

DWCPA STRATEGIC PLAN 2019

In 2019, the Detroit/Wayne County Port Authority identified a number of issues and developed plans for addressing them. The issues identified included the potential for automotive cargo through the Port of Detroit, the need to prepare available land for port development, the opportunity to assist port operators through development finance programs as well as efforts to develop the potential for marine passenger operation. While there was some progress many hurdles were identified that must be addressed. This 2019-2023 Strategic Plan is intended to identify these issues and map out a strategy to address these hurdles.

2019-2023 STRATEGIC PLAN

Port Forward Campaign: Understanding the need to better communicate with stakeholders, elected officials, and the business community the Port Authority began the search for a strategic planning process and grant writing campaign toward the end of 2018. In researching those tasks, the Port Authority came into contact with the Bonner Advisory Group, which has worked with a number of clients throughout Michigan and has been quite successful, including a successful \$93 million grant to assist Macomb County with rebuilding Mound Road. Bonner AG's ability to foster cooperation between the cities of Warren and Sterling Heights as well as with Macomb County was attractive to DWCPA as it is making efforts toward better communication and collaboration.

DWCPA set up three working groups, focused on business development, infrastructure, and government relations. First meeting with the business development group, DWCPA engaged area businesses to investigate new opportunities for the port. The infrastructure group then identified what sort of improvements and upgrades will be necessary to realize those business opportunities, and finally, the government relations group assembled to develop a strategy for realizing those goals insofar as they required government involvement.

Another aspect of the Port Forward campaign is an aggressive grants program. At current time, DWCPA is working on a roughly \$18 million BUILD grant request that would help expand DWCPA's cargo dock footprint, affect much needed repairs, and assist with the process of modernizing and upgrading the port. This is a public private partnership featuring multiple private partners. Moreover, DWCPA will also be applying for the first ever Port Infrastructure Grant program issued by the U.S. Department of Transportation for other needs at the cargo dock.

As the plan developed by Bonner AG becomes available, this will of course be shared with all government leaders.

Cargo: The Port Authority has begun the process of working with U.S. Customs and Border Protection to identify what sort of cargo security screening equipment will be necessary. At current time, DWCPA is waiting for CBP to deliver a set of requirements. While working with CBP to determine what sort of personnel and infrastructure needs are required, DWCPA will then work with elected officials at the state and federal level to identify possible sources of funding for the needed improvements. Further, a level of flexibility will be needed during the start up phase of these initiatives.

The Port Authority will focus on two additional areas. The first will be to secure the necessary improvements to terminals in order to accommodate the new cargo opportunities. This could include paving of cargo handling and storage areas and the acquisition of new material handling equipment such as cranes, forklifts and straddle carriers. In addition, the Port Authority must concentrate its efforts on land consolidation. The new cargo opportunities will stress the capacity of existing terminals. However, in the Delray Neighborhood, where the port facilities are located, there is an abundance of vacant property that could serve these storage needs. The second focus will be on marketing. If an automotive company can prove the effectiveness of direct water transportation to Detroit, other shippers, including suppliers, should be attracted to the opportunity. This will require an aggressive outreach effort through area chambers of commerce, Automation Alley, Ann Arbor SPARK, and related agencies.

It is the Port Authority's hope development and marketing effort will begin to bear fruit and waterborne service will grow. In that case, the Port Authority will direct its attention for 2021 and 2022 on additional port development needs, such as equipment and land along with the development of other logistics services in and around the port facilities to serve the transportation and cargo handling needs of area manufacturers and shippers.

The Port of Detroit is also a significant hub for bulk cargo movement from iron ore and coal for US Steel and AK Steel, liquid bulk for Marathon Petroleum and stone for the construction industry. Most of the 15,000 jobs related to port activities are engaged in these cargo movements. It is the Port Authority's objective to serve these businesses as well as press for new cargo opportunities. Given the limitations place on the Port Authority by existing State law, the Port Authority, in 2019 will concentrate on marketing the Port of Detroit to local officials. This is necessary, as many officials are unaware of the presence of these port terminals or the economic impact to the region. A better understanding of the Port will help avoid poor public policy decisions that could harm the industry.

Financial Assistance: In many States, Port Authorities play a critical port and economic development role through the issuance of bonds to finance facility development. Unfortunately, in the State of Michigan, State law limits the Port bond financing to "facilities owned by a Port Authority". This has stymied the ability of the Agency to assist private terminals in the Detroit area. In order to remedy this situation, the Port Authority in 2015 began working with the Michigan House Commerce and Trade Committee on modification to the Port Authority Act to address this limitation. Legislation to correct this problem was introduced in the Michigan House of Representatives in 2016 and passed 98-9. Unfortunately the Senate was not able to take up the legislation prior to end of the session. In the current legislative session, Senate Bill 711 addresses these issues and passed the Senate by a vote of 33 to 3. Despite the broad bipartisan

support among members of the legislature, SB 711 was not voted on in the House. DWCPA intends to introduce similar legislation in this session and work again toward correcting state law to allow the Port Authority to more effectively serve the industry.

The inability to finance facilities not owned by the Port Authority has severely limited the agency's ability to assist the maritime industry in Southeastern Michigan. With this change in State Law, The Port Authority will be positioned to assist terminal operators as they take advantage of the new cargo opportunities associated with the automotive sector and containers.

One area of finance that does not require a change at this time is the Port Authority's role as a brownfield remediation. The Cardinal Health and Ferrous Steel projects are two of the success stories.

The Port Authority's objective over the next 5 years is to deploy the available \$1.3 million in brownfield revolving loan funds provided by the Federal and State government to those project that will have the greatest impact on the local economy. As these funds are fully deployed, the Port Authority, working with the City of Detroit, Wayne County and the Detroit Economic Growth Corporation to secure more funds in 2020. As the loans are repaid, the funds available to be used for further environmental remediation, will be made available for other transformative projects. Moreover, application was recently made for additional RLF funds through the EPA's supplemental RLF program. The Port Authority, in cooperation with its local partners will, will continue to seek to grow the program in 2020-2025.

With regards to the bond financing capability of the Port Authority, the agency's priority in 2020 is the passage of the Port Authority legislation. With the financing limits removed, the Port Authority will begin reaching out to area terminals in 2020 and beyond to offer its assistance to help these private sector companies meet that capital investment needs.

Passenger Operations: The Port Authority is working with the Michigan Department of Natural Resources to determine what stops at Belle Isle and Milliken State Park will work for a water taxi service. As part of the effort the Port Authority will conduct an engineering evaluation of the available docks to determine what improvement may be necessary for safe, efficient passenger operation. Other docking sites along the Detroit River will likely need evaluation as a result of the demonstration effort. The results of this evaluation may lead to a request to reprogram some of the Ferry Grant funds from the Federal Highway Administration available to the Port Authority. This may prove to be a more efficient use of the funds than the acquisition of a vessel. At present time, DWCPA staff is awaiting word from MI DNR regarding the state of their infrastructure and what is needed for Belle Isle to handle a water taxi stop.

2019 will bring 25-30 cruise ship visits to Detroit with upwards of 30 scheduled in 2020. What's more exciting is that a number of the ships in 2019 will use Detroit as a "turnaround" port, meaning it will be the conclusion of one cruise and beginning of another. This will lead to hundreds of additional hotel room nights for Detroit hotels and added spending in restaurants, stores, and attractions.

CONCLUSION

To conclude, the Port Authority's viability and success is contingent on three actions: full funding of operations, passage of legislation to allow the Port Authority to assist the business community while generating revenue to enhance operations, and full cooperation from partners and stakeholders.

Without these three items, the Port Authority can continue to advocate on behalf of the maritime industry and related industries, however, without funding and support, DWCPA will operate on a shoestring budget without maximizing its efficacy.

DWCPA staff is excited by the work done with Bonner AG and area stakeholders to plot a bold course forward to create positive change in the shipping arena and port area.