



DETROIT/WAYNE COUNTY PORT AUTHORITY

2011 Operational Assessment

March 28, 2011

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 the waterfront.

Priorities:

1. Promote growth at the Port of Detroit by sustaining our economic viability and developing new markets for export and trade
2. Market and implement creative structured financing solutions using the DWCPA's bonding capacity for fixed assets that comply with our enabling legislation
3. Finalize and begin operations of the Public Dock & Terminal at the foot of Bates Street, and adjacent to the General Motors World Headquarters, on the downtown Detroit waterfront, which will ultimately create new maritime activities for the citizens of Detroit and Southeast Michigan
4. Address homeland security gaps throughout the Port of Detroit by making strategic investments, offering specialized training, and facilitating greater coordination and communication across 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 foreign countries interested in conducting business in Metropolitan Detroit

2010 Accomplishments

Public Dock & Terminal Project



In 2010, the DWCPA's new Public Dock & Terminal building on the downtown Detroit waterfront neared completion. Final construction includes the development of a 225' off-shore wharf to be completed in May of 2011. The project anticipates a grand opening of June 2011, and has already received requests from Great Lakes cruise ships to dock in July of 2011.

The project includes the development of a 21,000 square foot terminal building to include U.S. Customs & Border Protection. The facility will also include the Detroit/Wayne County Port Authority and several thousand square feet of passenger processing areas and public space.

The inclusion of U.S. Customs allows the DWCPA to negotiate the development of cross border ferry service between Detroit and Windsor, Ontario. The project was named one of eight nationally under the U.S. Maritime Administration's, Marine Highway Program, which seeks to move people and/or cargo by water, and off our nation's most congested corridors.

U.S. EPA Brownfield Program



The DWCPA, through formalized partnerships with the City of Detroit Department of Environmental Affairs and Wayne County's Brownfield Redevelopment Authority, continues to lend technical assistance to developers of brownfield projects throughout Detroit and Wayne County. To date, \$1.2 million has been spent and/or obligated to market rate and non-profit projects. Due to the success of the program, the DWCPA was awarded a \$1 million revolving loan fund in 2010, which it plans to implement in 2011.

Users of Program:

- Southwest Housing – multiple projects highlighted by Piquette Square for homeless vets
- Focus:HOPE – \$10m community revitalization plan for Oakman East neighborhood
- Globe Building – Market-rate condos adjacent to State Park leveraging \$200K City cleanup
- Power of Green Housing – innovative housing project using old shipping containers
- Hantz Farms – Urban agriculture initiative on Detroit's northeast side

Port of Detroit – Fifth Full Season



2010 marked the fifth full year of operations at the Port of Detroit Marine Terminals, at the foot of Clark Street in southwest Detroit. 2010 saw 57 vessels, from over one half dozen countries, call on the Port of Detroit resulting in approximately 350,000 tons of steel products (375,000 including Ecorse). Challenging economic times continue to stunt growth at the Port of Detroit's general cargo facilities. The DWPCA was successful securing a \$500,000 grant from the Federal Railroad Administration, which will better connect the Port of Detroit to our freight rail system, providing true multi-modal options in southwest Detroit. The DWCPA also secured an additional \$250,000 for a new inventory management system for products coming into the Port of Detroit from abroad. The Port of Detroit, as a whole, continues to see approximately 17 million in total cargo tonnage across 28 private terminals including Marathon, BP, Severstal NA and U.S. Steel.



U.S. DHS Port Security Grants



As the Fiduciary Agency for all U.S. Department of Homeland Security, Port Security Grant funding, the DWPCA continued to help make strategic investments in security infrastructure at the Port of Detroit that reduces the gaps in vulnerability. Having completed a Port-Wide Risk Assessment in 2009, the DWCPA will continue to work with its partner agencies that include, but are not limited to, the City of Detroit Department of Homeland Security, Wayne County Homeland Security and the Michigan State Police. Since the final report was issued, the DWCPA has obligated over \$4 million in funding for strategic investments that include surveillance, water-based patrols and increased security at high-priority waterfront sites.

U.S. Department of Commerce, NOAA Marine Debris Removal Grant



The DWCPA, in partnership with the Friends of the Rouge River, Southwest Detroit Environmental Vision, and City of Dearborn, secured \$150,000 from the National Oceanic and Atmospheric Association's, Great Lakes Restoration Act to remove twelve abandon vessels from the Rouge River around Fordson Island. This island is half-way between the Rouge River turning basin at the Ford Rouge facility and the mouth of the Rouge River, which connects at the Detroit River. These vessels contain some harmful substances that were of threat to the surrounding habitat, but also made for an eyesore and dumping ground to the adjacent neighborhood.

Detroit River – Hydrokinetic Energy Project



The DWCPA, in partnership with Vortex Hydro Energy out of Ann Arbor, Michigan, helped pursue funding that eventually was awarded from the U.S. Department of Defense to develop an off-shore alternative energy system. Together, the partnership was awarded \$1.6 million by the U.S. Department of Defense for the pilot demonstration which took place in 2010 within the St. Clair River. Information was gathered that will eventually lead to a revised device to be deployed again in 2011 for additional testing.

Great Lakes Cruising, Ferry and Other Transient Vessels



The DWCPA will continue to be the leading agency within Michigan actively promoting and marketing Detroit and Wayne County as a port of call for the various cruise ships within the Great Lakes system, in large part due to its role chairing the Great Lakes Cruising Coalition. Additional efforts have been made to establish ferry service from its future headquarters facility. Other vessels such as tall ships, dinner boats and potentially eco-tourism charters are being targeted, as well.

Greater Detroit Foreign Trade Zone



The DWCPA will continue to administer the Greater Detroit Foreign Trade Zone (GDFTZ) program. 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.

Michigan Port Collaborative



The DWCPA continues to play a leadership role by Chairing the Michigan Port Collaborative, which incorporated itself as a 501(c)3 and (c)4 organization this past year. The Michigan Port Collaborative (MPC) seeks to advocate policy and secure funds that are critical for the advancement of our ports throughout Michigan. The MPC has identified over 100 port communities across both peninsulas. Successful conferences were had in Muskegon and Lansing, with listening sessions in Marquette, Sault Ste. Marie and Alpena. The MPC is advancing policy that would eliminate the Harbor Maintenance Tax for non-bulk cargoes, namely alternative energy components. It has also been successful engaging U.S. Customs on current regulations that discourage Great Lakes cruising.

ARRA MDEQ Clean Diesel



The DWCPA applied and was awarded \$400,000 by the Michigan Department of Environmental Quality (MDEQ), through their Michigan Clean Diesel Initiative (MCDI). This funding was made possible by the U.S. Environmental Protection Agency (EPA), through the American Recovery and Reinvestment Act (ARRA), to retrofit eight diesel engines on aerial lift equipment owned by Nicholson Terminal & Dock Co., and to retrofit diesel engines on a tugboat, ferry and two generator sets at Waterfront Petroleum, both located within the Port of Detroit. Work was done throughout 2010 and will wrap up in January of 2011. The DWPCA plans to market the program to the other 27 terminal operators throughout the Port of Detroit.

Goals and Potential Projects in 2010

Structured Financing Program Growth

The DWCPA will seek to enhance its structured financing program in 2010 through better coordination and communication with the Detroit Economic Growth Corporation, Wayne County Economic Development and the Michigan Economic Development Corporation. More targeted outreach will occur to the greater port and maritime community for potential capital asset financing in support of greater cargo diversification, equipment upgrades and portfield redevelopment. Additional research and education will continue on the DWCPA enabling legislation, and ways to make it more effective at attracting investment to the City of Detroit and surrounding community.

Port of Detroit Enhancement and Retrofitting for New Economy Industries

The DWCPA will continue to pursue funding to enhance its general cargo facility in southwest Detroit. Funding was secured in the fiscal year 2010 federal Transportation bill to revitalize a functionally obsolete rail spur into the port, which will allow for the eventual movement of various bulk, agricultural and containerized cargoes. This investment could potentially allow for the movement of alternative energy components too big to be moved by truck. Additional investment is being sought to retrofit a vacant ten-story warehouse on site in order to accommodate agricultural commodity storage. Additional investments include, but are not limited to the relocation of entry points from Scotten to Clark Street, warehouse improvements and seawall repair work.

Public Dock & Terminal Operations Plan

The DWCPA has begun outlining an Operations and Marketing Plan for its new Public Dock & Terminal facility. Discussions are ongoing for a potential ferry and water taxi service. More than 5,000 healthcare workers cross the border daily to fulfill duties within the local hospitals of metropolitan Detroit. Such dedicated service could realize significant cost-saving for local hospitals, but also fulfill the need for redundancy at the port should a major breach in border security occur. Additionally, the DWCPA will seek to book excursions either coming to, or departing from, its new facility by cruise ships. There are 120 vessels in the world that are small and narrow enough to traverse all fifteen sets of Great Lakes/St. Lawrence Seaway locks. Further, due to an anticipated presence by U.S. Customs and Border Patrol, a small-boat inspection facility will be established for those residents seeking to cross the border into Canada by vessel.

Expansion of Regional Foreign-Trade Zones

2010 will bring continued administration and implementation of the Greater Detroit Foreign Trade Zone (GDFTZ). The GDFTZ program erases duties paid by companies who are importing parts from various foreign countries overseas. The end product is taxed once, rather than multiple times, if the end product uses parts from various overseas companies.

Homeland Security

The Port of Detroit was elevated in risk assessment by the U.S. Department of Homeland Security in fiscal year 2008. This elevation translates to an annual appropriation to the Port of Detroit, through the DWCPA, who will act as Fiduciary Agent for the Port Security Grant Program. The DWCPA will assist the U.S. Coast Guard, Ninth District, and the many other stakeholders who comprise the Area Maritime Security Committee, in spending their allotment of federal funding on initiatives developed from the Risk Mitigation Plan expected to be finalized in early 2010. The initiatives include a combination of training and capital investment throughout the Port of Detroit. Further, the DWCPA will play a critical role in brokering improved communication across the multiple federal, bi-national and local security agencies, in order to better incorporate the maritime community into existing security initiatives. Further, the DWCPA will incorporate its homeland security goals with the University of Detroit's Center for Cyber Security on Intelligence Studies under its Department of Criminal Justice.

Short-Sea Shipping

The DWCPA, with its many partners through the maritime community at the Port of Detroit, will seek out opportunities for short-sea shipping growth at the Port of Detroit. Short-sea shipping utilizes the deeper ports of the upper-St. Lawrence Seaway System to bring in larger containerized traffic that can be off-loaded to barge. Barge traffic can more easily navigate the shallower waters of the system, while maintaining size requirements to transit the fifteen sets of locks throughout the St. Lawrence Seaway System. The DWCPA, and the American Great Lakes Ports Association, believe there to be potential for growth of our port facilities by encouraging such intermodal, and shipping, connections.

Small Business Development Initiative

The Marketing and Economic Development Divisions of the DWCPA will formulate goals and objectives that would create and promote a small-business development program that would create jobs within Metropolitan Detroit. This initiative would seek to develop entrepreneurial opportunities within the fields of transportation, tourism, homeland security, and environmental engineering, all in line with current programs that the DWCPA administers.

Regional Representative on Important Transportation Policy Initiatives

- **Michigan Port Collaborative**

The Michigan Port Collaborative (MPC) is a newly forming organization comprised of representatives from all 92 port communities throughout the lower and upper peninsula's of Michigan. With support from the Governor's Office, Department of Transportation and Department of Natural Resources and Environment, the MPC has formed an interim steering committee comprised of 16 port communities, chaired by the DWCPA, who represents the City of Detroit and Wayne County. The MPC expects to be legally formalized in time for its next bi-annual summit, scheduled for May 20-21 in Muskegon. 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.
- **SEMCOG – Ann Arbor to Detroit Rail Study**
 The Southeast Michigan Council of Government (SEMCOG) Ann Arbor to Detroit Rapid Transit Alternatives Analysis Study is one of the key transit planning efforts underway in Southeast Michigan. The study will examine rapid transit options in the Southeast Michigan area along a 50-mile-long, five-to-ten mile-wide corridor extending from west of Ann Arbor to downtown Detroit including the Metro Airport area. The DWCPA serves on the Steering Committee, comprised of representatives from counties and municipalities along the corridor, and other private and public agencies providing input during the study.
- **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.
- **U.S. Army Corps of Engineers Great Lakes Navigation Study**
 The DWCPA provides input, information and contacts for this unique bi-national study to determine current baseline information for environment and engineering features and economic conditions of the Great Lakes St. Lawrence Seaway System. The study will evaluate the social, environmental and economic impacts of future investments to operate and maintain the existing navigation system, but also looks at ways to improve and enhance the current infrastructure.
- **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.