

THE PORT OF MILWAUKEE 2013 ANNUAL REPORT

Federal
Kumano
City Heavy
Lifting Dock



2323 S. Lincoln Memorial Dr., Milwaukee, Wisconsin 53207
Phone: (414) 286-3511, Fax: (414) 286-8506, www.milwaukee.gov/port



PORT TENANTS: Cargill Salt Incorporated • Discovery World at Pier Wisconsin • Federal Marine Terminals, Incorporated • Great Lakes Towing
Harbor House Restaurant • IFI Tanco • Lafarge Corporation • Kinder Morgan aka: Milwaukee Bulk Terminals, Inc. • KM Transload • Lake Express
Michels Corp. • Milwaukee Art Museum • Milwaukee World Festivals • North American Salt Co. • Portland Trucking • South Harbor
Shea Kenny Construction • St. Mary's Cement • U.S. Coast Guard • U.S. Navy • Walsh Construction • Ward Welding

The "Ocean Crescent," a U.S. Flag owned and operated vessel, came into the Port of Milwaukee to load a Joy Global mining shovel destined for the West Coast of Mexico. The vessel travelled through the St. Lawrence Seaway locks and the Panama Canal locks to reach its destination. (June 28, 2013)

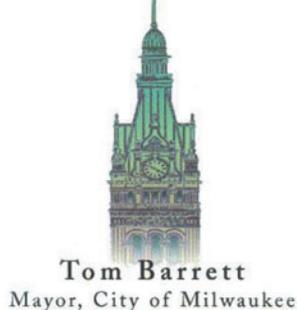


Federal Kivalina, New Glarus beer vats



Transformer/heavy lift transloaded from the VIRGINABORG to a Basic Marine deck barge for a Michigan destination. Logistics were organized by Vince Shu of Ceres Consulting.





A Message from Mayor Tom Barrett:

As 2013 came to a close, the Port began to speed up. Salt shipments delivered through the Port of Milwaukee were the second highest ever. One ship of salt delivered to the Port is the equivalent of about 1,230 truckloads. Customers of the Port transport local grain and heavy machinery for export. Fertilizers, steel products, limestone, ethanol, biodiesel, coal and cement also move through the Port cost effectively and efficiently.



With millions of tons of products moving through the Port each year, the overall costs of raw commodities tends to be lower for our local consumers. Our commitment to this vital transportation mode is reflected in the infrastructure improvements during 2013. A rail gantry crane along the mooring basin has a new boom extending its life another 20 years. We began a five year plan for rail improvements and upgrades which will allow commodities to travel faster and safer. And every road on the Port property was resurfaced making the thousands and thousands of truck trips through the Port safer. Interstate I-794 and the Hoan Bridge reconstruction also began in 2013, ensuring direct access to the port for decades to come.

This past year I was proud to welcome the new Administrator of the St. Lawrence Seaway, Betty Sutton for a visit to the Port. I look forward to working with Administrator Sutton on mutual interests relating to the Port and collaborating on legislation that will protect the port and our most valuable natural resource, Lake Michigan.

Domestic and International trade creates great economic advantages to our community. The Board of Harbor Commissioners, the Common Council and I are committed to public access to our lakefront, and the Port balances its commercial activity with recreational property that includes the Summerfest grounds, Pier Wisconsin and the Art Museum's lakefront public grounds to ensure that access.

The Port is also home to some of our finest. The U.S. Coast Guard Sector Lake Michigan and the U.S. Navy are all within the Port facilities.

This Port is part of a global transportation system that keeps our economy going – moving products, moving people, and making sure business have the best transportation options available. Our facilities are ideally located to serve customers in the heart of America, and we are positioned to continue to add to the region's economy for many generations to come.

Sincerely,

Tom Barrett
Mayor

Office of the Mayor • City Hall, 200 E. Wells St., Milwaukee, WI 53202
(414) 286-2200 • fax (414) 286-3191 • mayor@milwaukee.gov

ABOUT THE PORT OF MILWAUKEE



The Port of Milwaukee is an economic entity of city government that is governed by the seven-member Board of Harbor Commissioners, a panel appointed by Mayor Tom Barrett and confirmed by the Common Council. It administers commercial and recreational operations on the 467 acres that make up the Port.



We are the region's transportation and distribution center located on the southwest-ern shore of Lake Michigan. The Port of Milwaukee transportation options include the St. Lawrence Seaway, linking the Great Lakes to the Atlantic Ocean; inland river barge service linking to Gulf ports and the inland waterways; two major railroads, the Union Pacific and Canadian Pacific, and immediate interstate access to I-94. The Port of Milwaukee handles a diverse mix of cargoes including steel, salt, coal, limestone, bio-diesel, ethanol, cement, fertilizers, construction machinery, mining machinery, wind tower equipment, and grain.

FINAL PORT TONNAGE SUMMARY

IN METRIC TONS:

	2013	2012
Dry Bulk	2,401,258	1,649,649
General Cargo	131.982	249,816
Grains	59,871	98,731
Liquid Bulk	25,200	15,953
TOTAL	2,618,312	2,014,150

30% INCREASE OVER 2012

Quick Facts

WIND TOWER UPDATE:

COST SAVINGS:

Since the wind tower started generating energy on February 27, 2012 through December 31, 2013, the Port saved \$37,363 in energy costs.

TOTAL ENERGY:

Total energy generated by the tower through December 31, 2013 was 287,410 kilowatt hours.

ENVIRONMENTAL EQUIVALENT:

- It would take 7,586 mature trees one year to reduce the total CO2 avoided.
- The amount of CO2 avoided is as much as a family car driving 419,622 miles.

POLLUTANT OFFSETS:

- 364,151 pounds of CO₂ avoided (carbon dioxide)
- 373 pounds of NO_x avoided (mono-nitrogen oxides)
- 948 SO₂ avoided (sulfur dioxide)

Find out more about the City of Milwaukee WindTurbine project and get up-to-date live data at: <http://northernpower.kiosk-view.com/portofmilwaukee>

DID YOU KNOW?

MILWAUKEE WORLD FESTIVALS HELD SEVERAL FREE EVENTS ON THE SUMMERFEST GROUNDS, OFFERING FREE PARKING, FREE FIRST BEER, FREE ENTERTAINMENT AND FREE ADMISSION. THE BOARD OF HARBOR COMMISSIONERS CONTINUES TO VIE FOR MORE COMMUNITY ACCESS TO THE FESTIVAL GROUNDS.

**BOARD OF HARBOR
COMMISSIONERS**

Timothy K. Hoelter,
President

COMMISSIONERS:
Kristine F. Martinsek
Ronald S. San Felippo
Tina M. Chang
Robert J. Bauman
Craig A. Mastantuono
Claude J. Krawczyk

Paul Vornholt,
*Operations & Trade
Director*

**THE PORT OF MILWAUKEE
REVENUE/EXPENSES: 2013 (preliminary as of March 1, 2014)**

	2013	2012
OPERATING REVENUES*	\$4,370,586	\$4,361,080
Operating Expenses	\$2,937,975	\$3,004,254
NET INCOME (LOSS)	\$1,432,611	\$1,356,826
Personal Property Taxes <i>(paid by tenant)</i>	\$ 468,745	\$ 552,321

**Does not include Milwaukee World Festivals, Inc. This comparison of operating revenue and expenses for 2012 and 2013 excludes depreciation, debt service and interest expense.*

LOCAL ECONOMIC IMPACTS:

Martin and Associates conducted a Port-wide Financial Performance study for the years 2006-2012. Results showed that the Port operated with a positive revenue stream between \$2.5-\$3.5 million during these years. Land rentals are comparable to Coastal bulk ports, and other Great Lakes bulk and breakbulk port land rentals.

**THE PORT OF MILWAUKEE
LOCAL ECONOMIC IMPACT:**

EMPLOYMENT

Direct Jobs.....	624
Induced Job	498
Indirect Jobs	294
Total Jobs.....	1,416

PERSONAL INCOME

Direct.....	\$28,674,000
Re-spending/Local Consumption	\$62,136,000
Indirect	\$12,020,000
Total (1,000).....	\$102,830,000

BUSINESS REVENUE..... \$145,827,000

LOCAL PURCHASES..... \$24,025,000

STATE TAXES \$11,311,000

FEDERAL TAXES..... \$18,509,000

Total Taxes..... **\$29,820,000**

Note: Totals may not add due to rounding.

**BHC
ACTIONS**

**A SIGNIFICANT
PORTION OF OUR
REVENUE IS
THROUGH
LEASING OF
REAL PROPERTY.**

Federal Marine Terminals renewed their agreement with the Port for another five years as stevedore of breakbulk services.

Kinder Morgan renewed its lease of Terminal 4 and 4-A. The warehouse is used for bagging of bulk commodities including Milorganite fertilizer and deicing salt.



**107 year old St. Marys Challenger will
become a barge**

Built in 1906 and put into service as the William P. Snyder, the steam-powered vessel hauled iron ore on the Great Lakes for about 50 years. It was renamed three more times before being named St. Marys Challenger. Self-unloading equipment was installed in the late 1960's, including air slides, conveyors, and bucket elevators to comprise an enclosed system for moving the bulk cement from the ship's holds to onshore storage silos. In its most recent years, the lake boat delivered cement from Charlevoix, Mich. to Chicago, Milwaukee, Manitowoc, and Ferrysburg, Michigan.

She was small by today's standards, but at 552'1" long and 56' wide, with a capacity of 10,250 tons, the St. Marys Challenger was perfect for plying up the tight Kinnickinnic River in Milwaukee.

The Challenger turned 107 years old in 2013, and was the oldest operating vessel on the Great Lakes. Bay Shipbuilding in Sturgeon Bay, Wisconsin is preserving portions of the vessel as they convert her into a barge, so they can be displayed in maritime museums.

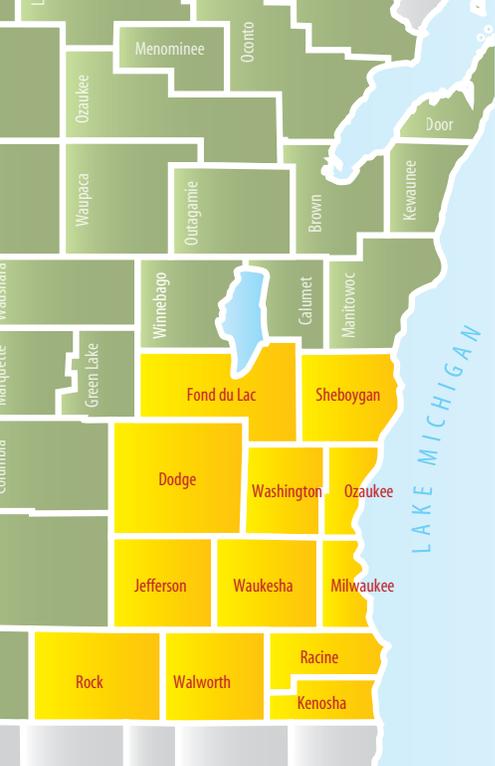
**Kohler Generators used
the Port of Milwaukee
as a backdrop and
Midwest Maritime's own
Tim Koss for their latest
"Workboat Warriors"
ad campaign.**

Check it out here:

<http://www.youtube.com/watch?v=IXkml2c8a5g&feature=share>

The video starts with "Here's to the river kings, the mountain movers, the doers. You know who you are, and we know you. We're KOHLER Marine."





In addition to promoting shipping and commerce, the Port of Milwaukee is the Grantee of Foreign Trade Zone #41 which offers economic benefits to companies involved in international trade. FTZ #41 encompasses 12 counties in Southeastern Wisconsin: Milwaukee; Rock, Walworth, Kenosha, Racine; Waukesha; Jefferson; Dodge; Fond du Lac; Sheboygan; Washington and Ozaukee counties.

2013 FTZ #41 OPERATORS:

- Broan Nutone**
- Sigma-Aldrich**
- Bentley World Packaging**
(general purpose FTZ warehouse)
- Hospira, LLC**
- Generac**
- Mercury Marine**
- CNH Industrial Americas**



Capital Improvements:

ROAD IMPROVEMENTS:

South Lincoln Memorial Drive and the fire lane between Harbor Drive and South Lincoln Memorial Dr. was resurfaced. South Carferry Drive and East Bay Street were completely rebuilt.



RAILROAD IMPROVEMENTS:

Over \$150,000 worth of railroad upgrades, repairs and maintenance were completed this year. Additionally, the Union Pacific upgraded its lead into the Port, and the Canadian Pacific rebuilt their rail bridge over Kinnickinnic Avenue leading into the Port.

INTERSTATE IMPROVEMENTS:

Work began on the interstate connection to the Port of Milwaukee – a three year project. The State’s Budget allocates \$236 Million to repair the Hoan Bridge and I-794.



PACESETTER AWARD PRESENTATION (L to R)

Paul Vornholt, Port’s Operations and Trade Director, Mayor Tom Barrett, Betty Sutton, Seaway Administrator and Tim Hoelter, Board of Harbor Commissioners President.



RECOGNITION OF SERVICE:

After 16 Years of Dedicated Service Commissioner Kristine Martinsek resigned as a Board of Harbor Commissioner, but she didn’t go far. Kris moves on as a board member of the Milwaukee Metropolitan Sewerage District located on the north end of Jones Island.

Commissioner Tina Chang resigned her commission in 2013. Tina served from February 11, 2003 to December 13, 2012 as a Board of Harbor Commissioner.

Two new Commissioners were sworn in: Kathleen M. Smith and Attorney Diane S. Diel

TENANT STAFF CHANGES:

We said goodbye to Brian LaRue, General Manager at Federal Marine Terminals - Milwaukee and welcomed the promotion of Luke Kvapil, as their new GM. We said good bye to Bradley Gilliet, General Manager of Kinder Morgan Bulk Terminals and welcomed William Baines as his replacement. Long time Manager of North American Salt, Kathy Ruiz, retired.



SPECIAL MENTION:

Many of the pictures in this Annual Report were taken by a local photographer, **Bill Bedell**. Bill has given the Port many pictures over the years, always free of charge. Taking pictures of the Port was a passion of his and he enjoyed sharing them. Bill was a lifelong employee of the Wisconsin Department of Transportation. Bill passed away on January 29, 2014 at the age of 64.



CRANE UPGRADES:

The Clyde Revolving gantry crane (aka: Crane 9), had its boom removed. A new boom is being built and expected to be installed early in 2014. The Manitowoc mobile crane #19 had significant bracket wear work and worn out rollers were replaced to its undercarriage. Both tracks were repaired by the Port’s Operations team.



THE PORT ADMINISTRATION WELCOMED A NEW CRANE OPERATOR, JOHN DERMEYER

and said farewell to Carmelo Cordero, of the Port Operations Team, and Jason Stenglein of the Marketing Team.