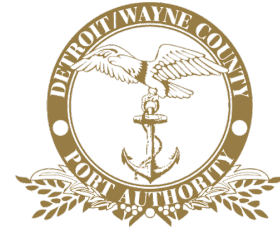


To: City Council Member Scott Benson
City of Detroit, City Council

From: Mark Schrupp, Executive Director
Travis Jackson, Finance Director
Detroit/Wayne County Port Authority



Date: March 28, 2023

Re: Responses to Council Member Scott Benson's Questions Related to the Detroit/Wayne County Port Authority FY2024 Budget Request

Please find below responses to your questions sent on March 20, 2023, regarding the Fiscal Year 2024 Proposed Budget for the Detroit/Wayne County Port Authority (the "Port Authority").

- 1. Question 1:** Identify the return on investment for the proposed \$430K bollard to be used by private shipping companies.

Answer: The Port Authority will host 67 dockings and over 12,000 passengers in 2023, a record year. We estimate that each passenger represents \$125 spent on our local economy, or \$1.5 million. A more definitive economic impact study is underway and will be released later this year. The new bollard will only be required for the longer Viking ships, which will dock 16 times this season and bring approximately 6,000 passengers. Thus, the local impact of the bollard this season will be \$729,600. Note that Viking is paying \$50,000 toward the cost of the bollard, in addition to the daily docking fee of \$1,000.

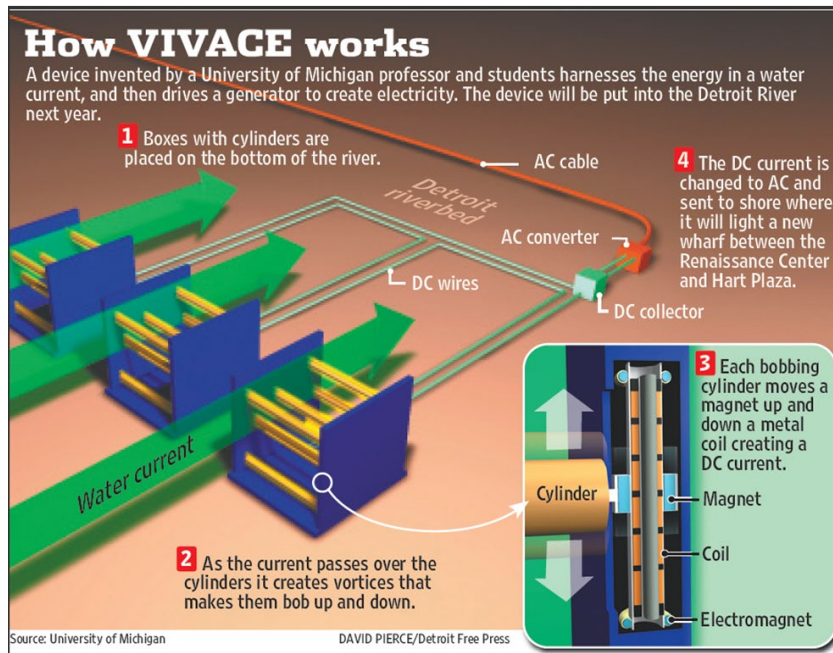
- 2. Question 2:** Please submit your decarbonization plan to Detroit City Council.

Answer: The Port Authority will kick-off its project to develop a decarbonization plan on April 1st, with two contractors engaged to assist in the development. We expect the plan document will be completed in 12-18 months. We will provide City Council with copies of the plan. In the meantime, attached is a copy of our Request for Proposals, which provides the scope of work for and deliverables we expect from our consultants.

- 3. Question 3:** Provide the specifications for the proposed hydrokinetic energy harvester, including the amount of energy to be produced by this machine.

Answer: Attached is a description of the hydrokinetic energy harvester project. And copied below is a graphic showing how it works. Final specifications of an updated model of the harvester are in development. Our University of Michigan partner team is working with us

and the Department of Energy to finalize the grant scope of work. We estimate that the harvester will generate 8% of the Port Authority's electricity.



4. **Question 4:** Provide the net present value of \$1m 1980 dollars in 2023.

Answer: Using the Bureau of Labor Statistics' inflation calculator, \$1,000,000 in 1980 is equivalent to \$3,866,838.05.

https://www.bls.gov/data/inflation_calculator.htm

5. **Question 5:** Describe the process to remove the Port Authority from the Master Concession Agreement.

Answer: Short of legal challenge and a court invalidating the agreement (which has been contemplated and rejected by two State Attorney Generals), the only way to remove the Port Authority from the obligations of the Master Concession Agreement is by agreement with the Ambassador Port Company ("APC"). In March 2021, the Port Authority Board approved a set of agreements negotiated with APC that would terminate the MCA (including the remaining 82 years of APC's exclusive right to control the Port Authority's port activities), produce \$1 million in proceeds for the Port Authority, eliminate the Port Authority's \$2 million+ debt and transfer title to the Port Authority's cargo dock to APC. These agreements cannot be finalized without the City of Detroit's consent to release its

“springing” interest in the property. As of today, we have not received City approval to consummate the agreements.

6. **Question 6:** Please identify the ability of the Port Authority to work with the ship construction industry to locate a shipbuilding facility within Detroit along the Detroit River.

Answer: The Port Authority has statutory powers and financing tools that could assist a ship builder to locate in Detroit along the river. The Port Authority has the power to acquire and lease property to such a company, including the power of eminent domain, if necessary. Presently, there is a significant amount of former industrial property near the Detroit and Rouge River convergence that is available. DTE’s Rouge River plant is no longer operating and US Steel has three former steel production sites that are not fully utilized. In addition to helping with land acquisition, the Port Authority can assist with financing the buildout of the facility through tax exempt industrial revenue bonds, which can lower the company’s cost for financing. There may also be grants available to support the shipbuilding industry that we could assist with. However, we haven’t researched those yet. We are not aware of ship builders looking for new sites in the Great Lakes, but would definitely entertain talks to help make that happen.

7. **Question 7:** Has the Port Authority completed a strategic plan? If so, please submit a copy to City Council.

Answer: Yes. The Port Authority’s 2019 *Port Forward Strategic Plan* is attached.