying role in a complex local environment.

Sophisticated strategic planning should provide the clarity necessary to yield manageable and quantifiable objectives. This Strategic Plan clearly defines the key business segments that will be the focus of the Port Authority and sets out the strategic goals and objectives for those business

segments. The Strategic Plan will serve as an umbrella document that will be supported by several underlying documents. These underlying documents will include:

Over a five-year period

- **Segment Business Strategies** – The Segment Business Strategies will outline the five-year strategy for each of the Port Authority’s business segments. These documents are to be considered an extension of the Strategic Plan and will provide detail about the objectives and outcomes for each segment over a five-year period.
- **Financial Plan** – In support of the above, the Port Authority will create a comprehensive Financial Plan that supports and reflects a five-year view of the organization’s overall strategy and capital funding requirements.

Annually

- **Annual Business Plan** – The Annual Business Plan will provide the year-to-year tactics, actions and budgets required to meet the stated objectives in the Segment Business Strategies.

The Port Authority Board is dedicated to fulfilling an important public objective. It takes this role seriously and is committed to creating value for the citizens of the community. The Port Authority Board recognizes that it must conduct its planning and decision-making in an open and transparent manner. As is indicated elsewhere in this document, the Port Authority will actively seek input and collaboration from its local government partners. As all Port Authority Board meetings are open to the public, the Board intends to maintain an ongoing interface with the public. This interface includes the ability for the public to offer comment to the Board at its publically announced and regularly scheduled meetings. Additionally, the Port Authority will interact with the public through an annual review process to measure its progress and communicate its planning for the following year. The Board governs a staff team that will maintain an open-door communications style. In summary, the Board sees the Port Authority as an important and collaborative extension of community partners in helping to deliver the Cleveland region’s public policy.

2. Mission Statement, Goals, and Strategies

Mission

In partnership with government and private partners, the strategic mission of the Cleveland-Cuyahoga County Port Authority is to assist private industry in retaining and creating jobs by:

- providing access to waterborne transportation facilities,
- creating development and infrastructure assets, and
- providing financing services

Goals

Not necessarily presented in order of importance or priority, the Port Authority has identified the following as goals for the 25-year period from 2008 to 2033:

1. Through involvement in projects in key industries, support the creation of over \$2 billion in private investment and at least 50,000 high-quality jobs in key sectors.
2. On behalf of regional business interests, serve a global business base by becoming the premier port on the Great Lakes in next-generation cargoes.
3. Provide leadership to further develop the St. Lawrence Seaway as a more integral international trade asset to serve in the development of the economies of Ohio, the U.S. Midwest and the industrial heartland of Canada.
4. Oversee the development of maritime port facilities to generate a substantial quantity of new jobs.
5. Develop the maritime port to be an increasingly integral economic asset by creating connections between external transport linkages, regional logistics and manufacturing.
6. By determined actions, be recognized as one of the world's most environmentally responsible ports and position the organization's environmental interests to assist in business growth.
7. In support of the job creation goal and in recognition of the interdependence of infrastructure and labor force in successful economic development, work with partners to define and deliver targeted skill-building for the region's population.

8. Act as a community partner in helping to develop opportunities for the region's minority population.
9. Make investments with public and private partners in the City of Cleveland and inner-ring Cuyahoga County suburbs to create modern and efficient real property assets from which to attract investment.
10. Promote Cleveland as a leading urban waterfront community, while also maximizing the investment potential for the Port Authority, thereby advancing its strategic mission to further economic growth.
11. Recognizing the importance of a larger strategy for sustainability, act as a champion for the potential of environmentally-friendly investments for business growth and community investment.
12. Provide efficient financing solutions to key private projects that enhance the viability of the region's economic standing.
13. Conduct work in an open and collaborative manner so as to allow the public to understand and provide input to the Port Authority's business plans.

Long-term Strategies

Though there will be specific project objectives outlined in the five-year segment plans, the Port Authority has identified the following as broad objectives:

- A. Focus Port Authority project investment to generate and retain jobs in the following business sectors:
 - Maritime and Port-Related Services
 - Manufacturing
 - Aerospace and Related Technologies
 - Healthcare
 - Trade, Distribution and Logistics
- B. Through both public and private financing, assemble and begin investment in a portfolio of property projects that are integral to the region's business retention and attraction strategy. Ultimately, this portfolio may be valued in the hundreds of

millions of dollars and will be primarily focused in the city of Cleveland and the Cuyahoga County inner-ring suburban communities.

- C. Following site location and a determination of timing for new maritime facilities, oversee a development strategy for the existing maritime property with community partners. This strategy should not negatively impact the existing maritime operations. The development strategy of existing facilities should maximize return on investment to the Port Authority and should be seen in the context of a full development life cycle.
- D. Play an intermediary financing role for projects that are considered to be of unique and high-value in commercial revitalization and economic development throughout the community. Importantly, this financing capacity should support and play a key role in delivering the objectives outlined in "B" above.
- E. With partners, develop an agenda that demonstrates the Port Authority's commitment to be a leader in the long-term environmental and community well-being of the region. This will include among other things, knowledgeable environmental management practice of on-port facilities, water quality, bulkhead improvement advocacy, renewable energy and waterfront community assets.

3. Port Authority Business Segments

In order to effectively progress the Board's objectives, three business segments have been identified and will define the direction of staff activity going forward:

1. **Maritime** - Port operations, maritime business development and facilities development
2. **Business Investment** - Master planning, development strategy and project finance
3. **Business Finance** - Financial solutions for uniquely valuable commercial revitalization and economic development projects

3.1 Maritime

This business segment is central to the Port Authority's mission and provides an anchor to much of the work in other business segments. It also acts as the public face of the Port Authority, providing the community a clear symbol of the organization's activities.

The maritime segment acts as a window to the global marketplace for regional companies. As such, this segment provides a critical lifeline to the region in terms of access to business growth opportunities.

Functions

- 1) Management and oversight of maritime facilities
- 2) Development of new port facilities
- 3) Management of existing tenant/partner business relationships
- 4) Business development activity to acquire new tenant/partner business relationships
- 5) Labor relations
- 6) Management of maritime environmental strategy
- 7) Security

Potential Growth

The expectation of the Board is that the Maritime segment will grow and become more important to the region's economic competitiveness. A robust maritime presence provides the Cleveland region with vital transportation and logistics advantages to the region's businesses. Further, increased waterborne business activity yields substantial additional revenue for the Port Authority and an increased ability to reinvest in the region.

To grow existing lines of business, the Board envisions additional or new Port facilities to handle bulk cargo, break-bulk cargo and ultimately containerized cargo. It is understood that the fast pace of growth in cargo traffic and increasing levels of congestion near coastal transit and distribution ports offer opportunities to attract additional maritime business via the St. Lawrence Seaway. Existing overland transport infrastructure system constraints, increasing environmental regulations and higher fuel costs all suggest that movement of goods will require low-cost and reliable alternative means to get to and from major Midwestern consumer and industrial markets.

Expanding the Port's capabilities to handle the offloading and staging of cargo offers a significant new growth opportunity for the Port Authority and the Cleveland region. A 2005 United Nations forecast of worldwide container movements estimates that container traffic will grow at an annual rate of 6.5% over the next 20 years. Growth in container traffic has led to a complex hub-and-spoke shipping network via water. These networks operate with large coastal ports acting as hubs, handling very large ocean-going vessels and smaller ports serving as spokes by handling smaller ships. Similar to what is now common practice in Europe, a hub-and-spoke network is expected to further develop in North America.

Because of anticipated trends, an industrial region such as Cleveland can maximize its favorable geographic location on Lake Erie. Related to the hub and spoke system mentioned above, the Port Authority may benefit from a partnership with maritime interests outside of Ohio to further our local economic development goals. As Cleveland's maritime potential is connected with the fortunes of certain deep-water ports, it will be in the Port Authority's best interest to fully develop these collaborations.

Linking the Northeast Ohio market with the heart of the Canadian industrial region in Ontario, cargo ferry service would enable a valuable interface between the industrial Ohio Valley and Ontario. With the presence of cargo ferry services, the market would recognize the Port of Cleveland as providing access to a larger combined economic market and an expanded international trade hub. There may also be the potential to develop passenger ferry connections between Midwest US and Ontario tourist

markets. This connection could provide for easy access to and from Toronto, which would assist in Cleveland's plans to further become a cultural, business, healthcare and entertainment center.

Infrastructure

With growth in existing and new lines of business, the port will require significant improvements to facilities. The footprint of the port will need to accommodate increased bulk and break-bulk volumes and anticipated new container movements in the future. While port operations do not necessarily have to be contiguous, consolidation will lead to substantial operational efficiencies. In addition to land, a further substantial investment will be required in support infrastructure including cranes, warehouses, ramps and security equipment.

International Trade District – Port Hinterland

A key consideration to the development of new port facilities is the proximity of industrial land assets to support commercial interests that could benefit from a location with nearby access to a vibrant port and logistics hub. Successful ports elsewhere have had great success in attracting manufacturing and distribution operations, creating large numbers of jobs on or near port facilities. For property that might be adjacent or near the port, this proximity would be highly beneficial and create economic value. There is every potential for the Port Authority and the local community to create a new and improved system of trade and distribution with Cleveland as an important business hub.

3.2 Business Investment

In support for the aforementioned objective to help create over \$2 billion in private investment and at least 50,000 high-quality jobs, the Port Authority will catalyze growth in key sectors by working with partners to strategically plan new investment land and infrastructure product.

Functions

- 1) Collaborate with regional partners to determine applied investment strategies and specific projects in key growth sectors.
- 2) Create a clear product development strategy, including land assessment, land/site planning and infrastructure planning.
- 3) Coordinate with partners to develop necessary supports for long-term success in the areas of infrastructure, labor force development and marketing.
- 4) Management of the Business Investment segment environmental strategy.

This Business Investment segment will focus on the Port Authority's role in acting as a participant in a wide range of economic development activities in and around Cleveland and Cuyahoga County. This work will take the form of creating property and infrastructure product that allows the community to compete for investment where it is currently limited from doing so due to the lack of practical business location options. These products would otherwise not exist due to current fragmented ownership, poor or non-existent infrastructure, land contamination and in some cases, lack of larger context that frames and encourages private investment.

While specific projects are not illustrated in this Strategic Plan, the Port Authority expects that all projects will have a common set of characteristics in that they will be significant in scale and transformational in nature to the regional economy. In all cases, projects that fall into this business segment will be part of a larger regional strategy that benefits the economy of Cleveland and Cuyahoga County.

The Port Authority Business Investment Segment Plan will only identify projects that build upon the unique value that is associated with Cleveland's underlying economic assets. The Port Authority will assess projects with an expectation that it will act in a Master Developer role; that is to use its powers to aggregate land, master plan and invest in basic infrastructure provision and subdivision where appropriate. The Port Authority will work with government and business allies to identify special opportunities in conjunction with key regional economic assets such as the Cleveland Hopkins Airport/NASA, the University Hospitals/Cleveland Clinic medical complex and/or key transport infrastructure. Other opportunities may be created from the residual underlying value of now disused industrial assets that are performing little, if any, economic function and are a net drain on the community.

The Port Board estimates that it could realistically help to spur over \$2 billion in private investment and create over 50,000 jobs. These figures are estimations that are calculated from evaluations of potential in and around the key assets described above. These estimations are intended to provide an order of magnitude for benchmarking what success might look like if Cleveland were to successfully grow its business around the key industries that are outlined above.

3.3 Business Finance

This segment can offer support to business partners to find advantageous financial solutions to key commercial revitalization or economic development projects. Much of Cuyahoga County reflects the challenges of mature suburban communities and there are systemic problems facing these communities when attempting to sustain growth and redevelopment. While the future

competitiveness of Cuyahoga County depends, in-part, on the ability of these communities to sustain new investment, it is vital that these areas be made viable for private investment.

In this segment, the Port Authority has the capacity to act as an intermediary to offer financing products for investment projects as long as there is adequate financial resource to cover outstanding debt. Upon a review of fit, project financials and risk, the Port Authority could provide debt financing through its access to capital markets. In no case would the Port Authority sustain risk to itself, except in the very limited circumstances where it would utilize its already established bond fund capacity. This would be reserved for very special instances.

In order to better assess projects, the Port Authority will develop a clear set of underwriting guidelines against which projects will be evaluated. These processes will help provide a balanced approach to this segment, ensuring a solid risk management practice to the Port Authority.

4. Corporate Financial Strategy

Given the business segments described above, the Port Authority will have significant capital needs over the next several decades. These needs will far exceed the requirements of the recent past as there was little comparative maritime investment and no prior Port Authority role in Business Investment.

Recognizing that there will be limited public funding, the Port Authority intends to seek possible additional sources of funds to augment public resources. That is, the Port Authority will create a series of projects that are designed to be commercially viable and as a portfolio these projects will be designed to be attractive to private investors. The key to this work will be an underlying assumption that the Cleveland region can compete for global corporate investment if it understands its assets and how to intelligently use powers to invest around those assets. There is no doubt that private investment is attracted to a coherent plan and a clear articulation of the effective use of government-provided powers. There is substantial private capital seeking credible investment in credible infrastructure opportunities and this strategic plan seeks to leverage Cleveland's assets to aggressively position it to be an increasingly attractive investment location.

There will ultimately be a constellation of resources that will comprise the Port Authority's financial program. The Board believes that the Port Authority must aggressively pursue the following listed in no particular order:

- Tax levy for maritime facilities management.
- Bond issuance to take advantage of the Port Authority's ability to issue debt, bond issues may be done against future levy income, future seaport operations, surpluses, etc.
- Leveraging the value of existing Port property and converting that value investment resource.
- Partnerships with private interests to pursue property investment that is in the public interest.
- Public interest partnership arrangement with infrastructure investors for Port development and expansion.