



2023 ANNUAL REPORT

**of the
DETROIT/WAYNE
COUNTY PORT
AUTHORITY**

Board of Directors



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Executive Director



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Finance Director



John Jamian
Director of Port Operations



Vanessa Baker
Facility Manager



LETTERS FROM LEADERSHIP



Hon. Jonathan C. Kinloch
**Board Chairman &
Wayne County
Commissioner**

I am pleased to report that 2023 has been one of the most successful years at the Detroit/Wayne County Port Authority. We recorded our highest annual operating revenue in history, hosted a record 101 ships at our downtown cruise dock, began implementation of millions of dollars in state and federal grants, and embarked on an ambitious plan to decarbonize emissions within the Port of Detroit. On top of that, we concluded a successful re-bid of our event space, resulting in significant growth in revenues thru 2029.

We are continuing to build stronger relationships with the Michigan Legislature to support investments in maritime trade, which is critical to our economy. And our staff is doing the hard work of collaborating with the cargo terminal operators in the Port of Detroit to support our local manufacturers.

Looking ahead, the Board is laser-focused on leveraging the beautiful, and largely untapped, waterfront for expanded economic development opportunities. We look forward to helping to make the Detroit River the destination for waterfront recreation and entertainment in the Midwest. Please review our 2023 Annual Report and connect with us on ways to engage with and support the Port Authority in its mission.



Mark Schrupp
Executive Director

I want to thank the Port Authority staff for their hard work and dedication and our Board of Directors for their leadership and support. The productive and successful year we have concluded could not have been possible without them. Financially, we are stronger than ever, with revenues from our cruise ship dock hitting record levels. And, thanks to our event space management firm, Continental Catering and Events, LLC, bookings for events at our facility on the waterfront have exceeded pre-COVID levels.

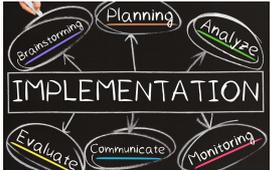
Operationally, the Port Authority has also entered a new era of collaboration with the Port of Detroit terminals that move over 10 million tons of cargo annually needed to keep our manufacturing economy humming and our construction projects supplied with needed materials. Through our Port of Detroit Decarbonization and Air Quality Improvement Project, our terminal operators are also stepping up to the challenge posed by global warming -- first by sharing data to measure the carbon footprint of the port, and second by agreeing to take action -- converting to low and zero emission vehicles, equipment and industrial processes and taking responsibility to make the Port a healthy place to work. We want to dispel the false choice between a clean environment and good manufacturing jobs. We can have strong industry and clean air.

The Port Authority is seeking the unprecedented amounts of federal funding available to bring new equipment and develop new fuel sources for port operations that will not only lower carbon emissions, but will make dramatic improvements to the air we breathe. Environmental stewardship is part of the Port Authority's mission and we are working with our terminal partners to redevelop the Port of Detroit into one of the greenest ports in the world. Please join us.



EXECUTIVE SUMMARY

The Detroit/Wayne County Port Authority (the “Port Authority”) finished 2022 with a very successful year of grant activity, setting the stage for a very busy 2023 of grant implementation. Those grants included: a) \$1 million from the state of Michigan to develop a plan to decarbonize the Port of Detroit; b) \$16 million from the US Dept of Transportation for port infrastructure improvements at Water Front Petroleum Terminal; c) \$200,000 and \$680,000 congressionally directed grants from the US Dept of Energy for solar panels at the Port Authority (thanks to Senator Gary Peters) and a hydro-electric energy harvester in the Detroit River (thanks to Senator Stabenow), respectively; d) \$300,000 from the City of Detroit and Wayne County for a new cruise ship bollard; and e) \$100,000 from the City of Detroit (thanks to Council Member Angela Whitfield-Calloway) to undertake a feasibility study for a Detroit River water taxi service. Our staff have worked tirelessly on all of these projects in 2023 and updates are included in this Report.



Although grant implementation was a primary activity in 2023, the Port Authority continued to apply for funding of maritime capital improvements, decarbonization of operations, and energy efficiency improvements for our Port constituents. The unprecedented amount of federal funding available requires that grant seeking remain a top priority. The Port Authority also submitted direct appeals to the State of Michigan for terminal development and pilot projects for a new maritime service. All-told, the Port Authority submitted requests for \$85.3 million in new funding for the Port of Detroit in 2023, most of which will be announced in 2024.



As set forth in this Report, 2023 was also a very successful year for the Port Authority from a financial standpoint. The Port Authority achieved its highest revenues ever in Fiscal Year 2023 – \$1,510,971 and added \$268,308 to its fund balance.[1]



Also described in this Report is a record level of activity at the Port Authority’s cruise ship dock, with 101 dockings and total public dock revenue and fees at the downtown facility of \$297,755. The 62 cruise ship dockings brought over 12,000 visitors to Detroit, contributing over \$1.5 million to the local economy. Our facility also hosted over 100 paid events and contributed nearly \$300,000 in revenues to the Port Authority.



Importantly, the Port Authority is grateful to its founding governmental entities – the City of Detroit, Wayne County and the State of Michigan – for agreeing to increase operational funding from \$1 million to \$1.2 million. These funds will allow the Port Authority to continue seeking maritime grants for the Port of Detroit and developing new business activity and tourism for the region.



[1] Figures reported are unaudited. The Fiscal Year 2023 financial audit is in process and is expected to be completed by March 31, 2024.



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 financial statement for Fiscal Year 2022.

In Fiscal Year 2023, total revenues were \$1,510,971, an increase of \$136,744 vs FY 2022 and the highest ever in the Port Authority's history. This was due primarily to an increase in dock and rental income, as well as the continued support from government sources. Dockings at the Port Authority's cruise dock hit record levels -- 62 cruise ship dockings, compared with 52 last year and another 39 dockings from dinner cruises and other vessels -- helping to generate over \$179,000 in income. Similarly, the Port Authority's event space revenue also hit an all-time high -- over \$286,000.



Despite higher levels of operational activity, expenses dropped by \$40,843 vs FY 2022 and were nearly \$130,000 lower than budgeted. This was due in part to the decision to delay filling two vacant positions in early FY 2023 and management of utility expenses and legal costs. Although lobbying and grant writing expenses increased, these investments paid dividends and will continue to be an important factor in the Port Authority's strategy to increase revenues for economic development and government revenue for port projects.



An important financial development this year was the re-solicitation of proposals from event management firms for the Port Authority's event space (nearly 12,000 square feet of space suitable for business functions, dinners and weddings). After an open Request for Proposal process, the current management firm - Continental Catering and Events, LLC, submitted the best proposal. Under the new contract, the Port Authority will receive a guaranteed minimum payment of \$350,000 in the first year of the contract (2025) and \$20,000 increases each year through 2029.



Implementation of grants received in 2022 consumed a significant part of staff time in 2023. Nevertheless, the Port Authority continued to devote substantial effort on applications for new projects and funding. Unprecedented funding from the Federal Government under the Inflation Reduction Act, the Bipartisan Infrastructure Legislation, and the Port Infrastructure Development Program are encouraging investments in infrastructure, efficient transportation, decarbonization and energy efficiency. Thus, the Port Authority, as representative of terminals within the Port of Detroit, will continue to seek dollars. In this Report you will find more details on the requests.

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FINANCIAL REPORT

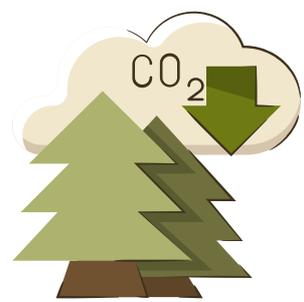
Below is a summary of the unaudited Fiscal Year 2023 results .

Detroit /Wayne County Port Authority				
2022/2023 Operational Budget				
For the Year Beginning October 1, 2022				
			Actual	
<u>Administrative Budget</u>		Adjusted	12 Months	DIFFERENCE
		2022/2023	Sep-23	PROPOSED VS.
		BUDGET	BUDGET	ACUTALS
GRANT REVENUE:				
STATE		\$ 500,000	\$ 500,000	\$ -
COUNTY		\$ 250,000	\$ 250,000	\$ -
CITY		\$ 250,000	\$ 250,000	\$ -
INTEREST INCOME		\$ 2,000	\$ 876	\$ (1,124)
RENTAL INCOME		\$ 270,000	\$ 286,829	\$ 16,829
DOCK INCOME		\$ 80,000	\$ 179,344	\$ 99,344
OTHER RENTAL PROPERTY INCOME		\$ 15,000	\$ 42,822	\$ 27,822
MANAGEMENT & ADMINSTRATIVE		\$ 5,000	\$ 1,100	\$ (3,900)
TOTAL REVENUE		\$ 1,372,000	\$ 1,510,971	\$ 138,971
EXPENSES :				
SALARIES AND BENEFITS		\$ 699,550	\$ 634,266	\$ (65,284)
ECONOMIC DEVELOPMENT		\$ -		\$ -
BANK SERVICES CHARGES		\$ 500	\$ 694	\$ 194
TRAVEL & MEETINGS		\$ 13,000	\$ 11,251	\$ (1,749)
PRINTING		\$ 1,000	\$ -	\$ (1,000)
POSTAGE		\$ 1,000	\$ 551	\$ (449)
TELEPHONE		\$ 14,000	\$ 20,397	\$ 6,397
UTILITIES-PLD/DTE Electric		\$ 120,000	\$ 84,686	\$ (35,314)
UTILITIES-Det. Water & Sewage		\$ 17,000	\$ 17,466	\$ 466
OFFICE EQUIPMENT		\$ 5,000	\$ 822	\$ (4,178)
OFFICE SUPPLIES		\$ 5,000	\$ 3,964	\$ (1,036)
CONF., DUES & SUBSCRIPTS		\$ 50,000	\$ 44,631	\$ (5,369)
ACCOUNTING		\$ 35,000	\$ 27,924	\$ (7,076)
CONSULTANTS		\$ 129,500	\$ 135,750	\$ 6,250
PLANNING & STUDIES		\$ 8,500	\$ 9,554	\$ 1,054
MAINTENANCE CONTRACTOR				\$ -
DOCK EXPENSES				\$ -
INSURANCE(GEN. LIAB & WC)		\$ 79,000	\$ 77,187	\$ (1,813)
LEGAL		\$ 20,000	\$ 11,177	\$ (8,823)
SECURITY CONTRACTOR		\$ 5,000	\$ -	\$ (5,000)
MARKETING/PROMOTIONS		\$ 7,800	\$ 7,718	\$ (83)
DWCPA MEETING & EVENTS		\$ 1,431	\$ -	\$ (1,431)
BUILDING & DOCK MAINTENANCE		\$ 159,719	\$ 154,626	\$ (5,093)
TOTAL EXPENSES		\$ 1,372,000	\$ 1,242,663	\$ (129,337)



Decarbonization of the Port of Detroit

Maritime transportation is responsible for over 3% of worldwide carbon emissions, which have increased global warming and caused catastrophic weather and climate change. Increasing international trade will drive that figure upwards over the next few decades. Unless greenhouse gas emissions are reduced dramatically, weather changes that impact human life on earth will continue to occur.



In 2023, with the support of a \$1 million grant from the State of Michigan, the Port Authority embraced its duty to help reduce greenhouse gas emissions by initiating the *Port of Detroit Decarbonization and Air Quality Improvement Project*. The goals of the project are to: a) establish a baseline of current greenhouse gas emissions from the movement of cargo within the Port; b) develop bold and aggressive action steps to be taken immediately and over the next 17 years to reduce carbon emissions to net-zero by the year 2040; and c) adopt best practices at all terminals to reduce other harmful emissions from port activity -- for example reducing fugitive dust, noise and vibrations.



To lead in developing the plan, the Port Authority engaged decarbonization experts Tunley Environmental, Ltd. Leading community engagement to ensure that the plan reflects the needs of residents and workers is Southwest Detroit Environmental Vision (SDEV), which has been fighting for improved air quality and environmental justice for more than 30 years.



Halfway through the one-year planning project, the results are promising, especially because the terminal operators have no obligation to participate. Through persuasion and the lure of future grant funding to implement decarbonization strategies, Tunley has been able to convince 15 of the 18 cargo terminals to share their operations data and have nearly completed baseline carbon assessments of the entire Port. The plan will also measure the carbon footprint of cruise ships, law enforcement vessels and tug and barge operations. The preliminary results show that nearly all of the carbon footprint results from the burning of diesel fuel on ships and by the heavy equipment used at the docks to move the cargo onto trucks and trains. A final report is expected by early 2024. A tangible output will be a user-friendly website and interactive map where anyone can see the current carbon footprint for the port and individual terminals, recommended action steps and a timeline of the expected reductions in carbon emissions leading to net-zero in 2040. The Port Authority will update the map and action plans regularly over the next two decades to report on implementation of action steps and show the progress made in reducing carbon emissions and improvement in air quality.





Decarbonization of the Port of Detroit

Potential Solutions

Below are images of some of the exciting new technologies and alternative fuels that will help decarbonize the Port of Detroit.

ELECTRIC LARGE WHEEL L...
L120H ELECTRIC C...

▲ 2.5 - 9.5 m³
 ▲ 19,000 - 21,600 kg
 ↓ 12,300 kg

Strong, versatile and now available as an electric powerhouse. Introducing the L120H Electric Conversion - an electric-powered workhorse ready to... [Read more](#)



Electric wheel loader



ZEETUG[®]
 Zero Emission Electric Tug Boat

- US Built
- Fully electric – eligible for grant funding
- Lower running costs



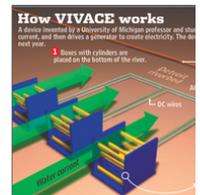
GRANTS



> Updates on Existing Grants:

\$16 Million Port Infrastructure Development Grant (2022). The grant secured by the Port Authority in 2022, awarded by the Maritime Administration of the US Dept of Transportation, will fund improvements at Waterfront Petroleum Terminal in Detroit. Implementation began in 2023, primarily focused on several pre-development steps and project refinement. Construction work will commence in 2024 and will add a new fuel berth at Waterfront, among other improvements to cargo movement and storage.

\$200,000 and \$680,000 for solar panels and a hydro-electric energy harvester (2022). These two projects will generate over 25% of the Port Authority's energy for electrical, heating and cooling needs from the sun and the flow of the Detroit River. In 2023, implementation consisted of working with the federal government to finalize the grant terms and conditions. Bidding and construction will begin in 2024.



> New Grants and Funding Requests:

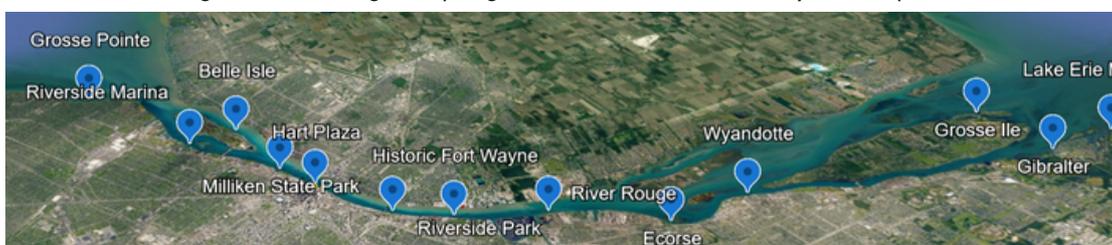
\$1.35 Million EPA Brownfield Revolving Loan Fund. The Port Authority has administered Brownfield Redevelopment grants from the Environmental Protection Agency since 2012, providing vital loans and grants to revitalize contaminated sites for new developments. For private/for-profit developments, low-interest loans are made. Using repayments from loans, the Port Authority provides grants to non-profit developments. In 2023, the Port Authority received a supplemental award of \$1.35 million to continue supporting local projects.



\$17.5 Million Port Infrastructure Development Grant (2023). The Port Authority requested funding to support cargo dock improvements on behalf of Edw. C. Levy Co. at its concrete production dock along the Rouge River in Detroit. The project will assist in the expansion of cement developed from slag (a byproduct of steel production), with a near-zero carbon footprint. Although MARAD did not approve the project, the Port Authority has received positive feedback and recommendations to re-apply in 2024.



\$100,000 Ferry Feasibility Study. The City of Detroit commissioned the Port Authority to research and determine the feasibility of initiating a ferry or water taxi service along the Detroit River, connecting the many natural parks and locations for enjoying the waterfront -- essentially, a service that allows residents and tourists to enjoy the waterways without driving to all locations. The Port Authority has engaged a technical expert to develop potential route options, with various boat styles and sizes and cost estimates for start-up and ongoing operations. Funding for battery-electric ferries is available through a Federal grant program. Results of the study are expected in 2024.



GRANTS Cont'd



EPA Climate Pollution Reduction Grants

The US Environmental Protection Agency is offering \$4.6 billion to combat climate change and reduce pollution under the Climate Pollution Reduction Grant (CPRG) program. The State of Michigan and the Southeast Michigan Council of Governments received CPRG planning grants and are eligible to submit requests for funding in 2024. Each has solicited project ideas that will reduce carbon emissions and improve air quality. The Port Authority, as part of its Port of Detroit Decarbonization and Air Quality Improvement project, has developed ideas for grants and submitted them to the State and SEMCOG. Below are summaries of the requests.

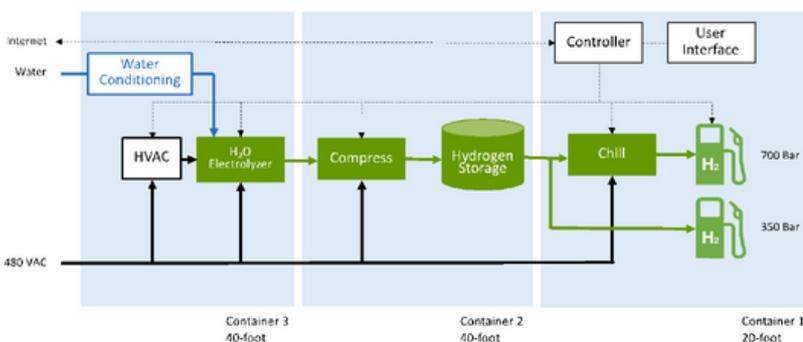
> **\$30.5 million Biofuel Expansion** - The Port Authority submitted a CPRG funding request through SEMCOG's grant project idea portal, seeking funding to expand the development and usage of biodiesel and biomass fuels within the Port of Detroit. Usage of B100 biodiesel (100% from agricultural sources) can reduce greenhouse gases by 70% vs traditional diesel, without requiring major modifications to engines. The project would remove over 11,000 tons of CO₂ emissions from the atmosphere and provide immediate air quality improvements. Although biodiesel is not a zero emission alternative, it can serve as a bridge fuel, easily implemented, while zero emission fuels like green ammonia, hydrogen and electric fuel cell engines that can use the fuel are developed over the next decade.



> **\$8.6 million Boat Electrification Project** - The Port Authority also requested through the SEMCOG portal \$8.6 million to convert engines for boats operating within the Port to battery electric. The project would fund the purchase of up to 20 electric outboard motors and charging equipment for law enforcement boats. Electric outboard motors are now available and horsepower levels are increasing. The grant request would also provide funding to replace large diesel engines used by local pleasure boats -- the Detroit Princess and Diamond Jack -- with custom built battery electric engines. Replacements are not currently available. However, several firms have developed battery electric engine replacements for buses. Similar technology could be utilized for two of Detroit's popular pleasure boats.



> **\$22 million Hydrogen Fuel Production and Turnkey Truck Leasing Project** - The Port Authority and Southwest Detroit Environmental Vision partnered in proposing a project to develop a hydrogen fuel pilot project for port vehicles, equipment and heavy-duty trucks. The project would include a self-contained hydrogen production electrolyzer, storage tank and three fuel pumps. To encourage fleet owners to adopt the service, a unique financing model provides an all-in price per-mile lease (inclusive of vehicle cost, fuel and maintenance), equivalent to current cost to operate diesel trucks. This project idea was developed with help from Quantron US, based in Auburn Hills, and New Day Hydrogen in Colorado.





TERMINAL OPERATIONS

Port Authority Cargo Tonnage Up 100%

The Port 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 significant increases in the number of dockings and volume of cargo unloaded compared with 2022, the second year of increases. Through December of 2023, fifty-seven (57) ships delivered 308,543 net tons of steel and cement to the terminal. This compares with only twenty-seven (27) ships and 143,685 tons in 2022. This new growth suggests an upward trend after the past five years of shutdowns, supply chain disruptions, and industry consolidation. Other terminals within the Port of Detroit have experienced increases in other cargos received, primarily cement and road building materials along with liquid petroleum used for asphalt, due in large part to new infrastructure projects in the region. The Port Authority will continue to invest in research to identify new kinds of cargo and assist all terminal operators in improving business operations, while at the same time meeting its obligation to lower the carbon footprint and improve air quality within the Port of Detroit. We salute our partners in their commitment to build upon a new greener port.

Terminal Business Development

Port Authority staff continue to work on saving and acquiring important waterfront property for extended port and maritime use. The work includes developing a 5-year pro-forma business plan, discussions with other port authorities in the Great Lakes, and meetings and information sharing between the Port 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. We look forward to the new transportation and cargo opportunities that the Gordie Howe Bridge will bring when completed. The Port 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. The Port Authority's success in receiving state and federal grants will be leveraged to build partnerships, with the aim of building a sustainable, efficient Port of Detroit. Look for this work to continue into 2024.



NICHOLSON
TERMINAL & DOCK COMPANY

<u>Year</u>	<u>Net Tons</u>	<u># of Ships</u>
2018	272,744	51
2019	193,292	30
2020	92,587	21
2021	98,000	14
2022	143,685	27
2023	308,543	57



Return of a Maritime Expert



In 2023, the Port Authority welcomed the return of John Jamian, who serves as Director of Port Operations. John previously served as Executive Director and other roles with the Port Authority in the 1990s and from 2009-14. He also served as Deputy and Acting Administrator of the US Maritime Administration in Washington, DC. Needless to say, John brings a wealth of maritime experience and the Port Authority is the beneficiary. Welcome back John.

PUBLIC DOCK AND PASSENGER TERMINAL 2023 ACTIVITIES



Viking Octantis in Detroit, 2023

Record # of Dockings

The Port Authority completed a record year in the growth of cruise ships and passenger visits to our city and region. These ships not only brought their passengers to Detroit but thousands of visitors who came to see these majestic ships from all over the world. Passengers continue to rave about visiting our region and marvel at the sights and sounds of Motown. Detroit has become a new tourist destination as word gets out about all the positive things happening here. We also hosted record numbers for dinner cruises and other vessels. Here's the data on 2023 on our public dock.

<u>Cruise Ship Carrier</u>	<u>Visits</u>
Viking Cruises	20
American Queen Cruises	26
Pearl Mist Cruises	6
Ponant Cruises	8
<u>Hamburg Cruise Line</u>	<u>2</u>
Total Cruise Ship Visits	62
Dinner cruises/government vessel dockings	39
Total Public Dock Visits	101

Total Cruise Ship Passengers: 12,100

Total Dock Revenue and Fees: \$297,755

Total Local Spending: \$1,555,655

(includes local travel and Museum ticket sales)

Scenes from Ship Tours

