



DETROIT/WAYNE COUNTY
PORT AUTHORITY

2022
ANNUAL REPORT





Board of Directors



Commissioner Jonathan C. Kinloch
Chairman



Bryan Powell
Vice Chairman



Andrew Doctoroff
Secretary-Treasurer



Commissioner Monique Baker-McCormick
Director



Bryan Barnhill
Director

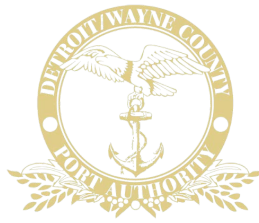


Staff

Mark Schrupp
Executive Director

Travis Jackson
Director of Finance

Vanessa Baker
Facility Manager



LETTERS FROM LEADERSHIP



Jonathan C. Kinloch

**Board Chairman &
Wayne County
Commissioner**

I am extremely proud to report that 2022 has been one of the most productive ever for the Detroit/Wayne County Port Authority. With our new leadership firmly in place, we supported strategic innovative business development research, vigorous grant-seeking efforts and important legislative priorities to promote maritime transportation. The strategy, hard work and diligence have paid off, with nearly \$18 million in federal and state grants awarded this year for capital construction, energy efficiency projects and decarbonization planning.

The Authority's efforts also contributed to the enactment of state legislation creating the first ever Office of Port Facilities within the Michigan Department of Transportation along with a grant program that will support capital funding for all Michigan marine terminals. Finally, but just as important, I am pleased with our work done to engage with our constituents and help residents learn about and apply for jobs and educational opportunities within the maritime industry.

As we look toward 2023, our team is gearing up to implement the projects and programs funded by this year's grant awards. We also look forward to helping our constituents play a more active role in the good-paying careers in the maritime industry.



Mark Schrupp

Executive Director

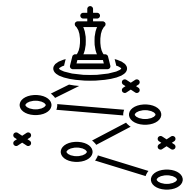
Our successful year could not have occurred without the support of our Board, and our leadership partners at Wayne County and the City of Detroit, the Michigan Department of Transportation and our legislative and Congressional delegation who advocated on behalf of the Authority and its initiatives. We are honored and humbled by the award of over \$16 million for investments in port infrastructure, which will improve efficiency in marine transportation and provide jobs for our local economy. Our \$1 million grant from the State of Michigan to develop a decarbonization plan will put the Port of Detroit on a path toward reducing our carbon footprint to zero by the year 2040 and meeting our duty to limit the causes of global warming. This plan will also focus on reducing poor air quality and other harmful materials emanating from the Port of Detroit. Our goal is to improve the health conditions for everyone who lives, works and recreates within the region.

We are also pleased with the feedback from the business community on our ideas to diversify the kinds of cargo handled by the Port of Detroit. We will continue to engage with Michigan farmers and manufacturers to find ways to efficiently market Michigan's products throughout the Great Lakes, Canada and the rest of the world. But, perhaps the most gratifying part of my work for the Authority, however, is helping people discover opportunities for employment and recreation on the water. Please read the information about these opportunities in this report and share with everyone you know who could benefit from participating in the maritime economy. I look forward to continuing our work into 2023 and beyond.



INTRODUCTION

The Detroit/Wayne County Port Authority (the “Authority”) began 2022 with an ambitious set of strategic initiatives focused on: 1) business development, 2) securing state and federal grants, 3) advocating for important legislation to support maritime trade, and 4) improving public engagement and awareness of the maritime industry, maritime jobs and economic development. Emerging from the second year of COVID restrictions, the Authority was hopeful that the return of Great Lakes cruise ships and utilization of its event space would bring a return of non-government revenues and help restore a fund balance eroded over the previous two years. As set forth in this report, the Authority concluded 2022 having achieved nearly all of its goals for the year. From a financial standpoint, the Authority increased total revenues in Fiscal Year 2022 by \$372,451 and added \$109,601 to its fund balance.[1]



The Authority also recorded nearly \$18 million in new state and federal grant awards for capital improvements, alternative energy projects and planning funds for decarbonizing the Port of Detroit. The Authority’s legislative goals were mostly achieved, with the enactment of laws creating a port facilities office and grant program within the Michigan Department of Transportation. This office will prove useful in helping to elevate the interests of all Michigan marine terminals and securing important funding for capital improvements. Although proposed legislation that would increase the Authority’s ability to issue tax-exempt revenue bonds was not achieved, we look forward to having better success in 2023.



The hard work of developing new lines of business for the Port of Detroit – including exports of agricultural and manufactured goods – continued to make progress. The Authority is determined to support innovative uses of our marine highway for short sea and international imports and exports, while continuing to support traditional imports of steel, raw materials and heavy equipment.



Lastly, the Authority’s multi-faceted efforts to engage with the public and bring attention to the maritime industry and maritime employment proved very successful, with more than two dozen print and online articles written, as well as at least 5 local TV stories broadcast. Moreover, the Authority engaged directly with hundreds of metro Detroiters at events on the Riverwalk and at a Job Fair hosted in the Authority’s offices. We look forward to even more engagement in 2023.



[1] The Fiscal Year 2022 financial audit is in process and is expected to be completed by March 31, 2023.



FINANCIAL REPORT

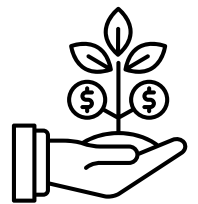
The information in this report is unaudited at the time of writing. The Port Authority's annual audits are typically completed in the spring of each year. The numbers below are provided by staff for the purposes of this report. Also attached is the complete audited statement for Fiscal Year 2021 as well as the unaudited Fiscal Year 2022 report.

In FY 2022, total revenues increased by \$372,451 vs FY 2021. A large part of that increase was from governmental funding, which totaled \$1,000,000, up from \$850,000 in the previous year. The state of Michigan funding increased from \$418,000 to \$500,000, with a corresponding increase by Wayne County \$209,000 to \$250,000 in FY2021 and 2022, respectively. The City of Detroit's funding has remained stable at \$250,000 annually. By statute, the State is responsible for 50% of the Authority's \$1 million operating budget, with the City and County each responsible for 25%.



The other factor in increased revenues in FY 2022 was event rental income, totaling \$219,912, up from \$130,000 in FY 2021, owing to the catering business returning to pre-Covid levels. Docking rental revenue increased to \$132,370 due to an increase in cruise ship visits, up from \$5,895 in FY2021.

Expenses in FY 2022 increased by \$174,035. The two largest areas of increase were salaries (\$57,468) and consultants (\$64,575). However, these investments produced important dividends, as described in this report, with significant achievements in grant awards in 2022.



Revenues from the Authority's general cargo dock decreased to \$81,753 in 2022, down from \$101,743 in the previous year. However, neither of these figures were sufficient to exceed the Authority's interest obligations due under the Master Concession Agreement. Consequently, the Authority's principal balance due to the Ambassador Port Company under that agreement increased. Although booked as a contingent general obligation of the Authority, principal and interest expenses due under the Master Concession Agreement may only be collected from revenues at the general cargo dock. Therefore, unless and until the general cargo dock actually generates positive revenues, the figures do not show up in the Authority's revenues and expenses.

FINANCIAL REPORT

Below is a look ahead at Fiscal Year 2023 compared with the unaudited 2022 results.

Detroit /Wayne County Port Authority 2022/2023 Operational Budget For the Year Beginning October 1, 2022

Approved Budget

<u>Administrative Budget</u>	<u>Preliminary 2022/2023 BUDGET</u>	<u>Approved 2021/2022 BUDGET</u>	<u>DIFFERENCE PROPOSED VS. PRIOR YEAR</u>
GRANT REVENUE:			
STATE	\$ 500,000	\$ 500,000	\$ -
COUNTY	\$ 250,000	\$ 250,000	\$ -
CITY	\$ 250,000	\$ 250,000	\$ -
INTEREST INCOME	\$ 2,000	\$ 2,000	\$ -
RENTAL INCOME	\$ 270,000	\$ 250,000	\$ 20,000
DOCK INCOME	\$ 80,000	\$ 80,000	\$ -
OTHER RENTAL PROPERTY INCOME	\$ 15,000	\$ 15,000	\$ -
MANAGEMENT & ADMINISTRATIVE	\$ 5,000	\$ 7,000	\$ 2,000
TOTAL REVENUE	\$ 1,372,000	\$ 1,354,000	\$ 22,000
EXPENSES :			
SALARIES AND BENEFITS	\$ 767,350	\$ 767,350	\$ -
ECONOMIC DEVELOPMENT	\$ 35,000	\$ -	\$ 35,000
BANK SERVICES CHARGES	\$ 500	\$ 500	\$ -
TRAVEL & MEETINGS	\$ 4,000	\$ 3,000	\$ 1,000
PRINTING	\$ 1,000	\$ 1,000	\$ -
POSTAGE	\$ 1,000	\$ 1,000	\$ -
TELEPHONE	\$ 12,000	\$ 12,000	\$ -
UTILITIES-PLD/DTE Electric	\$ 120,000	\$ 120,000	\$ -
UTILITIES-Det. Water & Sewage	\$ 13,000	\$ 13,000	\$ -
OFFICE EQUIPMENT	\$ 5,000	\$ 5,000	\$ -
OFFICE SUPPLIES	\$ 5,000	\$ 5,000	\$ -
CONF., DUES & SUBSCRIPTS	\$ 25,000	\$ 25,000	\$ -
ACCOUNTING	\$ 35,000	\$ 35,000	\$ -
CONSULTANTS	\$ 48,000	\$ 85,000	\$ (37,000)
PLANNING & STUDIES	\$ 25,000	\$ 30,000	\$ (5,000)
MAINTENANCE CONTRACTOR			\$ -
DOCK EXPENSES			\$ -
INSURANCE(GEN. LIAB & WC)	\$ 55,000	\$ 55,000	\$ -
LEGAL	\$ 50,000	\$ 50,150	\$ (150)
SECURITY CONTRACTOR	\$ 5,000	\$ 5,000	\$ -
MARKETING/PROMOTIONS	\$ 4,000	\$ 3,000	\$ 1,000
DWCPA MEETING & EVENTS	\$ 1,431	\$ 3,000	\$ (1,569)
BUILDING & DOCK MAINTENANCE	\$ 159,719	\$ 135,000	\$ 24,719
TOTAL EXPENSES	\$ 1,372,000	\$ 1,354,000	\$ 18,000

Note: Please note the some line items are subject to change.



GRANTS

Perhaps the most successful effort for the Authority in 2022 involved grant funding from the State of Michigan and Federal Governments. Below is detail on the awards announced in 2022, which will be implemented over the next 2-3 years.



> Energy Efficiency Project Funding - Federal

With the return of Congressionally directed awards after - commonly known as "earmarks" - the Authority submitted two requests in 2021 for special grants to help reduce its carbon footprint and energy costs at the offices of the Authority. Thanks to the support of Senators Debbie Stabenow and Gary Peters and other leaders, the Authority was awarded \$200,000 to pay for solar panels and \$685,000 for an innovative hydrokinetic energy harvester that will generate electricity from the Detroit River. Together, the two projects are expected to reduce energy costs by nearly 20% and will help encourage other property owners to take affirmative steps to shift to alternative fuels.



> Decarbonization Plan for the Port of Detroit - State

The Authority takes responsibility for leading efforts within the Port of Detroit to reduce the carbon footprint of maritime operations, which account of over 3% of global carbon emissions. With a \$1 million grant included in the State of Michigan, thanks to the direct help of Senator Stephanie Chang, the Authority will begin an inclusive and research-based planning effort that will: a) define the current carbon footprint of the Port of Detroit's 20+ terminals; b) identify other harmful emissions and air quality hazards emanating from port operations; c) develop and plan with customized strategies to achieve net zero carbon emissions by the year 2040, as well as reduce or eliminate other hazardous emissions; and d) create a toolkit for implementation of the plan. This ambitious, but necessary, planning process will allow the Authority to meet its obligation to improve health conditions for those who work, visit or live near the Port of Detroit.



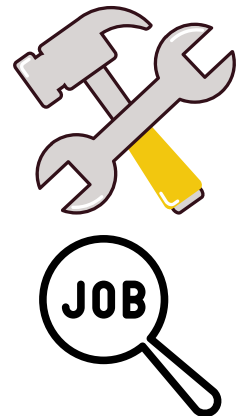


GRANTS

> Port Infrastructure Development Program – Federal

In the Fall of 2022, the Authority received notice that its Port of Detroit Rail Access and Port Capacity Improvement application for a \$16.03 million grant was approved. The grant was awarded by the Maritime Administration (“MARAD”), which is part of the United States Department of Transportation and funding is from the Port Infrastructure Development Program (“PIDP”), a multi-year program to support infrastructure at public and private ports across the United States. The Authority applied for the grant on behalf of Waterfront Petroleum Terminals, a critical party in Great Lakes shipping, accounting for over 1/3 of all fuel for all merchant marine and military ships. Waterfront will invest over \$6 million which, along with the grant, will: a) the install a new fueling berth – doubling the capacity of Waterfront to fuel ships and reduce dwell time; b) add storage tanks and a warehouse, increasing the diversity and volume of shipments that can flow through the terminal; and c) add a rail line to its dock, creating the option of rail/ship intermodal transfers and reduce truck traffic at the terminal. In addition to the improved efficiency the project will generate, the grant award demonstrates the Authority’s ability to obtain grants on behalf of private terminals within the Port of Detroit, providing a boost to the area’s construction businesses and workforce.

\$16.03 Million



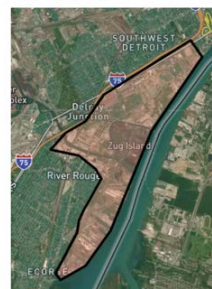
This award would not have been possible without the advocacy from the Mayor of Detroit, County Executive, Congressional Delegation and MDOT. Thanks!

> Rebuilding American Infrastructure with Sustainability and Equity (RAISE) – Federal

The Authority applied for a planning grant of \$5 million under the US Department of Transportation’s RAISE program that would have studied the entire Port of Detroit region and engaged the public in a planning process to re-envision the future of the nearly 3,000 acre area, 1/3 of which is along the waterfront and is longer in productive use. Although unsuccessful, one component of the application – the development of a decarbonization plan – did receive funding from the State of Michigan. The Authority will continue to work on the items identified in the grant application with available resources and seek funding and partners to carry out the work. RAISE applications will be accepted each year and the Authority may re-apply.



Detroit/Wayne County Port Authority Comprehensive Port Planning Project



3 Year comprehensive planning study of the Port of Detroit that will include:

- Full inventory of all port terminals (condition, capital needs)
- Road, rail and intermodal condition and needs analysis
- Decarbonization plan for all terminals along Detroit and Rouge Rivers
- Feasibility study for an Agricultural Port
- Feasibility study for an intermodal facility and port terminal
- Highest and best use analysis of 1,000+ acres of former industrial riverfront property



Guiding Principles and Key Features

- Environmental and Racial Justice
- Equity and Inclusion
- Sustainability
- Good paying jobs
- Inclusive Advisory Committee



The Detroit/Wayne County Port Authority (DWCPA) is a government agency advancing southeast Michigan’s maritime and related industries with the purpose of delivering prosperity and economic benefit to our citizens and businesses. DWCPA works to build connections between the maritime industry and the community, raising awareness, promoting employment in the maritime industry and supporting positive and sustainable economic growth for the State of Michigan.

Visit DWCPA on the web at www.Portdetroit.com



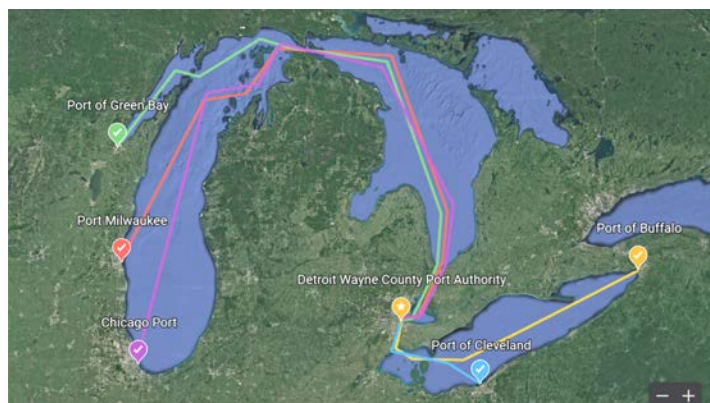
BUSINESS DEVELOPMENT

In 2022, the Authority continued to work on developing new lines of port business, one of the major initiatives of its 2019 Strategic Plan, *Port Forward*. Building on work done in 2021, these efforts focused primarily on a) developing a “short sea” business of moving finished vehicles throughout the Great Lakes; and b) developing an agricultural export/import business. In addition, the Authority continued business planning for owning and operating a general cargo dock, in anticipation of the end of the Master Concession Agreement that continues to encumber the Authority’s current terminal. Below are updates on the progress and challenges encountered in each of these efforts.

Great Lakes Auto Distribution Plan

In 2021, with the encouragement from Ford Motor Company, the Authority developed a concept for short sea transport of finished vehicles throughout the Great Lakes – or the Great Lakes Auto Distribution (“GLAD”) plan. The Authority engaged with EcoShips, a Michigan-based startup company, which has developed a ship design that can move up to 240 vehicles at a time on a repurposed vessel. The GLAD plan has the advantages of reducing traffic accidents, road wear and maintenance costs and carbon emissions, while also alleviating the challenges of driver shortages.

After presenting the concept to Ford and another domestic automaker, the Authority and EcoShips hoped to launch a pilot plan for GLAD that would move up to 30,000 vehicles annually between Detroit and Buffalo. Despite significant creative modifications to the ship design and an operational plan to keep costs down, negotiations have not produced sufficient volume commitments from the OEMs to make the service sustainable. Nevertheless, EcoShips and the Authority will continue with discussions with other automakers within the Great Lakes region in 2023, as well evaluate the short sea service for other kinds of goods. The Authority believes, as do other Great Lakes port authorities, that utilizing the Great Lakes for short sea operations will eventually be developed.





The Authority also continued its efforts to develop a plan and identify a business partner to provide Michigan agricultural exporters a Michigan terminal to move some of the \$2 billion worth of agricultural products that are exported each year. The Authority joined the Michigan Agribusiness Association ("MABA") and held meetings with organizations of the various commodity groups – soybean, grain and corn – in order to gain more insight in how products are moved out of the state. It also engaged with the Michigan Department of Agriculture and subscribed to public and private data services. After more than a year of study, the Authority has yet to strike a “deal” on Ag. Nevertheless, we remain committed to pursuing this line of business, having seen an increase in world commodity prices, which our research confirms will continue over the next few decades as the pace of urbanization throughout the developing world accelerates. In addition, the experience of fellow Great Lakes port authorities that have developed agriculture export businesses – Milwaukee and Oswego, NY – also tells us that it may take five or more years to develop the business. Thus, our work in this area will continue.



In connection with its plans for developing a decarbonization plan for the Port of Detroit, the Authority staff has invested a significant amount of time researching alternative fuels for the maritime industry. Global shipping is a significant contributor to global warming, accounting for around 3% of all carbon dioxide emissions. Virtually all ships, trucks, equipment and trains operating in and calling on the Port of Detroit use various forms of diesel fuel (low sulfur, biodiesel, petroleum diesel). Research indicates that hydrogen fuel or hydrogen fuel cells, if produced from renewable sources, could be a major component of the goal of reducing global emissions from heavy industrial and transportation operations to net-zero by the year 2050. This could help reduce the carbon footprint significantly within the Port of Detroit. Port authorities on the west coast and in Europe have deployed hydrogen-fueled loaders, cranes and trucks in their operations. It's too early to tell if hydrogen fuel is viable for ships, but worth researching. Watch for the Authority's efforts around hydrogen fuel to continue in 2023 and beyond.



COMMUNITY ENGAGEMENT

One of the Authority's most important strategic initiatives in 2022 was to improve its engagement with communities and increase awareness of its mission and programs. Here is a summary of the work performed in 2022.

Port Days

Utilizing its prominent location on the Riverwalk, the Authority established three theme-days when staff would provide information and experiences to highlight the work of the Authority.

> *Cruise Ships (July 9th)*: The first Port Days event focused on the history and current growth in Great Lakes Cruise shipping. The event coincided with the docking of American Queen Voyages' Ocean Navigator ship and included a tour of the ship and brief luncheon for 25 invited guests. On shore, the Authority provided children's crafts, an exhibit of the history of cruise ships from the 1800s thru 1960 developed by the Detroit Historical Society. Approximately 150 visitors stopped to see the exhibits and learn more about Great Lakes cruise shipping, then and now.



> *Jobs in the Maritime Industry (August 30th)*: The second Port Day was initially planned as a comparison of maritime jobs, past and present. The Authority, seeing this as an opportunity to do more than inform, pivoted to change the event into an actual job fair, encouraging employers and potential workers to come together. Five companies, including American Queen Voyages and the American Steamship company, as well as the Seafarers International Union, sent representatives. The Authority worked with the City of Detroit's Detroit at Work office to publicize the event. Over 60 individuals attended and another 60 applied online for the event. The Authority is working on improvements to increase the number of employers and potential workers for next year's event.



> *Cargo Day (September 17th)*. The third Port Day provided information to the public on the kinds of cargo handled by the Port of Detroit over the years, as well as information about the potential future cargo, should the Authority's business plans prove fruitful. Coinciding with the Detroit Auto Show, visitors were able to see samples of bulk cargo (taconite, limestone, etc).



Great Lakes Maritime Academy and Seafarers International Union

Jobs in the maritime industry pay very well and there are many openings. One of the things the Authority has done for years is sponsor candidates for training with the **Seafarers International Union**, which trains and represents US workers on commercial ships around the world. Workers earn great pay and have union healthcare and other benefits. **Visit:** <https://www.seafarers.org/training-and-careers/jobs/overview/>

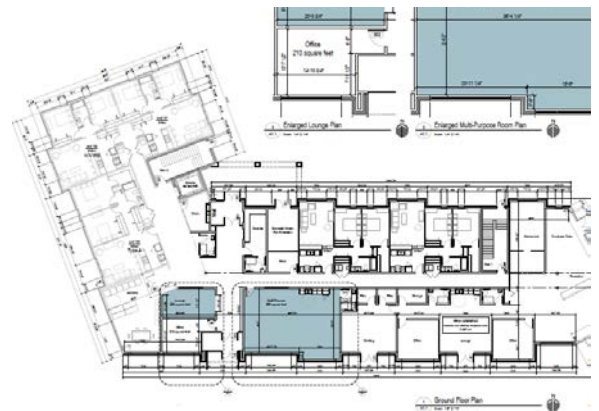
The Authority has also helped **Great Lakes Maritime Academy** in Traverse City recruit metro Detroiters to its 4-year bachelor's program that produces ship captains and engineers. For students looking for a lucrative and exciting career, its hard to beat the ROI at GLMA. **Visit:** <https://www.nmc.edu/maritime/>

BROWNFIELD REDEVELOPMENT

The Authority has been a conduit for providing US Environmental Protection Authority funding for development projects since 2013. By providing grants and low-interest loans from the EPA to pay the cost of assessment and cleanup for projects, the Authority has helped return contaminated sites back to productive use and create jobs. In 2022, the Authority distributed \$300,000 in funding to the **Detroit Black Community Food Security Network ("DBCSN")** to cover a portion of the remediation costs for its project – construction of the **Detroit Food Commons**, a mixed-use community center comprised of retail, grocery, office and educational spaces, located in Detroit's North End community. The Detroit Food Commons seeks to break down barriers to fresh and healthy food and simultaneously provide infrastructure and technical assistance for small businesses focused on the delivery of fresh produce to underserved communities throughout Detroit. The Authority is pleased to support DBCSN in its leadership and development of this important project, which is expected to open in 2023.



The Authority also approved \$125,000 in grant funding to Southwest Housing Solutions, an organization with over 25 years of experience building and renovating affordable housing in Southwest Detroit. The funding will help remediate soils for a proposed Campbell Street Apartments and Service Center, which will provide housing for 40 homeless families, a health clinic, mental health services, among other things. Southwest Housing Solutions previously received funding from the Authority to support its successful Piquette Square housing project for homeless veterans.





TERMINAL OPERATIONS

The Authority owns a 34-acre general cargo dock located in Detroit, just west of the Ambassador Bridge. Terminal operations are delegated to the Ambassador Port Company ("APC") pursuant to a Master Concession Agreement executed in 2005. APC has subcontracted day-to-day operations at the terminal to Nicholson Terminal & Dock Company ("Nicholson"). Nicholson reported that it recognized increases in the number of dockings and volume of cargo unloaded compared with 2021, the second year of increases. Through November of 2022, twenty-seven (27) ships delivered 143,685 net tons of mostly steel and coil at the terminal. This compares with only fourteen (14) ships and 98,000 tons for 2021.



NICHOLSON
TERMINAL & DOCK COMPANY



Despite the positive growth in the last two years, the volume of cargo handled through the Authority's terminal has been trending downward. After peaking in 2015 at over 400,000 tons received from 74 ships, each year since has been lower. Even the two most recent years were still nearly 75% lower than in 2015. Other terminals within the Port of Detroit have experienced increases in cargo received, primarily cement and road building materials and liquid petroleum used for asphalt, due in large part to state and federal infrastructure projects.



The Authority will continue to invest in research to identify new kinds of cargo and assist all terminal operators improve business operations, while at the same time meeting our obligation to lower our carbon footprint and improve air quality within the Port of Detroit.

<u>Year</u>	<u>Net Tons</u>	<u># of Ships</u>
2005	249,200	29
2010	324,338	52
2015	418,560	74
2016	336,262	67
2017	315,536	68
2018	272,744	51
2019	193,292	30
2020	92,587	21
2021	98,000	14
2022	143,685	27



UPDATES

Master Concession Agreement Termination

The Authority entered 2022 with the strong hope to implement a set of agreements (referred to as the “MCA Termination Agreements”) that would terminate the Master Concession Agreement (“MCA”) between the Authority and Ambassador Port Company (“APC”), and put an end to APC’s 17 years of total control over the Authority’s ability to operate and/or finance ports and port-related projects. Implementation of the MCA Termination Agreements is contingent upon City of Detroit approval, which the Authority had hoped to receive in 2022. For a more detailed description of the MCA and the MCA Termination Agreements, see the Authority’s Annual Report for 2021.

Unfortunately, the City was not ready in 2022 to grant approval of the MCA Termination Agreements, requesting that the Authority focus on developing a more detailed plan of post-MCA business and operations plans. Although the Authority believes that terminating the MCA will facilitate productive engagement with future port partners, it continued to engage with potential shippers of goods and terminal partners. Though preliminary, those discussions occurred in 2022 and will continue into the new year – see Business Development, above. The Authority will also continue to support other terminal operators and seek grants to improve their port infrastructure.



General Cargo Dock Planning

The Authority’s work on developing a plan to directly control its own public general cargo dock following the ending of the MCA continued into 2022. This work included developing a 5-year pro-forma business plan, discussions with other port authorities in the Great Lakes and several meetings and information sharing between the Authority and private terminal operators with significant business in the Great Lakes region. These discussions confirm that the Port of Detroit is an attractive location for the movement of steel and other materials used in manufacturing, project cargo and heavy equipment. The Authority also attended maritime industry conferences and engaged with various industry entities (domestic and international) to build its knowledge base and to entertain ideas about potential partnerships. Look for this work to continue into 2023.

