

MINING A PORT

by Johnathan Wright



They are gateways to international trade, essential to our nation's competitiveness. According to the 2017 Infrastructure Report Card produced by the American Society of Civil Engineers, ports are responsible for \$4.6 trillion in economic activity—about 26 percent of the U.S. economy.

And while they are often thought of as coastal fixtures, ports can also be found along railroad lines and inland waterways, serving the intermodal transportation network across the country. They are massive pieces of infrastructure that require a long time to come to fruition, but bring a promise of economic growth that is equally long-term. Here in central Illinois, this process is currently playing out in Marshall County, as the City of Henry is starting work on a new, multifaceted port on the Illinois River—a project which could catalyze economic activity for decades to come.

A Prime Location

Located 35 miles upriver from Peoria, Henry is a small, rural town straddling two regional economies: Greater Peoria and the LaSalle-

Ottawa-Peru area. Its position along a picturesque bend of the Illinois River was attractive to the city's original settlers, who arrived by flatboat, steamboat and covered wagon in the 1830s. In addition to its strategic location, the steep banks rising high over the river ensured the city would never flood.

In the mid-19th century, the Illinois River was so shallow that a horse and buggy could ford it most of the year. To make the waterway more navigable for industry and agriculture, locks and dams were built to control the water levels. In 1870, the first lock and dam on the Illinois River was constructed right here at Henry, at a cost of \$400,000. Subsequently, as the water level increased, a bridge was built to allow for cross-river traffic.

Eventually the original wood-and-iron bridge was replaced by a steel bridge, which still stands today—though the Henry Lock & Dam was dismantled long ago. And with easy access to the river, rail and the interstate highway system, Henry remains an attractive site for a range of potential uses. But the same feature that made the city so

attractive to those early settlers—its position some four dozen feet above the river—makes it less than optimal for barge access. Today, as those steep banks are being re-engineered by humans, Henry stands to cash in on what could be a gold mine for future industrial development. But first, it must wait patiently.

Creating the Port

Since its establishment in 1928, Ozinga has grown to become one of the premier suppliers of concrete and building materials in the Midwest. As the company expanded its geographic footprint over the years, it also expanded the breadth of its services. In addition to its core business, it now offers a variety of transportation and logistics services through an extensive network of truck, rail, barge and ship terminals, including eight river-based terminals stretching from Peoria to Chicago.

Ozinga Materials has been operating in Henry since 2006, when it entered into an agreement to mine sand and gravel on company-owned property, as well as adjacent city-owned property, just north of the city. "The concept of a port came about as part of the reclamation

plan that must be filed with the State of Illinois prior to the start of mining activities," says Jeff Bergfeld, who is uniquely familiar with the project as both a member of the Henry City Council and as a landscape architect. "The Illinois River Valley is dotted with various 'ports' from past mining activities, but usually these are nothing more than small coves or inlets—nothing of this size, nor with these types of nearby infrastructure resources."

The concept—an element of Ozinga's long-term site plan—was to begin carving out a port as it mined the property for gravel. The public-private agreement allowed the port basin to expand in size and support loading and off-loading of materials along three sides, rather than a single side of a narrow inlet off the river. Last year, the city sold mineral rights to an additional 30 acres just north of the current mining operation, which is beneficial to both parties: Ozinga can continue its current operation without demobilizing their equipment, while the city gains a large holding area capable of supporting a variety of future port customers, from bulk commodities to containers.

Ozinga will mine the property to a rough grade, “similar to an excavation contractor’s work if you were building a new home,” Bergfeld explains. “The ‘finish grading’ work will be done with the needs of port users or tenants in mind—much the same way a homeowner works with a landscape contractor to get the finished yard and landscape they want.” The port’s current master plan will also create flat dock areas at varying elevations, which will accommodate both low and high water levels.

In addition to the mineral rights for the mined gravel, the City of Henry receives an impact fee, or royalty, on every ton of material mined from city property.

That could generate \$400,000 over the next five to seven years, which the city plans to use as a foundation for future economic growth.

When the mining is complete, the end result will be a port basin of roughly 60 acres of open water, 40 feet deep, allowing for a large number of tugs and barges to be moored, loaded and unloaded, turned around and positioned.

The outcome of this collaborative effort will be a tremendous asset that few communities like Henry could ever attract on their own. To construct a similar facility, without the mining operations, is estimated to cost around \$40 million—and this project comes at no initial cost to the taxpayers.

A Range of Possibilities

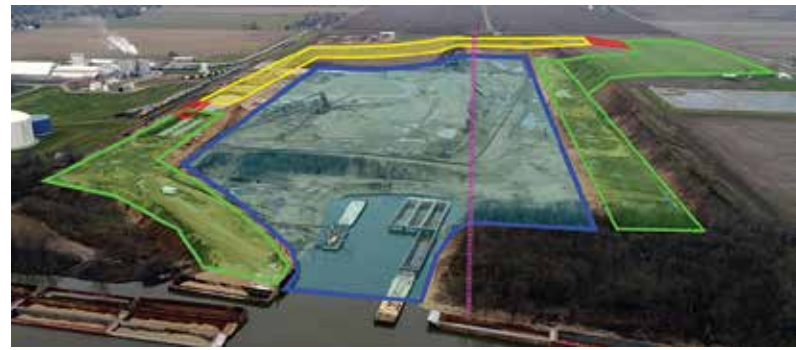
With a combination of road, rail and river transport—plus access to sewer, water, power and high-pressure natural gas service—the

city’s future clients could come from any number of industries that transport bulk materials, large equipment or require multi-modal flexibility. The expansion of the Panama Canal, which now allows large container ships to pass through its locks, offers new possibilities for the nation’s inland waterways—including the Illinois River.

“One possibility that we expect is for container ships to off-load imported goods in New Orleans and travel up the Mississippi River and its tributaries,” says Bergfeld. “And we fully anticipate the opportunity for our export products and goods to be shipped out of the Henry port all the way down to the Mississippi Delta for loading onto ships headed to other ports.”

A number of potential clients have already expressed interest in the port—including some companies who wish to harvest Asian carp for export to Asian markets. Once a client is determined, further infrastructure improvements would be tailored to their specific needs. This could include elevators for loading and unloading goods; an extension of the rail spurs that surround three sides of the port property; or roadway or dock improvements to support heavy equipment.

An end date is the project’s biggest wild card. Mining on the city-owned land is expected to continue for another six to 10 years, which will create the city’s initial port facility. But completion of the entire



Pictured above: Blue: port basin. Yellow: high-water dock. Green: low-water dock. Green (off basin): 30-acre, low-water material staging area. Red: ramps linking high- and low-water dock areas. Purple: property line between City and Ozinga properties

port could take upwards of two decades—or even longer.

Long-term funding is expected to be a mix of public and private dollars. The port area is included in the City of Henry’s TIF district, and Marshall County has the ability to expand its enterprise zone to encompass the port area. But the ultimate answer is unlikely to come from government.

“The City of Henry hopes that Ozinga’s presence, and that of neighboring industries (Koch Industries, United Suppliers, Mexichem and Emerald Performance Materials), will attract private development dollars,” Bergfeld states.

“Of course, in today’s environment, we know that those private development dollars are also looking for additional or matching funding sources or incentives. Whether those funds are applied to private improvements or property within the port, or infrastructure improvements needed to serve the port, remains to be seen.”

The Economic Ripple Effect

Besides creating jobs and supplying a steady stream of revenue, the project has the potential to attract supporting industries to Henry, given the wide variety of possible

port users. A thriving local economy would attract visitors, help existing businesses and improve property values, which would in turn help the local school district keep pace with maintenance and improvements. It also offers the potential to reinvigorate the city’s historic downtown.

But the project isn’t an easy one, says Bergfeld. Among the challenges: a shortage of economic development expertise and resources in the small community; the turnover of local elected officials and a dysfunctional state government; the eventual work of starting up and managing the port; and finally, the project’s lengthy timeline, which could be slowed by any of these potential pitfalls.

And yet, the opportunities are considerable. It’s no wonder that, when he visited Henry in December, State Rep. Ryan Spain called it “one of the coolest things that’s happening in Illinois right now.”

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