

Port of Detroit Overview



Port of Detroit Facts

- Port of Detroit handles between 10-20 million tons of cargo annually
 - DWCPA Terminal handled 210,000 tons in first three quarters of 2017
- 25-30 Companies
- 32 miles of Detroit River, including the navigable portion of the Rouge River, from Detroit to Monroe County line.
- Primarily steel, iron ore, coal, cement
- Supports over 16,000 jobs
- Over \$1 billion in direct and indirect personal income



Commerce



DTE Energy®








**Michigan
Marine
Terminal**




MARINE TRANSPORT is:

- ✓ SAFER.
- ✓ ECONOMICAL.
- ✓ ENVIRONMENTALLY SOUND.



| Indexed Comparisons: | SHIP (@1 unit) | RAIL | TRUCK |
|------------------------------------------------------------------------------------------------------|-------------------|------|-------|
| ENERGY CONSUMPTION  | 1 | 2.2 | 9.7 |
| EMISSIONS  | 1 | 1.4 | 7.6 |
| ACCIDENTS  | 1 | 13.7 | 74.7 |
| SPILLS  | 1 | 10.0 | 37.5 |
| NOISE LEVELS  | 1 | 1.4 | 1.3 |





Great Lakes/ St. Lawrence Seaway





DWCPA Capabilities

- **FEMA Port Security Grants**
 - Most recently used to help establish radar system in the Detroit River, creating a network from Port Huron to Lake Erie
- **Brownfield Assessment Grants**
- **EPA Brownfield Revolving Loan Funds**
 - ~\$3 million in projects already funded
 - \$1.6 million ready to spend, working with a project now to spend that funding
- **EGLE Brownfield Grants/Loans**
 - \$3.4 million issued
 - Worked with EGLE on first ever joint EGLE/MEDC Project
- **Advocacy for Great Lakes Shipping**
- **Project Finance?**



Nicholson Terminal & Dock Co.

- Nicholson Terminal & Dock Co. operates the 34 acre general cargo dock owned by DWCPA.
- Nicholson's stevedoring service handles various types of cargo from steel slabs, hot and cold rolled steel coils, steel plate. Also they handle cold briquetted iron and other ferrous metal alloy materials.
- Nicholson also handles heavy lift project cargo, including machine presses and a variety of or manufacturing equipment. Customers include Ford, General Motors, Siemens, Marathon, etc.
- DWCPA's cargo terminal operated by NT&D is the only general cargo dock in Detroit/Wayne County.
- Steel tariffs are extremely harmful.



Port Funding Challenges

- ~\$500,000 that State of Michigan appropriates to DWCPA is the only funding that the “Great Lakes State” puts toward the maritime industry.
- Other states allocate portions of sales tax or have grant/loan programs for industry.
- No dedicated maritime grant/loan programs in MI
 - WI Harbor Assistance Program is a good model



Business Losses due to Legislative Challenges

- The Hertel-Law-T. Stopczynski Port Authority Act of 1978 (MCL 120.101 et seq) gives the Authority the ability to issue revenue bonds to finance port facilities. However, the Act goes on to define “port facilities” as “facilities owned by a Port Authority,” so DWCPA can only finance projects for facilities which it owns.
- Understandably, business owners are reluctant to deed their property to DWCPA for term of financing to allow the Authority to finance a project.
- Revamping the definition of a “port facility” would make it much easier for DWCPA to engage in project finance to assist private businesses up and down the waterfront and beyond.
- Administrative fees could potentially replace government subsidy.



Example of Business Loss due to Legislation

- **Steel Company: Project to install a Continuous Annealing Line**
 - \$537 million bond issue
 - \$275,000 paid upon execution of term sheet. 50% split between the Authority and Bond Advisor
 - \$4 million issuance fee, distributed between the Authority and Bond Advisor (0.75%)
 - Maintenance Fee of 0.01% of outstanding bond balance due each month (starts at \$53,700 per month and works down as bonds are paid off)



DWCPA Expanded Bonding Authority

- DWCPA is not interested in financing commercial projects.
- Specialty is maritime and industrial projects.
- Desire to quickly and efficiently assist the business community with a focus on the maritime and transportation related industries.



DWCPA Expanded Bonding Authority

Examples of Potential Projects:

- Rouge River Seawall
 - Most of Rouge River seawall are past expected life. AK Steel seawall built by Henry Ford and has had several failures over the years.
 - Carmeuse Lime & Stone collapse shut down Rouge River for 5 weeks in August 2014.
 - Industrial seawalls cost roughly \$10,000 per lineal foot but have a design life of 50 years or more.
 - 30 year revenue financing makes sense.
- Erickson's Detroit Facility
 - Purchased part of former Revere Copper & Brass.
 - Initially expected roughly \$8 million in improvements.
 - Now expected to exceed \$20 million.
 - Seawall repair, dock repair, equipment purchases, construction.
 - Seawall collapse in November 2019.



Challenges

- Shorter Shipping Season
- Customs and Border Protection
 - Focused on Ambassador Bridge traffic with little incentive to assist Port growth.
 - Hesitancy to work with ports and unfair application of rules.
- Facilities need development and modernization



Opportunities

- Container Shipping
 - 10,000-15,000 or more possible
 - Countless additional containers from downstream suppliers
 - Spliethoff is already in the Great Lakes and looking to grow presence
- Gordie Howe International Bridge
 - Location of Bridge Plaza in/near Del Ray provides opportunity to create transportation/logistics hub
- MI Freight growth expected to top 40% over next 20-30 years
 - 60% growth nationwide



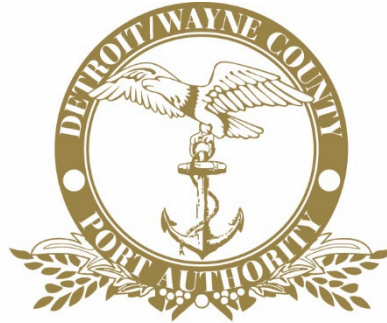
Opportunities

- Great Lakes Cruising
 - 40-50 stops per year before COVID (Canadian border closure effectively kills GL Cruising)
 - 100-400 passengers/ship
 - \$100/person/day/stop economic impact
 - Detroit is one of the most popular stops on Great Lakes





Thank You!



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