



DETROIT/WAYNE COUNTY PORT AUTHORITY
MICHIGAN'S INTERMODAL GATEWAY

BUREAU OF URBAN & PUBLIC TRANSPORTATION
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 KAZMIERSKI FILE

January 13, 2000

Mr. Philip F. Kazmierski
Michigan Department of Transportation
425 West Ottawa Building
P.O. Box 30050
Lansing, MI 48909

Dear Mr. Kazmierski:

Pursuant to Act No. 136, Public Acts of 1999, Section 712, I am enclosing both the Detroit/Wayne County Port Authority's operation's assessment statement and the 1999 financial disclosure statement.

This assessment includes operational goals for the next five years and various port-related recommendations with developmental efficiencies.

If you have any questions, please do not hesitate to contact me.

Sincerely,

John Jamian
Executive Director

Detroit/Wayne County
Port Authority
Michigan's Intermodal Gateway

Operation's Assessment
5-Year Work Plan

2000/2001

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Executive Summary

The Detroit/Wayne County Port Authority (DWCPA) established new leadership in January of 1998 when the Board of Directors appointed John Jamian the Executive Director. Accordingly a new strategy for development was established that redefines the direction the DWCPA is taking. This Work Plan provides a brief history of the port, its impact on the region and State and specific projects, both short and long term, the Port Authority is developing. The intent is for this document is to give a framework to current DWCPA initiatives.

The mission of the Port Authority is to plan, develop and foster economic growth within Southeast Michigan. Traditionally the marketing and promotional arm for the Port of Detroit, the DWCPA now is looking to broaden its horizons in becoming a complementary planning agency within the region and State. Comprehensive port goals stress the importance of adding collaborative pieces to the complex puzzle of effective riverfront redevelopment. The Work Plan also outlines goals and summaries for the three main strategic components of the Port Authority: Economic Development, Recreation and Environment.

Further, a section on the Port of Detroit's economic impacts defines the true value of commerce and trade in Southeast Michigan. The Port of Detroit contributes an estimated \$490 million dollars from waterborne commerce to the regional economy through jobs, taxes and business revenue. The Journal of Commerce listed the Port of Detroit as the second most valuable port in the nation (through all forms of commerce) only behind Long Beach, California, worth approximately \$85 billion dollars. Detroit's links to our nation's largest trading partner, Canada, see roughly 2.2 million trucks annually. Trade with Canada via Detroit produces close to \$7 billion dollars, or 70% of total U.S. trade with Canada. These numbers reflect the importance trade and commerce has in our region, and illustrates how important Detroit, Michigan is nationally. The DWCPA will analyze the economic impacts further and make these figures easily accessible in order to promote further growth and attract future business to the area.

Besides educating and marketing the value our intermodal connection is to the economy, the DWCPA seeks to contribute its development capabilities as a part of regional planning initiatives. The Port Authority finds it vital to maintain and preserve current port facilities in order to sustain the strength of current output levels. Further, development of Detroit's first passenger cruise terminal has already been appropriated six million dollars from the federal government and should be completed by the year 2000. Cruising the Great Lakes has returned after a 30 year departure from Detroit. The Port Authority will use this new passenger terminal as a welcome center for future visits from these magnificent cruise vessels. This development not only enhances Detroit's standing as a tourist destination, but provides tangible evidence that riverfront redevelopment is underway. Other projects include adequate dredging of the Detroit River to provide efficient access for large freighters and cruise vessels. Improving our border crossing effectiveness through federal grants and funding alternatives. Also, developing an

electronic port accessible over the Internet that provides a wealth of information for citizens, businesses or anyone else interested in port initiatives.

The Detroit River is gaining increased visibility with the recent designation as American Heritage River status. Logically this calls for increased assistance and management of Detroit's most marketable resource. In the long-term, the DWCPA sees itself becoming the lead agency for preserving and building upon maritime interests, and a complementary component for waterfront redevelopment. General bonding capabilities provide the DWCPA's funding sources with an alternative financing mechanism that divides capital debt. Such bonding capacity has never before been utilized but is currently being studied and marketed for future economic development projects that can benefit Southeast Michigan.

The Port Authority, as in other major cities, can be a very effective development partner. Further, as the only planning agency that can contribute expertise in marketing maritime and port related initiatives, the DWCPA seeks to enhance its participation in waterfront redevelopment management.

Introduction

A. HISTORY OF THE PORT

Detroit, “the gateway to the West” was founded in 1701. Immediately envisioned as a major trading center, it became a central location for valuable commodities imported and exported from all directions. The logistical importance of Detroit, then a tiny outpost located at the southern tip of what is now Griswold, was recognized by Antoine de La Mothe Cadillac. He saw a vital link for such valuable commodities as forest products, soil, and various mining materials. More prominently, Detroit quickly became known as a lucrative fur-trading center. The West Coast supplied daily shipments of timber, wool and field products, while the East Coast continued the production of various manufactured goods. Combined, they both utilized Detroit as a natural location for transshipment. Added to the scheme were valuable discoveries of copper, iron ore and limestone in Northern Michigan, as well as crucial supplies of coal in the South. With these discoveries in place, Detroit’s status rose dramatically, and shipbuilders and storage companies began to position themselves along the Detroit River. Emerged from these developments came the steel industry, thus the roots for the world’s automotive birthplace. Cadillac’s small French trading post was eventually transformed into one of the world’s most notable manufacturing centers.

B. ENABLING LEGISLATION

The automotive companies maintained Detroit in strong shipping position in the decades that followed. The Port enabling legislation was revised in 1978 to permit the creation of the Port Authority, with Henry Ford II the first chairman of the board.

The original Port Authority Act¹ from 1978 allows the DWCPA to,

“do all acts and things necessary or convenient to promote and increase commerce and recreation within [DWCPA’s] territorial jurisdiction and carry out the powers expressly granted and any powers implied or necessary for the exercise of powers expressly granted in this act.”

Further, those powers granted in the legislation include the following,

“Enter into contracts for the acquisition, improvement, enlargement, or extension of port facilities.”

“Acquire construct, reconstruct, rehabilitate, improve, maintain, lease as lessor or as lessee, repair or operate port facilities within its territorial jurisdiction, including the dredging of channels, and turning basins and the filling of land.”

¹ State of Michigan Hertel-Law T. Stopczynski Port Authority Act, Act 639 of 1978)

With this enabling legislation, the Port Authority seeks to complement City, County and State initiatives as they relate to future economic development through our region, by taking a more active role in developing property within Southeast Michigan. Further, these development powers have prepared the DWCPA to more effectively complement goals by our funding sources to improve intermodal capabilities. The DWCPA also administers the Greater Detroit Foreign Trade Zone, Inc., a separate non-profit organization responsible for licensing duty free locations available to store or distribute foreign or domestic products.

Effective utilization of the Port Authority increases access to potential funding sources, and provides the City, County and State with another agency to administer and finance important development projects along the waterfront.

C. MISSION STATEMENT / GOALS AND OBJECTIVES

The Mission of the DWCPA is to plan, develop and foster economic and recreational growth, through environmental stewardship, in promoting Detroit and Southeast Michigan as an import/export freight transportation and distribution hub for the U.S., Canada and the World marketplace.

The DWCPA will accomplish this task as a performance-based agency by providing logistical, marketing, bonding, educational and integrated support services to the intermodal transportation industry (air, water, rail and trucking) based around the Great Lakes, Seaway and foreign trade zone area. The DWCPA objective for developing this Work Plan is to produce an interim document, during our strategic planning process, that identifies our Port's mission, goals and objectives, economic impact on the community and specific projects planned or currently undertaken. It is the intent of the DWCPA for this document to serve as a guide for future Port activities while the strategic plan is being developed. All projects are geared toward a combination of three development areas: economic development, recreation/tourism and environmental stewardship as outlined on the following pages.

Recommendations 2000/2001

Comprehensive Port Goals

1. Build and maintain relationships among all three funding sources (City of Detroit, Wayne County and the State of Michigan) to ensure that our strategic visions are compatible.
2. Develop and enhance the credibility of the Port Authority by aggressively marketing and educating regional government agencies, industries and academic institutions of our mission, goals and value to the economy.
3. Carve out a more defined niche within the larger planning and development arena that does not duplicate efforts by other agencies, thus utilizing our services more effectively.
4. Collaborate, where appropriate, with other planning and development agencies to establish working partnerships that enhance trade and commerce for the region.
5. Obtain strong political support, finances and personnel so that we can implement port projects that bring new business opportunities, fueling our global competitiveness.

Economic Development

1. Create comprehensive, easily obtainable documentation that provides all types of information needed to research or establish feasibility of service for international or domestic customers.
2. Pursue revenue generating economic development projects, beneficial to the citizens of Michigan, which provide for greater financial independence.
3. Increase domestic and international commerce by evaluating potential markets, participating in improved cross-border trade and expanding the influence and services of the Greater Detroit Free Trade Zone.
4. Lobby and support our congressional delegation to appropriate our fair share of federal economic development funds toward Saint Lawrence Seaway/Great Lakes transportation system development initiatives.
5. Continue involvement in the development of complete intermodal capabilities.

The DWCPA is in the process of establishing a working database that will help estimate and project current market trends of the Port of Detroit, as well as ports in direct competition. This database will allow for more precise marketing strategies by tracking commodities through the Great Lakes. The Port Authority is also creating a comprehensive Port Handbook that will organize listings of all activities related to shipping goods in and out of our port system. Within the handbook will be costs and fees related to shipping, handling and storing products. The handbook will also contain important numbers and contacts for any special needs that customers may be confronted with. Long-range, the DWCPA will organize a strategic planning process that encompasses physical capabilities of our port system, as well as specific targets for market growth. Continued use and updating of our Port Authority web site will further enhance efforts to educate and inform those interested in learning more about our transportation system. The DWCPA will continue to improve our education efforts regarding our mission to develop into a more effective planning agency by utilizing technology as a medium of communication.

Land Acquisition

In order to maintain and encourage growth in our manufacturing industry, the DWCPA makes it a priority to seek and preserve valuable industrially zoned property. The Port Authority's enabling legislation allows the Port to undertake land purchases that help promote the flow of domestic and international commerce. Preserving current dock facilities and adjacent port property allows the Port to aggressively market our region with tangible facilities and infrastructure keeping Detroit and Southeast Michigan one of our countries largest ports. Projects have been extremely successful in other competitive port cities like Cleveland where they used their development powers to finance such projects as the Rock and Roll Hall of Fame, and the new Cleveland Browns football stadium. The DWCPA's main interests are industrial projects that further secure growth in employment and a strong revenue base for our region. The Port Authority remains committed to working with the State of Michigan, Wayne County and the City of Detroit in assisting in waterfront development.

The Authority also seeks to enhance its role in facilitating the resolution of cross-border transportation and trade issues that affect the City of Detroit, the business community and its citizens. The DWCPA fully supports the efforts of Congressman Fred Upton and Senator Spencer Abraham to facilitate a more efficient flow of traffic through Detroit-Windsor connection. We feel it necessary to remove unnecessary impediments that clog traffic through this vital international link in order to encourage future business and tourism demand.

The DWCPA continues to be supportive of a proposed new Detroit-Windsor rail tunnel that will allow for state-of-the-art freight cars with higher clearance needs. Canadian Pacific is seeking to open a second tunnel next to the current rail line underneath the Detroit River, which will provide a direct access route to East Coast ports via Detroit. Such development fills another component of complete intermodal capabilities.

Economic development projects such as these can be carried out in Detroit. However, effective utilization by outside planning and development agencies needs to be encouraged. The Port Authority feels it is imperative to educate and market our development capabilities to those directly involved in the effort to improve Greater Detroit's economic standing and visibility along with its complete transportation system.

Recreational

1. Continue developing the Great Lakes and City of Detroit as a sustainable port of call for the cruising industry.
2. Collaborate with agencies dedicated to promoting tourism and increased recreational access in order to explore new opportunities for DWCPA involvement, while enhancing the promotion of current DWCPA recreational projects.
3. Create a unique identity for the region by educating visitors along the 32-mile Detroit waterfront of our region's historical significance as it relates to trade and commerce.
4. Partner with the City of Detroit on its riverfront promenade project.

The DWCPA has several recreational goals and accomplishments, aside from commerce, which promote tourism and other forms of activity generating interest in the Detroit Riverfront. Leading these accomplishments is the return of passenger cruise vessels to the Great Lakes. Preliminary findings reveal that for every cruise visit to the Port of Detroit, \$50,000 is directly spent within City limits on hotel space, museum trips, restaurants, tour buses, cab rides and other tourist related expenditures. Redeveloping this industry, which came to a halt in 1967, does more than impact our community economically. It helps renew a worldwide image for the City of Detroit, complementing a larger campaign to promote and attract more tourism to our region.

The Port Authority also wishes to improve access and amenities for the recreational boating industry in Southeast Michigan. Creating better access to marinas, museums and restaurants helps draw attention to the riverfront. At the same time it provides amenities for current residents who wish to share in the splendor of our river.

The DWCPA vision for the riverfront is a blend of recreational and commercial activity linked by visible access from the Ambassador Bridge to Belle Isle. Understanding that the Detroit Riverfront is our most marketable asset, the Port Authority encourages increased access and visibility from strategic points of pedestrian concentration. The DWCPA also encourages the education of visitors about our waterfront's historical significance in trade, as well as about the rich habitats and wildlife it supports. This helps establish our unique identity and contribution to the development of our country that we can promote and be proud of.

An educational alternative within the City of Detroit is the new Sankore Maritime Immersion Institute. The charter high school helps teach those interested in marine biological sciences, the technical requirements needed to specialize in such fields. The DWCPA has been active in partnering with the school through on-going attempts to secure a research vessel (possibly an older naval frigate) through congressional appropriations.

Environmental

1. Collaborate with the United States Army Corps of Engineers to pursue federal funding for select dredging and other river related projects that maintain and enhance our waterways.
2. Communicate regularly with our port terminal operators to identify areas of critical need and other concerns as they relate to sustainable river commerce.
3. Continue leadership involvement with the American Heritage River development team.
4. Establish a collaborative working partnership with the City of Detroit Parks and Recreation Department and the Department of Environmental Quality, through all units of government, for involvement in brownfield and other Clean Michigan initiatives.

Helping maintain adequate environmental standards along the 32-mile Detroit Riverfront is another facet of the DWCPA Work Plan. Working directly with the United States Army Corps of Engineers (ACOE) and our region's terminal operators, the Port Authority seeks to divert a portion of the dredging funds usually ear-marked for East and West coast ports, in order to initiate dredging projects on our own Great Lakes. The DWCPA seeks to be the agency that drafts proposals and secures funding for dredging and soil erosion projects amidst a larger

environmental cleanup plan along the Detroit River. The Port Authority will coordinate its project submission with the ACOE budget cycle. The Port will determine future market trends and how they relate to navigational and harbor depth requirements. By forecasting the possibilities of our future markets, the Port Authority, in collaboration with our terminal operators, will effectively meet the needs of the international community. One successful project recently accomplished with the help of the U.S. Army Corps of Engineers was a shoreline erosion protection project along Belle Isle. Requesting the help of U.S. Congressman Joe Knollenberg, the Port Authority was able to help secure appropriated funds to plan and carry out this project.

Another valuable accomplishment was securing the Detroit River's status as an American Heritage River. The Detroit River was one of fourteen rivers chosen by President Clinton from over 120 applicants nationwide. This designation is expected to help the municipalities along the 32 mile stretch of the Detroit River obtain federal funding more effectively for various river related environmental projects, through a federally appointed River Navigator.

The DWCPA is also establishing a working partnership with the State Department of Environmental Quality as it initiates the recently passed Clean Michigan Initiative. Working closely with the City of Detroit and Wayne County so as to not duplicate efforts, the Port Authority will contribute valuable development powers in order to pursue brownfield redevelopment along the waterfront. Clean Michigan has several other appropriated programs that the Port Authority finds concurrent with their vision, such as park revitalization, river clean-ups and waterfront rehabilitation.

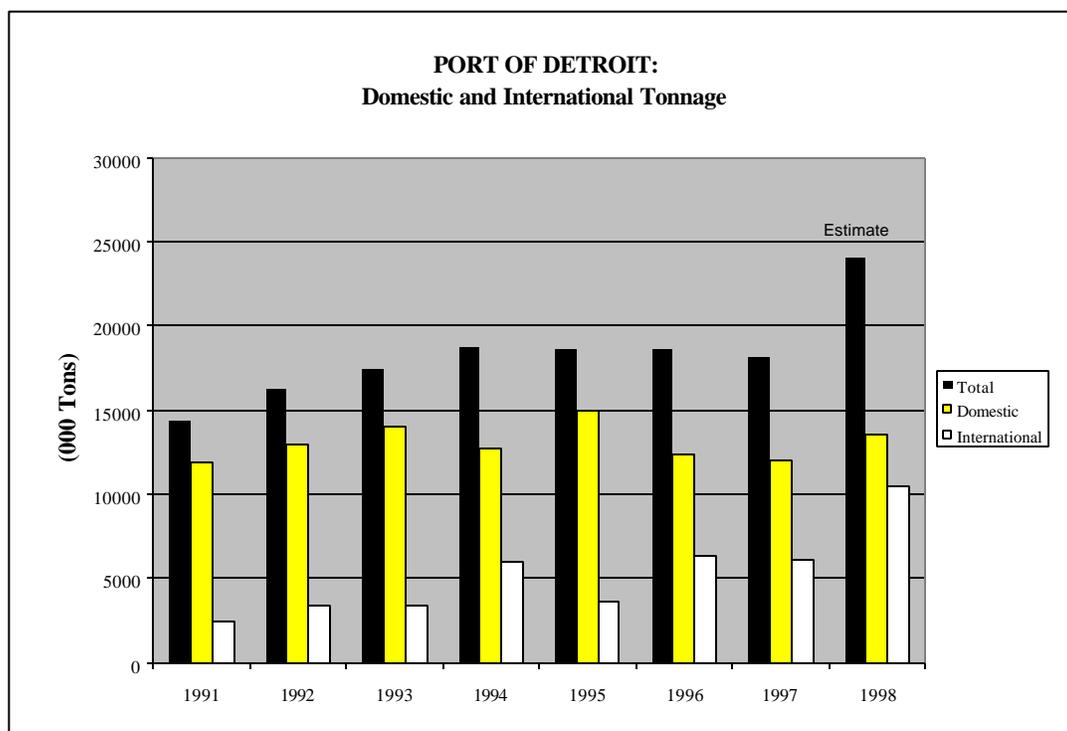
Port of Detroit Economic Impacts

The value of goods that is traded through the Port of Detroit places it second in the United States (according to the Journal of Commerce, 10/20/98). The economic impact that commerce and manufacturing contribute to our region and State is extremely significant. There are numerous ways to illustrate the impact the Port of Detroit offers. Below are a few of the many ways the Port of Detroit affects our lives and economy.

- **PORT OF DETROIT TONNAGE**

The Port of Detroit was responsible for shipping over 20 million tons in 1998. Close to half of the port's waterborne commerce is distributed domestically. 1998 saw a sharp increase in foreign imports. Growth over the last few shipping seasons with all foreign trade partners is due in large part to trade agreements, such as the North American Free Trade Agreement (NAFTA), as well as record levels of production by the automobile industry. Figure-I illustrates tonnage totals over the last eight years.

Figure-I



- **ECONOMIC IMPACTS**

The Detroit/Wayne County Port Authority is currently creating a comprehensive database that will document the economic impacts associated with our port system. This important database will provide port related information to manufacturers, associations, shippers, bankers and public officials. In 1995 the Saint Lawrence Seaway Development Corporation published an overall economic impact statement by studying its 16 most valuable ports, or those that contributed to a combined 80% of Seaway activity. This study stated that the Port of Detroit contributed 6,681 direct jobs and 1,799 induced jobs from Seaway related activity. It also stated that port activity resulted in over \$365 million in total income. Over \$20 million went toward state and local taxes, and over \$105 million resulted in port business revenue. The Port Authority will eventually quantify how distinct commodities directly impact our economy.

- **PORT RECOGNITION**

In 1997, the Detroit/Wayne County Port Authority was awarded the Pacesetter Award by the Saint Lawrence Seaway Development Corporation for the second time in four years. The Pacesetter Award is given to ports that generate an increase in cargo moved via the Saint Lawrence from the previous year. The Port of Detroit was one of only four ports on the Seaway awarded. The 1998 shipping season is expected to land the Port of Detroit its second consecutive award, with a dramatic increase in cargo tonnage from 1997 estimated at increases of near 30%.

The Journal of Commerce (10/20/98) also recognized Detroit as being one of our country's leaders in total value of goods traded. Ranking just behind the Port of Long Beach, California, the Port of Detroit traded over \$85 billion in total goods in 1996, according to the U.S. Census Bureau. These figures are a result of cargo moved through all modes of transport and emphasize the importance of the issues relating to our border crossing with Canada.

These are only brief summaries of select facts describing the valuable and vital contributions that commerce and manufacturing have on our City, County and State. It is a fact that the Port of Detroit is one of the most valuable ports in the country trading over \$85 billion worth of goods a year. We have the busiest border crossing for trade in the nation. The Detroit/Wayne County Port Authority assumes a leadership role in the on-going effort to market and promote these statistical illustrations as a part of its mission.

5-Year Project Planner

Currently, the Detroit/Wayne County Port Authority envisions the following projects as our “high-priority” projects. These projects have the DWCPA actively engaged by addressing one or more of the goals mentioned in the “Introduction” of this Work Plan. These short-term projects are currently operating.

- **PUBLIC DOCK AND TERMINAL**

The Detroit/Wayne County Port Authority’s plan to develop a transient dock facility is innovative and unique as it applies to the Transportation Efficiency Act for the 21st Century (TEA-21) legislation. The legislation emphasizes the need for adequate planning and research as it relates to surface transportation and safety, protecting and enhancing the environment and advancing the economic growth and competitiveness domestically and internationally through efficient and innovative transportation initiatives.

The City of Detroit happens to be one of the only large cities without a transient vessel dock terminal on our waterfront. Combined, the rebirth of cruising the Great Lakes has influenced the DWCPA to act to secure our own passenger terminal, in order to establish Detroit as a port of call. Competitive port cities like Cleveland, Chicago and Toledo have all secured funding and constructed their respective waterfronts for the purpose of attracting a global cruise market.

The DWCPA, with the help of Senator Carl Levin, sought to establish Detroit’s fair share of this growing market. Together they lobbied Congress for federal funds to help develop the Detroit Riverfront. Through TEA-21, six million dollars from the federal government was appropriated to the DWCPA for the purpose of building a transient dock facility that would be home to future cruise liners, visiting naval frigates and other tall ships.

The new port and dock will be a multi-purpose facility that will include new DWCPA offices, and potentially a prominent national restaurant chain. Currently, the City of Detroit lacks an actual dock site for major vessels that come to visit our port. The proposed facility will be able to handle ships of 1,000 tons or more including cruise, naval, ferry and other transient vessels. Integrated within this facility will be a welcome center supplied with various literature and information publicizing our city and region. We would also be interested in integrating an INS and U.S. Customs office within our building.

- **PORT TERMINAL DEVELOPMENT**

The intent of this goal is to ensure the long-term viability of the Port of Detroit by protecting important terminal and dock property. Recently, the City of Detroit condemned Detroit Marine Terminal Dock #1 along the Rouge River, thus eliminating needed space for bulk storage capacity. The DWCPA seeks to protect important docks and terminals to ensure long-term growth for the Port of Detroit. If necessary the Port Authority will acquire current port sites with guaranteed operators, in turn creating another revenue stream for the DWCPA.

If the DWCPA acquires a site, it would invest through a general revenue bond offering, in substantial infrastructure improvements to complete these sites. This includes clearing the sites and making the necessary improvements that will attract new transportation, distribution and warehousing companies, ensuring the region's port viability for the next century.

As technology and markets continue to evolve, the Port of Detroit is increasingly becoming a cost-effective alternative for general bulk, time-sensitive and container cargoes. The DWCPA plans to market these sites in conjunction with a larger feeder port terminal much like the European Hub port system. These revamped distribution components will focus attention on Detroit as a destination port and transshipment hub to the rest of the Great Lakes system.

- **REHABILITATE CURRENT PORT FACILITIES**

This project would preserve and develop existing deep-water ports by initiating the planning and support of the Detroit/Wayne County Port Authority. Several different State and City planning and development agencies have expressed interest in assisting the Port Authority, including the Michigan Jobs Commission, Detroit Renaissance, Detroit Edison and the Detroit Regional Chamber. This group is currently identifying sites that have the potential to expand to upwards of 40 acres for heavy industrial use.

Engaging several key city agencies who believe there is a need in the City of Detroit for an Industrial Park offering buildings in the 30,000 to 100,000 square foot range, the DWCPA could create a separate revenue stream through potential tenants. Thus, the DWCPA could facilitate a land/water transfer facility for international trade fulfilling its mission in developing and ensuring the provision of transportation facilities and services in metropolitan Detroit.

The potential for development within the boundaries of our federally designated empowerment zone is also being pursued by the DWCPA. Rehabilitating current dock facilities and leasing them out within the zone would bring employment and revenue to the area.

- **COMMODITY IDENTIFICATION**

The Detroit/Wayne County Port Authority has established a partnership with the Port Import Export Tracking Service (PIERS), the research subsidiary of the Journal of Commerce. The purpose of contracting PIERS service is primarily for commodity tracking.

Through the PIERS service, the DWCPA will be able to study what commodities are coming in and out of our port system. The service will also allow us to know which Detroit/Wayne County terminals are being utilized and when, the value of those shipments and tonnage of cargoes. Eventually the studies will encompass similar descriptions for the Port of Cleveland and Port of Toledo.

The purpose of obtaining such studies will allow the DWCPA to analyze and track commodity trends as they pertain to waterborne commerce. Such tracking will provide a basis for potential growth or de-emphasis in particular cargoes. These studies will greatly contribute to the DWCPA's marketing efforts and recruitment of international business and assist other agencies in marketing and retaining businesses in this region.

- **DREDGING PROJECTS**

The Detroit/Wayne County Port Authority has established a collaborative working agreement with the United States Army Corps of Engineers (ACOE), Detroit District. The purpose is to coordinate the needs of government and industry on important dredging or other environmental river related issues and to assist the ACOE in their federal budget requests for the next few fiscal years. In 1999, the DWCPA secured authorization under the Water Resources Development Act of 1999 for \$1 million in seawall and shoreline rehabilitation. Additionally, \$100,000 was authorized for a study to be conducted on a reef in front of Hart Plaza in downtown Detroit, inhibiting navigation into the public plaza.

The majority of federal assistance for dredging projects is sent to coastal ports. Therefore, it is essential for the Port Authority to aggressively attract and secure subsidies for dredging and other river related projects in order to sustain current output levels produced by the Port of Detroit. Without adequate leadership on river maintenance issues, federal assistance would continue to be diverted from our region.

The Army Corps of Engineers provides technical assistance through surveys, soundings, borings, environmental studies or tests and contract award administration and documentation. The Federal government, acting through the Army Corps of Engineers and Port Authority, will enter into an agreement that enlists the engineering and related expertise of the Army Corps for dredging, inspection, consultation and other related activities. Additional funds may become available through Detroit's status as an American Heritage River.

- **INTERMODAL CORRIDORS**

The DWCPA will continue to make our services available to the City, County and State as it relates to the development of Junction Yard. Further, there are ongoing efforts to seek the capabilities of other facilities in Southeast Michigan that may potentially be home to intermodal services. It is the intent of the DWCPA to seek collaborative relationships with other transportation-oriented agencies in studying these alternatives. Recent TEA-21 legislation adds further direction to these initiatives by stressing the importance of improved border crossing processes.

- **DETROIT/WINDSOR RAIL TUNNEL IMPROVEMENTS**

The DWCPA has been actively involved in discussion to construct a new rail tunnel underneath the Detroit River that would link Detroit to Windsor more effectively. In order to meet the requirements of modern day freight capacities. The merger of Canadian National and Illinois Central has sparked Canadian Pacific and Michigan/Ontario Railway to lobby for this new link. Current contract restraints with Canadian National restrict Canadian Pacific from rehabilitating the connection. Canadian National only utilizes the current connection for 2% of their business, thus depicting a monopoly that leaves Detroit without direct access to Montreal and Halifax. We will continue to advocate the construction of a new tunnel to improve access to the coastal markets from this region.

- **ELECTRONIC PORT**

The Detroit/Wayne County Port Authority has initiated development of an interactive electronic port site that will be available for all to view on the Internet. The web site incorporates the numerous calls and requests the Port Authority fields on a daily basis. The site will assist businesses and international industries with common importing/exporting requirements and procedures. The Port Authority, with goals to facilitate interagency communication, will develop the site with easy navigational links to other important agencies related to trade and commerce.

- **CONTINUED LAND BANKING**

The Detroit/Wayne County Port Authority (DWCPA) will continue to pursue other avenues of development that focus on the preservation and growth of facilities related to waterborne commerce. The DWCPA finds it essential to sustain our current manufacturing output levels in order to solidify our current standing as one of our country's most valuable ports. To help this cause further, the DWCPA will study various State loan programs as they relate to brownfield redevelopment such as the Clean Michigan Initiative.

- **BONDING ENHANCEMENT**

The DWCPA will actively pursue how we can establish effective utilization of our bonding capacity. Numerous discussions have centered on the DWCPA being a developer or co-developer of various economic development projects. However, thorough research and feasibility studies need to be accomplished to ensure success. It is the goal of the DWCPA to successfully complete our first bonding project in order to pave the way for future developments that can enhance the economic viability of our region.

- **EQUIPMENT RENTAL PROGRAM**

The DWCPA would eventually like to establish an equipment rental program that can further enhance the agency's revenue stream. Concurrent with our goals to preserve and improve port terminals, we foresee future demand for this business. This program will assist our local terminal operators in having access to important equipment that could be shared. Further, having the appropriate equipment on hand to serve future port terminal tenants is essential in order to attract new customers.

- **DEWIN JOINT VENTURE**

The Detroit-Windsor regional port system could potentially bring two of the richest cargo markets in North America to one port of call. Such consolidation would more efficiently distribute cargo handling and storage capabilities by expanding the services our region can offer. In addition, such a regional port system would enhance the costs and services we can offer by increasing competition. Due to recent developments in Canadian port deregulation, the DWCPA will actively research the feasibility of such a partnership.

- **WATERFRONT PROMENADE**

It is essential that we rehabilitate our waterfront promenade downtown in order to establish a centralized point for visitor attraction. The DWCPA envisions utilizing improved access and waterfront attractiveness as a method for educating visitors to the importance of our river. The City of Detroit was founded on trade and waterborne commerce, and is a habitat for numerous forms of wildlife. We feel that by educating people about our history and its roots in the auto industry's birth, we could carve a defining niche for our City that is unique to the country and world. The DWCPA will continue to make our services available to the City of Detroit in the effort to rebuild our riverfront.

- **STATE AND REGIONAL TRADE MISSIONS**

The DWCPA also finds it essential to promote the efficiency and potentials the Port of Detroit can offer domestically. Trade shows and conferences throughout the state and region will provide the DWCPA with an opportunity to showcase our port system. Armed with renewed vision and goals, the Port Authority will more aggressively pursue potential customers.

- **INCREASED CARGO VOLUME**

The Port of Detroit has successfully attained the Pacesetter Award twice in the last four years thanks to the efficiency and aggressiveness of our port terminals. Issued by the Saint Lawrence Seaway Development Corporation, the Pacesetter Award is issued to the Port that achieves an increase in cargo volume from the previous year. The DWCPA seeks to ensure long-standing viability in cargo tonnage and value through aggressive marketing campaigns and thorough research of potential commodities.

- **EQUIPMENT UPDATING**

The DWCPA will establish itself as a coordinator for the purpose of assessing the conditions and capacities of current port terminal equipment. In order to sustain current output levels it is essential that equipment is updated and modernized to meet the needs for the next century of maritime activity. By assisting our terminal operators, we can facilitate relationships with other government agencies that are able to appropriate adequate funding for the purpose of modernizing current equipment. The DWCPA seeks to maintain our standing as one of the country's most valuable ports.

- **EDUCATIONAL OUTREACH**

By participating in the creation of the Sankore Institute, a charter high school dedicated to the study of maritime and biological sciences, the DWCPA has initiated efforts to educate our next generation about the importance of our river system for our environment and economy. Further efforts to educate the community as to the importance of port activities and environmental stewardship provides a greater appreciation of what our river and region have to offer.

George Johnson
& Company

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INDEPENDENT AUDITORS' REPORT

November 18, 1999

To the Board of Directors
Detroit/Wayne County Port Authority
Detroit, Michigan

We have audited the accompanying balance sheet of Detroit/Wayne County Port Authority as of September 30, 1999, and the related statements of revenue, expenses, and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Detroit/Wayne County Port Authority as of September 30, 1999, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Information as of, and for the year ended, September 30, 1998 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which an unqualified opinion dated November 11, 1998 was expressed.


CERTIFIED PUBLIC ACCOUNTANTS

DETROIT/WAYNE COUNTY PORT AUTHORITY

BALANCE SHEETS

30, 1999

(With Comparative Totals as of September 30, 1998)

	1999		Total All Funds	
	General Fund	Property and Equipment Fund	1999	1998
ASSETS				
Current Assets:				
Cash	\$ 189,504	\$ -0-	\$ 189,504	\$ 100,376
Accounts receivable (no allowance considered necessary)	63,805		63,805	144,528
Prepaid expenses	10,138		10,138	8,741
Total Current Assets	263,447	-0-	263,447	253,645
Other Assets:				
Property and equipment (Note C)		831,599	831,599	863,765
Deposits	13,000		13,000	13,000
Total Other Assets	13,000	831,599	844,599	876,765
Total Assets	\$ 276,447	\$ 831,599	\$ 1,108,046	\$ 1,130,410
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Leases payable - current portion (Note D)	\$ -0-	\$ 11,026	\$ 11,026	\$ 7,301
Accounts payable	29,315		29,315	21,994
Accrued expenses	37,131		37,131	31,531
Total Current Liabilities	66,446	11,026	77,472	60,826
Long-Term Liabilities:				
Leases payable (net of current portion) (Note D)		834,175	834,175	845,563
Total Liabilities	66,446	845,201	911,647	906,389
Fund Balances (Deficiencies)	210,001	(13,602)	196,399	224,021
Total Liabilities and Fund Balances	\$ 276,447	\$ 831,599	\$ 1,108,046	\$ 1,130,410

See notes to **financial** statements.