

Detroit/Wayne County Port Authority 2021-2025 Assessment

In 2019, the Detroit/Wayne County Port Authority (DWCPA) underwent a strategic planning process which identified a number of issues and developed plans for addressing them. The issues identified included the potential for automotive and other manufacturing 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 2021-2025 Strategic Plan, also known as “Port Forward,” is intended to identify these issues and map out a strategy to address these hurdles. Port Forward identifies tangible short, mid, and long term goals to create a more effective public agency.

In the short term, DWCPA must continue to work with U.S. Customs and Border Protection (CBP) to allow the Port of Detroit to handle whatever cargoes Michigan manufacturers would like to ship out or ship to Detroit. Further, dock improvements and security enhancements are necessary to improve service. Finally, the DWCPA has worked diligently this year to increase channels of communication with public and private stakeholders to partner on addressing the challenges the port faces while also promoting the port’s current capabilities. We have worked on this objective through increased involvement and communication with communities in the region as well as SEMCOG, DEGC, Aerotropolis, the Detroit Regional Partnership, and more. Moreover, the DWCPA hosted a series of work group meetings and lunches to develop the Port Forward plan as well as to update stakeholders on progress.

In the medium term, DWCPA aims to partner with public and private stakeholders to delineate a clear Port District that caters to multi-modal industrial developments including warehousing, assembly, manufacturing, and storage. Additionally, the Port District needs to become site read and marketed as the most unique industrial property in the State of Michigan, with port, rail, and freeway services on site, and air freight services nearby.

In the long term, the strategic plan calls for establishing the DWCPA as a statewide leader in maritime thought leadership as well as the development of strategic relationships with communities and economic development agencies from Wayne County, the City of Detroit, and throughout downriver to embed a port culture for jobs, investment, and recreation.

2021-2025 STRATEGIC PLAN

Cargo: The Port Authority must focus its attention on working with CBP and addressing the financial and logistical challenges posed by the Reimbursable Service Program. The initial step in this effort will be to determine the interest of the automotive industry in pursuing the Great Lakes as a transportation option. 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 was visited by CBP this year to start the process of determining exactly what will be required of the Port, but lack of immediate funding of the project ultimately brought that process to a standstill where it will remain until the DWCPA and its partners, both the Ambassador Port Corporation and Nicholson Terminal & Dock Company can identify funding for these needed improvements .

Assuming a successful Reimbursable Services Application and executive of a Memorandum of Understanding, the Port Authority will focus on two 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 that by 2022, the development and marketing effort will begin to bear fruit and waterborne service will continue to grow. In that case, the Port Authority will direct its attention to 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.

To further these ends, the DWCPA applied with its partners as well as Waterfront Petroleum for both a BUILD Grant and Port Infrastructure Development Grant. The State of Michigan was shut out of both of these grant opportunities, but DWCPA has worked with U.S. Department of Transportation to determine where the projects fell short in order to better apply in the next round of grants. Moreover, an INFRA grant application was submitted for some of the needed improvements at the Port.

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, it is not expected that SB 711 will be voted on in the remaining days of this legislative session.

In the current legislative session, Senator Adam Hollier has introduced SB 667, which is the latest iteration of the modernization needed to make the DWCPA a more effective agency. We are working with Senator Hollier's office and our lobbying team to advance this bill, and the County's support would be much appreciated.

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.

In addition, as the Army Corps of Engineers conducts its engineering analysis of the Rouge River dredging project, there will likely be some dock infrastructure problems identified. Much of this infrastructure is over 50 years old and beyond its designed life. The legislative changes sought by the Port Authority will allow the agency to assist the private terminals upgrade their docks and take advantage of the new opportunities presented by the Corps of Engineers improvements. 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, Ferrous Steel, and City Club Apartments projects are three of the success stories.

The Port Authority's objective over the next 5 years is to deploy the available \$1.5 million in brownfield revolving loan funds provided by the Federal and State government to those projects 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. 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 through the next four years.

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 2021 and beyond to offer its assistance to help these private sector companies meet that capital investment needs.

Passenger Operations: The coronavirus pandemic of 2020 has brought a halt to cruise ship operations in the Great Lakes and the Canadian government has banned the entry of foreign cruise

ships into Canadian waters. As such, DWCPA's revenue has taken a substantial hit. In 2020, a few cruise ship stops are anticipated in the fall, and all cruise ship companies have indicated they anticipate full schedules once the prohibition on cruising is lifted. Moreover, dinner cruises are anticipated to resume at near full strength when permissible. In the short term, however, this creates a funding crunch for DWCPA.

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.