



DETROIT/WAYNE COUNTY PORT AUTHORITY

**2013 - 2014 Operational Assessment
Next 5 Years**

January 11, 2013

Mission: To promote commerce and recreation throughout the Port of Detroit; to enhance tourism and provide unique experiences throughout the Great Lakes; and to implement creative economic development strategies that draw investment to Southeast Michigan.

Priorities:

1. Promote growth within the greater Port of Detroit by promoting and marketing our existing assets, researching and developing new opportunities for import cargoes, and advocating policy changes at the State level that will re-open export markets.
2. Advocate legislative changes that will free restrictions currently placed on the DWCPA's structured financing program that will, in turn, provide creative solutions using DWCPA revenue bonds.
3. Operate and manage a successful full season at the newly constructed Public Dock & Terminal building by hosting cruise ships, tall ships, naval frigates, excursion vessels and other vessels of interest.
4. Address homeland security gaps throughout the Port of Detroit by making strategic investments, offering specialized training, and facilitating greater coordination and communication among all stakeholders within the maritime domain.
5. Administer the Greater Detroit foreign trade zone program throughout our service area, which reduces the duties and tariffs paid by companies in Metropolitan Detroit engaged in global trade.

2012 Accomplishments

Public Dock & Terminal Project



The DWCPA, had a very successful 2012 season with our Public Dock & Terminal along the Detroit River. We hosted 33 dinner vessel visits, 12 Great Lakes cruise ship calls, 6 Tall Ship visits and hosted two U.S. Navy ships for a week. Our new public dock and passenger building also provided commuter ferry service to Belle Isle during the Detroit Grand Prix. We obtained from the Detroit Historical Society a British cannon (circa 1735) and had it mounted on our patio. The cannon was found on the bottom of the Detroit River 14 years ago and has proved to be a popular river front tourist attraction.

M/V Yorktown Clipper Cruise Ship



Successfully hosted 12 embarkations and disembarkations at the Port Detroit, Public Dock & Terminal for 2012. The Yorktown Clipper cruise ship brought over 2000 people into downtown Detroit for shore side excursions to the Henry Ford museum, Detroit Institute of Arts, and other cultural amenities. We are the Yorktown's homeport of choice because of our facility and proximity to Metropolitan Airport. Our passengers typically spend 1 or 2 nights in Detroit. The cruise ships stops at 3 or 4 other Michigan port cities for tours.

US NAVY Days



Naval frigates lined Detroit's waterfront September 5-10, 2012 including at Port Detroit, for the bi-centennial of the War of 1812. Thousands of tourists lined both our docks to visit the U.S. NAVY Ships Hurricane and Dewert. The Public Dock and Terminal Building hosted Admiral Gregory Nosal and Deputy Mayor Lewis at the opening ceremonies press briefing. The event was a tremendous success introducing sailors and civilians alike to the capabilities of Detroit Wayne County Port Authority. Tall ships also utilized our docks to help celebrate the Bi-Centennial of the War of 1812.

EPA Revolving Loan Fund



The DWCPA will begin spending a \$1 million Revolving Loan Fund in 2013. The fund will be available to both non-profit and market-rate developers for remediation of environmentally challenged sites. By assisting developers with their environmental costs, urban sites that have historically been more industrial than suburban sites, can be as attractive for redevelopment.

Port of Detroit – Seventh Full Season



2012 marked the seventh full year of operations at the Port of Detroit Marine Terminals, at the foot of Clark Street in southwest Detroit. 2012 saw 68 vessels, from more than a half-dozen countries, call on the Port of Detroit resulting in the delivery of approximately 450,000 tons of steel. 2013 should be a very good year for cargo operations at Port Detroit, Michigan's international port, due to the growth in our domestic auto industry.

Port of Detroit – Federal Railroad Administration



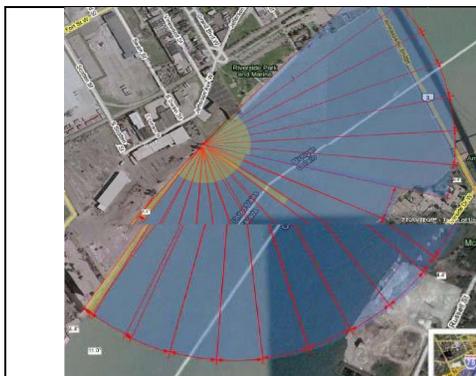
The DWCPA has \$500,000 in grant funding through the Federal Railroad Administration for the development of a new rail spur to reconnect the port to the main rail line, which leads to the Detroit Intermodal Freight Terminal (DIFT). The DIFT is the main intermodal facility being developed by the Michigan Department of Transportation. By linking the marine terminal to this project, via rail, true multi-modalism can be accomplished at the Port of Detroit. This assists the DWCPA and its port constituents in negotiating the importing and exporting of alternative energy components, project cargoes and potential grain exports.

U.S. DHS Port Security Grants



The DWCPA continues to serve as the Fiduciary Agent for all 2008 through 2011 U.S. Port Security Grant funding distributed to the Port of Detroit by the U.S. Department of Homeland Security. Chosen by the local Area Maritime Security Committee, which is facilitated by the U.S. Coast Guard, and represents all local homeland security agencies, the DWCPA will continue to invest in projects that mitigate gaps in security, while advancing economic development goals of the region. This will encourage local companies and businesses to provide solutions.

DWCPA Border Surveillance Project



The DWCPA has two state-of-the-art surveillance systems at two critical locations along the Detroit River. One system at the Port of Detroit Marine Terminal in southwest Detroit and a second system at the new Port Detroit Public Dock & Terminal facility. The systems have received national attention and personal visits by distinguished members of the federal government, including the U.S. Department of Defense. The DWCPA is working to share its border surveillance feeds of the Detroit River with their homeland security partners, both locally and statewide.

Great Lakes Cruising, Ferry and Other Transient Vessels



The DWCPA will continue to be the leading agency in Michigan actively promoting and marketing Detroit and Michigan port cities as ports of call for the various cruise ships in the Great Lakes system, largely through its role chairing the bi-national Great Lakes Cruising Coalition. The DWCPA is excited to host the Yorktown Clipper (shown left) for visits this Summer. Additional efforts have been made to establish ferry service from its headquarters facility. Other vessels of interest such as tall ships, Navy vessels, excursion boats and, potentially, eco-tourism charters also are being targeted.

Greater Detroit Foreign Trade Zone



The DWCPA will continue to administer the Greater Detroit Foreign Trade Zone (GDFTZ) program, which is the largest in the country. The GDFTZ provides a competitive advantage to companies involved in international trade through deferral, reduction, or elimination of U.S. Customs duties. Through cooperative efforts with public and private organizations, these advantages are used to attract and retain businesses, which create employment and economic activity in Southeast Michigan.

Great Lakes Group-Tug Operations



To continue servicing the ships that call on Port Detroit, the DWCPA is working with the City of Detroit to acquire through lease, a new dock and home for our much needed tug boat services. We will be moving the Great Lakes Group tug operations from Zug Island down to the City of Detroit Waste Water Treatment plant site located on the Rouge River. Great Lakes group provides a critical function for most shipping operations at Port Detroit.

Michigan Port Collaborative



The DWCPA continues to play a leadership role by Chairing the Michigan Port Collaborative. The Michigan Port Collaborative (MPC) seeks to educate and promote key assets and the strategic role our port communities offer our economy and quality of life. The MPC has identified over 100 port communities across both peninsulas. Successful conferences have been held in Muskegon, Sault Ste. Marie, Detroit, Traverse City, Alpena and Lansing. A policy roundtable discussion is scheduled for May, 22nd, 2013 in Lansing coinciding with National Maritime Day.

Council of Development Finance Agencies



Continue to play a leadership role on the Council of Development Finance Agencies (CDFA), Board of Directors. CDFA is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing 300 public, private and non-profit development entities. The DWCPA was instrumental in developing a Michigan-specific financing roundtable that has produced two events locally over the past two years.

Port of Detroit Economic Impact Study



The DWCPA will release a new Port of Detroit Economic Impact Study in November of 2013. The study, with refreshed data, will show what the commercial Port of Detroit has contributed to our local, regional, and state economy. The study will be done in collaboration with the American Great Lakes Ports Association. The Port of Detroit is comprised of 32 companies including Severstal NA, U.S. Steel, Marathon Petroleum, BP, Nicholson Terminal & Dock Co. and Michigan Marine Terminal, Marine Pollution Control and Warner Petroleum Products.

NOAA Land Acquisition Grant – Fordson Island



The DWCPA partnered with the City of Dearborn and Friends of the Rouge River on an application to the National Oceanic & Atmospheric Administration (NOAA) for a land acquisition grant. The grant would allow the DWCPA and City of Dearborn to purchase private parcels of property that remain on a 10-acre island within the Rouge River. Once purchased, they would be combined with tax-reverted parcels in an effort to restore the island to its natural habitat. Currently, 2/3 of the island remains industrially zoned, but functionally obsolete. This effort will continue in 2013.

Detroit Water Festival



In 2012, the DWCPA partnered with the Detroit Riverfront Conservancy, DTE Energy Foundation, Cranbrook School and Detroit Public Schools, among many others, to facilitate a day-long water festival. The goal of the event was to provide local Detroit school kids with an opportunity to learn about the ecology of the Detroit River and our rich maritime history as a port. Over 600 children participated in the event. The new Port Detroit headquarters was used by the U.S. Coast Guard, and others, as part of the event. A second event is scheduled for this May of 2013.

Structured Financing



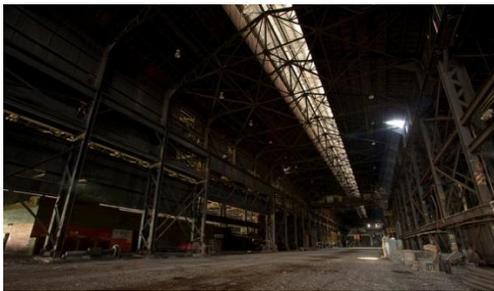
The DWCPA worked feverishly in the first-half of 2012 to negotiate and structure a \$500 million financing improvement project for a prominent port stakeholder. The capital improvement would allow our port to manufacture and develop high-grade products for the automobile industry. The financing would have been structured with no public subsidy or security enhancement, making it an innovative approach to a critical port improvement. Due to unrest in the global capital markets, and particularly in Europe and China, the financing has been put on hold. It's anticipated to move forward in 2013.

Portdetroit.com - Revamped Web Site



The DWCPA revamped their web site in 2012 as part of a new communication and marketing strategy for the Port of Detroit. The new web site includes the most information on companies and constituents within the Port of Detroit. It also leverages social media technologies to keep the public and our port stakeholders informed of important developments. In addition it holds new sections on policy and legislation impacting the port, and news stories that effect our port community. New features to come include live cameras of our Public Dock.

DSC Ltd.



The DWCPA assisted the Michigan Economic Development Corporation, Detroit Regional Chamber and Wayne County EDGE in efforts to attract new business and investment to the former McClouth Steel property in Trenton, Michigan. With unique knowledge of properties, maritime services and specialized financing, the DWCPA plays a complementary role amongst a team of public sector agencies devoted to bringing the 200-acre site back online. It's anticipated that 2013 could see a final sale or lease.

Port of Detroit Constituent Meetings



Beginning in 2012, the DWCPA began hosting quarterly port constituent meetings in an effort to coalesce the Port of Detroit around issues that impact our industry. Meetings have allowed for an exchange amongst key port stakeholders and companies that serve the port. Topics have included legislation, both federal and state, that impact the port, but also discussions around various funding opportunities that could benefit certain port constituents. 2013 will kick-off with a strategy session that will include the Michigan Economic Development Corporation, Michigan Department of Transportation, and Michigan Department of Agriculture.

Tours of the Port of Detroit



The DWCPA conducted multiple tours of the Port of Detroit for a wide-range of individuals in 2012. A team led by the Michigan Economic Development Corporation toured the Port of Detroit in order to populate data and add strategy to a long-term comprehensive transportation study being developed and finalized early in 2013. The Detroit Regional Chamber's Leadership Detroit program also provided its latest class of students with a half-day tour in order to better understand how the port fits into the overall transportation network in Southeast Michigan.

Ferry Service



The DWCPA successfully demonstrated ferry service to Belle Isle from its dock in downtown Detroit serving this past year's 2012 Detroit Grand Prix. Three straight days of sold out service illustrated the public support for such a concept. Numerous meetings were held with Brian Masse, a member of the Canadian Parliament (left) and US Congressman Gary Peters, to better understand the challenges that need to be addressed in Windsor, Ontario and Detroit prior to the start of regular ferry service between the two nations. The DWCPA anticipates spending \$2.4 million in federal funds to formally establish service in 2013.

Michigan Ballast Water Law



The DWCPA spent much of 2012 participating in roundtable discussions about the future of Michigan's ballast water law. Restricting and prohibiting exports from the docks of Michigan, the DWCPA contributed as an industry partner, and advocate for its port constituent, testifying at numerous legislative hearings. The Detroit Regional Chamber of Commerce has also played an active role in finding a solution to this issue. The DWCPA plans to continue to serve as an advocate for the Port of Detroit in looking at ways to bring Michigan's law into consistency with its fellow Great Lakes neighboring states, while advancing the agenda to facilitate more exported product from the State of Michigan.

Goals and Potential Projects: 2013-2017

Structured Financing Program Growth

The DWCPA will introduce new legislation in 2013 that will enhance the current Port Authority Act. This will allow for increased participation and effectiveness for its structured financing program. The proposed legislation will bring the DWCPA up to par with neighboring states and their respective port authorities. The result will generate new revenue streams for the DWCPA that will provide future self-sufficiency and investment for port infrastructure and other waterfront redevelopment activities.

Port of Detroit Marine Terminal Investment

The DWCPA has determined that approximately \$32 million worth of investment is needed at the City of Detroit's only remaining general cargo facility in order to accommodate a diversified cargo base and increased shipments into and out of the Port of Detroit. Projects include a recapping of the surface deck, demolition of a vacant and functionally obsolete ten-story warehouse, and construction of a rail spur in order to handle alternative energy components and grain exports.

Public Dock & Terminal Operations Plan and Ferry Service

Port Detroit, Public Dock & Terminal will see its second full season of shipping activity in 2013. Highlights will include visits from the 138 passenger MV Yorktown, and possible new visits from the 400 passenger MV Hamburg, cruise ships and numerous dockings by the Infinity and Ovation dinner cruisers. Tall ships utilized the dock in June in coordination with the annual River Days festival. Cross-border ferry service will continue to be studied with the hopes of implementing a \$2.4 million Ferry Boat Discretionary grant program.

Expansion of Regional Foreign-Trade Zones

2013 will bring continued administration and implementation of the Greater Detroit Foreign Trade Zone (GDFTZ). The GDFTZ program erases barriers to trade by companies that are importing from foreign countries. Foreign-trade zones help keep U.S.-based companies competitive in the global marketplace.

Short-Sea Shipping

The DWCPA is developing two short-sea shipping projects that could provide Southeast Michigan a glimpse of future transportation options using our Great Lakes system. One, a commercial shipping project, and the other, a passenger ferry service, both fall in-line with President Obama's, and Transportation Secretary Ray LaHood's, Marine Highway plans. The Marine Highway program, administered by the Maritime Administration, seeks to relieve

congested highways by transferring cargo to ship for transit throughout our nation's inland waterway system.

DWCPA Revolving Loan Fund

2013 will kick-start the DWCPA's new EPA-funded Revolving Loan Fund (RLF) program. Complementing the brownfield assessment program that the DWCPA has administered since 2004, the newly established RLF program will allow the DWCPA to participate in actual brownfield remediation activities.

Federal Transportation, Community, and System Preservation (TCSP) Grant

This project consists of an inventory of land use within the Port of Detroit, which in turn will identify where opportunities exist for future investment in commercial activity, brownfield redevelopment, habitat restoration, and recreation. Beyond an inventory of land and uses, a more sophisticated means of sharing information will be created that allows for quick viewing and data transfer across multiple levels of local and state government, as well as private industry, to spur additional investment and inform planning and development efforts. Ultimately, this work will position the Port of Detroit to continue operating as it was founded, as a port, but also chart a direction for future growth and success.

Port of Detroit Stakeholder Outreach

The DWCPA continued its series of port terminal stakeholder outreach meetings in 2012, and will continue to do so throughout 2013. Dialogue at the meeting has led to additional strategy sessions with port terminal operators as to how best the DWCPA can assist them in their operations. Potential projects for 2013 include capital financing and habitat restoration projects with companies like Severstal Steel NA and Marathon.

Regional Representative on Important Transportation Policy Initiatives

- **Michigan Port Collaborative**
The Michigan Port Collaborative (MPC) is comprised of representatives from over 100 port communities throughout the lower and upper peninsula's of Michigan. With support from the Governor's Office, Department of Transportation, Department of Natural Resources and Department of Environmental Quality, the MPC seeks to advocate policy and secure financial resources for its member communities in Lansing and Washington, D.C.
- **U.S. Coast Guard, Southeast Michigan Area Maritime Security Committee**
The Port of Detroit, Area Maritime Security Committee, and their executive bodies, provide the Federal Maritime Security Coordinators (FMSC) with advice on identification and mitigation of threats, serve as a link between law enforcement agencies and ship and marine terminal operators to communicate threat information and change Maritime Security levels (MARSEC) to respond to threats, and assist the FMSC with maintenance of the Area Maritime Security Plan (AMSP). The DWCPA serves on the Executive Committee.
- **American Association of Port Authorities (AAPA).**
The DWCPA has staff representatives who participate on the Cruise, Finance and Public Relations Committees. The AAPA is an alliance of 160 of the leading seaport authorities in the United States, Canada, Latin America and the Caribbean and more than 300 sustaining and associate member, firms and individuals with an interest in seaports. The four goals of its mission are: to advocate governmental policies that strengthen and expand opportunities for member ports, to advance professionalism in all facets of port management and operations, to promote information-sharing and relationship-building opportunities for all members and to achieve greater understanding of the essential role and economic value of ports.
- **The International Propeller Club of the United States-Port of Detroit.**
Annually, the DWCPA celebrates the opening of the Port of Detroit with the Port of Detroit Chapter by co-hosting a luncheon honoring the arrival of the first ocean going vessel. The DWCPA gives the "State of the Port" address at this luncheon and awards the coveted J.L. Hudson Award to the ship's agent. Many of the DWCPA staff are active members of the Port of Detroit chapter and participate in their educational forums. The Propeller Club, a grass-roots, non-profit organization, is dedicated to the promotion of United States domestic and international waterborne commerce, and to the enhancement and well being of the maritime industry on a national and international basis. Its goal is to educate government officials, the media, and the public as to the importance and necessity of a strong merchant marine and maritime industry.
- **Waterborne Transportation Action Group (Detroit Regional Chamber)**

This group was formed by the Detroit Regional Chamber to advocate for transportation policy and infrastructure improvements that will enhance the overall business climate and quality of life in the Detroit region. This select group of key transportation and business stakeholders, which includes the DWCPA, seeks to formulate a comprehensive strategy to establish the Detroit region as a viable Midwest multi-modal transportation center that is competitive in the global marketplace.

- **NBEST (Detroit Regional Chamber)**

The DWCPA also participates on the Northern Border for Economic Security and Trade (NBEST), a bi-national coalition of public and private-sector stakeholders, created by the Detroit Regional Chamber, dedicated to improving efficiency at our Canadian border crossings.

- **American Great Lakes Ports Association (AGLP)**

The American Great Lakes Ports Association (AGLP) is an organization representing the interests of the public port authorities on the U.S. side of the Great Lakes. The organization works to inform and influence public policies, primarily at the federal level, that foster maritime commerce and related employment in the Great Lakes region. The DWCPA has represented the Southeast Michigan area since its inception in the late 1970s.

- **Southeast Michigan Coastal Zone Committee (U.S. Coast Guard)**

The DWCPA was recently asked to serve on the Coastal Zone Committee of the U.S. Coast Guard, which will look at several policy initiatives that affect security and infrastructure along our waterfront. One such issue is the introduction of the Transportation Worker Identification Credential (TWIC), a credentialing system for maritime workers who require unescorted access to secure areas of port facilities and vessels regulated under the Maritime Transportation Security Act.

- **Detroit/ St. Clair River Working Group**

This working group, which includes representatives from the DWCPA, focuses on the St. Clair River–Lake St. Clair–Detroit River Corridor, and the many issues affecting its health ranging from fishing, to recreational boating, and from drinking water to commercial navigation.

- **Great Lakes Maritime Task Force**

The Great Lakes Maritime Task Force was founded in November of 1992 to promote a strong U.S.-Flag Merchant Marine on the Great Lakes. Its labor/management membership comprise representatives from the domestic and international trades and encompasses carriers, maritime unions, longshoremen, shipyards, dredging companies, terminal operators, and port authorities, including the Detroit/Wayne County Port Authority. The Great Lakes Maritime Task Force is dedicated to increasing all kinds of trade on the Great Lakes to promote job creation.

- **Transportation Research Board**

The Transportation Research Board (TRB) is a division of the National Research Council, which serves as an independent adviser to the federal government and others on scientific and technical questions of national importance. The National Research Council is jointly administered by the National Academy of Sciences, the National Academy of Engineering,

and the Institute of Medicine. The mission of the Transportation Research Board—one of six major divisions of the National Research Council—is to promote innovation and progress in transportation through research. The DWCPA provides input and information in various capacities with this research group.