



**THE PORT OF  
MILWAUKEE**

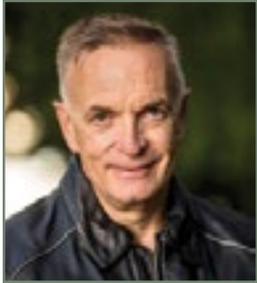


# 2016

ANNUAL REPORT

Project Cargo from Fednav's Federal Yukon is unloaded by the Port's 200 Ton Stiff Leg Derrick at the City Heavy Lift Dock.

## A Message From The President of the Board of Harbor Commissioners:



The Port of Milwaukee is an economic entity of the City of Milwaukee that is governed by the seven-member Board of Harbor Commissioners. Situated on 467 acres of prime Lake Michigan shoreline, the Port is landlord to public attractions like Summerfest and Discovery World on the

north and oversees a host of important commercial activities on its southern end.

We are the region's chief transportation and distribution center. The Port of Milwaukee's transportation networks include the St. Lawrence Seaway linking us to the Atlantic Ocean; inland river barge service between Milwaukee and the Gulf of Mexico; two major railroads, the Union Pacific and the Canadian Pacific; and immediate interstate access to I-94.

The Port of Milwaukee handles a diverse mix of cargoes including steel, salt, limestone, asphalt, scrap metal, bio-diesel, ethanol, cement, fertilizers, machinery, wind tower components, Wisconsin grown grain, and a variety of other bulk commodities. The 400,000 pound lifting capacity of our cranes makes us a dependable Port for moving heavy and over-size goods produced by Wisconsin manufacturers.

Under the leadership of our Director, Paul Vornholt, the Port of Milwaukee continues to improve and

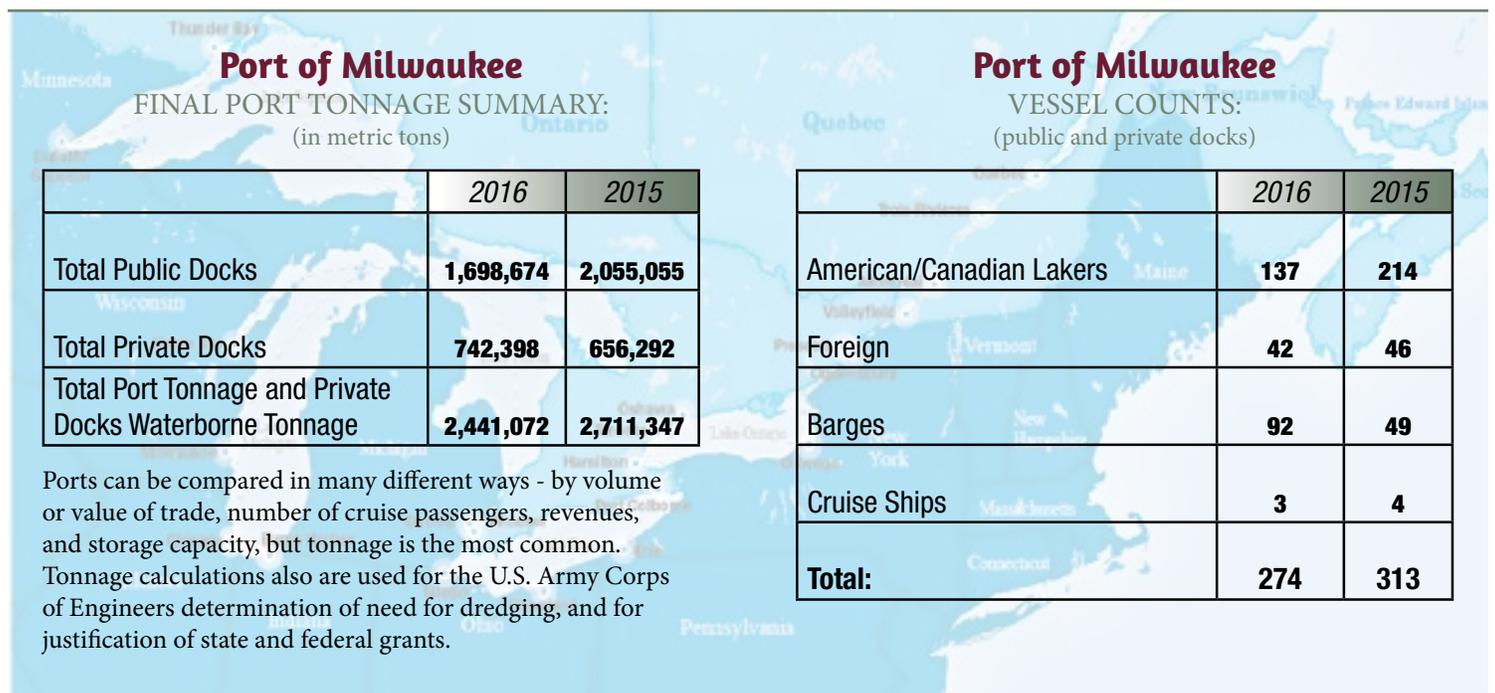
strengthen its infrastructure. Projects include the completion of the Lake Classification Yard railroad track replacement, dock wall repairs, the ongoing Liquid Cargo Pier rehabilitation, and the purchase of a new 300 ton Manitowoc Crawler Crane. Rail work will continue in 2017 thanks to a \$1.7 million grant from the Wisconsin Department of Transportation which allows us to replace 15 road crossings within our 14 miles of track.

The Port's revenues remained strong this year due to our diversification and significant increases in inbound cargo and exports of Wisconsin grown grain traversing through the St. Lawrence Seaway. The Port's dry bulk operations should continue their growth in 2017 and, with the completion of our Liquid Cargo Pier, we expect to see increases in that sector as well.

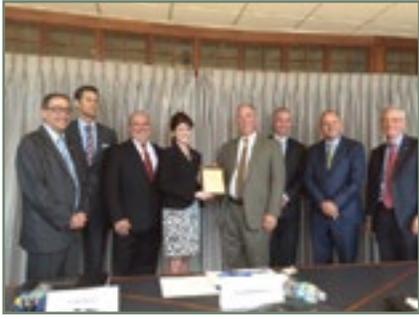
We continued to preserve and strengthen our ability to move high-wide industrial machinery through the Port by working collaboratively with the State and local departments of the City on the WisDOT State Freight Plan. Handling this type of machinery is a valuable component of our business.

All these efforts reinforce our intermodal connectivity and support Wisconsin's manufacturing and agricultural sectors. And continuing these efforts will enable the Port to attract new customers and new cargoes in 2017 and beyond. This gives my fellow Commissioners and me confidence that the Port of Milwaukee is well positioned for success into the future.

~ Tim Hoelster  
President, Board of Harbor Commissioners



## Great Lakes Maritime Day



On Wednesday September 28th, Port Director Paul Vornholt attended Great Lakes Maritime Day at the State Capital in Madison, sponsored by the Great Lakes Seaway Partnership. The focus of Maritime

Day was to educate policymakers on the importance of developing Wisconsin's maritime commerce within the Great Lakes Region. Director Vornholt joined Paul Pathy, the newly named CEO of Montreal-based ship line Fednav Limited at the event hosted by Lt. Governor Rebecca Kleefisch and administrators from Wisconsin's Department of Transportation. Other industry leaders attending included Todd Thaysse of Fincantieri Bay Shipbuilding, Mark Barker of Interlake Steamship Company, Steve Fisher of the American Great Lakes Ports Association, Dean Haen of the Wisconsin Commercial Ports Association, and Craig Middlebrook of the U.S. St. Lawrence Seaway Development Corporation.

Topics discussed included the economic impact of Great Lakes shipping on supporting manufacturers and farmers, the benefits of expanding short sea shipping to reduce truck traffic on the region's roads, the economic importance of shipyards and ports, investment in infrastructure such as the U.S Army Corps of Engineers, the Soo Locks, and ballast water regulation. The State of Wisconsin was recognized by the participating industry representatives for its commitment to the Harbor Assistance Program, cited as a model for other states in the Great Lakes region.

## WI State Freight Plan & OSOW

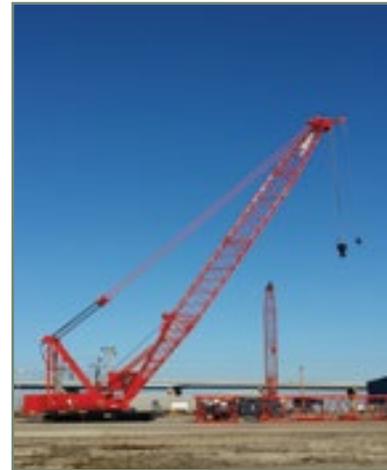


Starting in 2015, a working group was formed that included the Port of Milwaukee, The City of Milwaukee

Department of Public Works, the State of Wisconsin Department Of Transportation, the City of West Allis, and other stakeholders to discuss the routing of Oversize/overweight (OSOW) freight to and from the Port of Milwaukee.

This working group has focused on preserving the historic routes used to move OSOW freight in Southeast Wisconsin while coordinating their efforts with the State of Wisconsin's Freight Plan development to ensure harmony between the two efforts. Clearly identifying OSOW routes to and from the Port of Milwaukee benefits the shippers of OSOW freight so they understand their options locally and regionally.

## New Crane Delivered



In November, the Port of Milwaukee received its brand new 300 Ton Manitowoc Model 2250 Crawler crane for use in the Operations Department. The new crane will primarily be used to load and unload breakbulk cargo for the Port's stevedores, Federal Marine Terminals. Its addition adds increased reliability

and flexibility to the Port's heavy lift capacity and capability. One component of revenue for the Port is hourly crane usage which is billed at rates designated in Municipal Port Tariff No. 21.

## Doors Open

The Port of Milwaukee once again took part in the Doors Open Milwaukee weekend in September. On Saturday September 17th, the Port hosted a record 300 local "tourists" at the Port Administration Building.

The visitors were treated to a guided bus trip around Jones Island during which they received "behind the scenes" access to the terminal docks, information on the Port's tenant operations, and updates on the season's commercial Port activity. Participants in the Harbor District's 1st Annual Water Passport contest were able to get their passports stamped. The Port was one of 8 passport stamp sites and those who visited all of them qualified for a grand prize drawing.

While waiting for their respective bus, visitors were able to view the U.S. Coast Guard Auxiliary's display in the Port's first floor conference room. It highlighted Sector Lake Michigan's day to day duties and responsibilities. Coast Guard Sector Lake Michigan is comprised of 21 Coast Guard Stations/Units located in Wisconsin, Illinois, Indiana, and Michigan that are responsible for 1,638 miles of shoreline and approximately 19,000 square miles of surface water.

## Wisconsin Export Grain



The Port's private grain operator Nidera served Wisconsin agricultural growers well in 2016, loading the most international vessels (or "salties") in well over a decade with locally grown agricultural exports at its Milwaukee grain tower.

The year was highlighted by a stretch of over 6 weeks in July and August with Nidera's dock "occupied" by vessels filling their cargo holds. These ships then transited out of the Great Lakes via the St. Lawrence Seaway and across the Atlantic Ocean headed for destinations in Europe, Africa, & the Middle East.

The Port of Milwaukee's key contribution to making agricultural exporting so successful in 2016 was in providing vessels looking for outbound cargo. Having Fednav's Falline Liner Service making scheduled calls into Port multiple times a month, combined with regular port calls by carriers such as Polsteam, provided Nidera the opportunity to fill their empty cargo holds. The majority of vessels that were loaded at Nidera this year did so after delivering inbound cargo to the Port's terminals.

This "one stop shopping" for ocean going vessels in the Great Lakes minimizes transportation costs, making the exporting of Wisconsin agricultural products through the Port of Milwaukee globally competitive.

On October 17th, Milwaukee Mayor Tom Barrett joined Nidera Merchandising Manager Paul Kerber for a press conference at the Port to acknowledge the successful year for Seaway shipments of Wisconsin agricultural products from Milwaukee that saw a 300% increase over 2015.

## St. Mary's Plant Receives Slag



Port tenant St. Mary's Cement received its first shipment of slag by vessel in several years in 2016 when the Algowood came into port on April 4th. Slag handling operations at the Jones Island plant re-started in 2016 after being idle since 2009.

## New Navy Commanding Officer



Lieutenant Commander Colin Kennedy assumed Command of Navy Operational Support Center at the Port of Milwaukee on July 15, 2016.

He was born and raised in Elkhorn, Wisconsin, graduated with honors from the U.S. Naval Academy with a Bachelor of Science in Physical Oceanography, and was commissioned an Ensign in May 2002. He is a 2014 graduate of the U.S. Army Command & General Staff College at Fort Leavenworth, Kansas. He also holds a Master of Public Administration degree from the University of Oklahoma (2010).

He has been deployed to the Western Pacific and Arabian Sea, twice to the Mediterranean and Black Seas.

Ashore, LCDR Kennedy served as an Assistant Professor of Naval Science at the University of Oklahoma Naval Reserve Officers' Training Corps Unit.

His awards include the Meritorious Service Medal, Navy & Marine Corps Commendation Medal (four awards), Navy & Marine Corps Achievement Medal (three awards), Global War on Terrorism Expeditionary Medal, Humanitarian Service Medal, & several personal & unit awards.

## Kiln Sections



Local manufacturer AC Equipment Services once again provided the perfect snapshot of how the Port serves businesses as a premier transportation hub. The company uses heavy steel plate that had previously arrived at the Port via Fednav's Falline Liner Service from Europe. AC Equipment Services used their significant heavy steel rolling capability to fabricate six individual 17' diameter cylindrical sections that, together, comprise a cement kiln assembly. In June, these were transported via an OSOW truck route from AC Equipment's plant to the Port for staging on the City Heavy Lift Dock.

Port crane operations then loaded the sections onto a deck barge for transit across Lake Michigan to a cement plant in Michigan where they were assembled.

This project exemplifies the Port's role in both the delivery of raw materials via the St Lawrence Seaway for use by local industry and in transporting finished goods to customers using the Great Lakes.

## Port of Milwaukee

### REVENUES AND EXPENSES:

	2016	2015
Operating Revenues*	<b>\$3,797,346</b>	<b>\$4,263,391</b>
Operating Expenses	<b>\$3,074,860</b>	<b>\$3,149,580</b>
<b>Net Income (Loss)</b>	<b>\$722,486</b>	<b>\$1,113,811</b>
Personal Property Taxes	<b>\$508,167</b>	<b>\$527,178</b>

\* Does not include Milwaukee World Festivals, Inc. The comparison of operating revenue and expenses for 2016 and 2015 excludes depreciation, debt service and interest expense.

The Port's revenues are derived from 44.5% lease income and 55.5% cargo income. Operations of the Port are expended from revenues and any excess revenues are returned to the city's general fund.

2015 numbers are revised as of 1/31/2017.

## Betty Nowak



November 4th was proclaimed "Betty Nowak Day" in the City of Milwaukee by Mayor Tom Barrett. It was the day the Port said "Happy Retirement" to Marketing Manager Betty Nowak after 34 years of service to the City. She came to the Port in 1987 after

5 years at the Milwaukee Police Department, taking over as Marketing Manager in 2006.

Betty's position in marketing and promoting the Port, its tenants, and customers, made her a global ambassador not just for the Port but for the City and the State as well. Whether it was steel, grain, breakbulk cargo, cement, salt, liquid bulk, or tourism, she worked tirelessly to make sure Milwaukee was considered a preeminent Port of destination or origin for trade. Her steadfast advocacy led the Port to receive 11 Robert J. Lewis Pacesetter Awards from the U.S. St. Lawrence Seaway Development Corporation for year-to-year increased tonnage during her tenure.

## Port Personnel Additions

In January, the Port of Milwaukee welcomed Steve Paczesny to the position of Civil Engineer (Structural) in the Engineering Department.

Then in June of the year, Jazmine Jurkiewicz was hired as the Trade Development Representative and FTZ #41 Administrator in the Marketing Department.



## WI International Trade Conference



On May 10th, the Port of Milwaukee attended and exhibited at the Wisconsin International Trade Conference presented by The Milwaukee Metropolitan Association of Commerce's World Trade Association at the Wisconsin Center.

During the afternoon session on Supply Chain & Logistics, the Port participated in a Foreign Trade Zone (FTZ) panel. It was comprised of Betty Nowak, Marketing Manager at the Port, along with Paul Heffernan, Group VP of Supply Chain, and Nancy Pellowe, Trade Compliance Manager, for Broan-Nutone. Broan-Nutone is one of the the Port of Milwaukee FTZ #41 operators and is headquartered in Hartford.

The panel discussed how Foreign Trade Zones could potentially benefit a company, the application & approval process required, implementation challenges, and various management techniques to consider.

As Grantee for Foreign Trade Zone #41, the Port works in Southeastern Wisconsin to assist companies like Broane-Nutone in evaluating whether being an FTZ operator can improve their competitiveness.

## Port of Milwaukee

### TENANTS:

Cargill Salt, Inc.	Michels Corporation
Compass Minerals	Milwaukee Art Museum
Discovery World at Pier Wisconsin	Milwaukee World Festivals
Federal Marine Terminals	Portland Trucking
Great Lakes Towing	South Harbor, LLC
Harbor House Restaurant	St. Mary's Cement
Kinder Morgan	U.S. Coast Guard
Kompost Kids	U.S. Navy
Lafarge-Holcim	U.S. Oil
Lake Express High Speed Ferry	Ward's Welding

## Forge OSOW Movement



In September, Emmert International, a specialist in designing, engineering, and manufacturing heavy-haul and rigging equipment for project cargo movements, brought a 650,000 pound forge platen through the Port. It arrived on a McKeil Marine deck barge from the Port of Hamilton and was offloaded onto a Goldhoefer trailer at the Port's City Heavy Lift Dock on a sunny, calm Saturday morning.

After staging it on Port rail track, Emmert loaded the piece onto their specially designed Schnabel rail car at the City Heavy Lift Dock. The platen was then transported out of the Port via the Canadian Pacific Railroad to its final destination, a Scot Forge plant in Illinois. This move highlights the port's water-rail intermodal connectivity as well as its capability to handle Oversize Overweight(OSOW) cargo.

## Barley

The Port's private grain tower operator Nidera again brought in a bulk shipment of barley in 2016, continuing their service to local malting houses and the brewing industry. In July, Port tenant and stevedore Federal Marine Terminals unloaded Fednav's Federal Schelde and its 15,000 ton load of European barley dockside adjacent to the Nidera grain tower.

Once unloaded, the ship pulled alongside the grain tower to fill up with Wisconsin grain for export, making Milwaukee it's only Great Lakes port of call.



Milwaukee Bucks President Peter Feigin speaks with employees of Federal Marine Terminals as roof beams for the new arena are unloaded from the Federal Bering.

## Milwaukee Bucks Arena Beams

In November, two Fednav Falline Liner Service vessels, the Federal Bering and Federal EMS, delivered steel beams for use as roof trusses in the new Milwaukee Bucks basketball arena, under construction downtown. The Grade 65 beams were fabricated at the Arcelor Mittal mill in Luxemborg and, after being unloaded at the Port, were delivered to Merrill Iron & Steel in Schofield, Wisconsin to be prepared for installation in 2017.

The Port and its stevedore tenant Federal Marine Terminals welcomed local media, representatives of the arena project's general contractor Mortensen Construction, Merrill Iron & Steel, and Milwaukee Bucks President Peter Feigin to view the first beams coming off the Federal Bering. Federal Marine Terminal's employees, members of International Longshoreman's Association Local 815, unloaded and handled the beams.

## Fednav Fleet



In 2016, the Port's Falline Liner Service partnership with Montreal-based ship line Fednav yielded the first Milwaukee port calls by several vessels from their newly built high performance fleet. Since 2014, Fednav has made a substantial fleet upgrade investment, launching 16 new Handy-size vessels built specifically for service in the Great Lakes. These vessels operate with fewer greenhouse gas emissions, are more fuel efficient, and have box holds to facilitate the handling of general cargo. Of further note, 12 of these vessels were outfitted with modern ballast water treatment infrastructure to facilitate adherence to the impending U.S. Coast Guard requirements set to take effect in 2017.

On May 5th, the Federal Bering was the first of these new vessels to arrive in Milwaukee, followed by the Federal Baltic, Federal Biscay, and Federal Caribou throughout the course of the shipping season.

These "B" & "C" Class vessels reflect Fednav's commitment to serving the Great Lakes in both an efficient and environmentally friendly manner. As a Green Marine certified Port, Milwaukee looks forward to welcoming the remainder of the new Fednav fleet starting in 2017.

## Foreign Trade Zone #41

The Port continues to promote its position as the Grantee of Foreign Trade Zone (FTZ) #41 in Southeastern Wisconsin. FTZ #41 is an economic development program that supports companies in global trade by minimizing duty related costs associated with imported products. Through these cost-saving measures, trade and industry is bolstered by retaining jobs in America and reinvesting in our communities.



### 2016 Operators include:

- BroanNutone
- CNH Industrial Americas
- Generac
- Hospira, LLC
- Mercury Marine
- Kohler Company
- Lindner Logistics

With the activation of Kohler in 2016, FTZ 41 is expected to continue to expand its positive impact within our Alternative Site Framework, which includes the 12 counties in Southeastern Wisconsin (Milwaukee, Rock, Walworth, Kenosha, Racine, Waukesha, Jefferson, Dodge, Fond du Lac, Sheboygan, Washington, and Ozaukee). Lindner Logistics was also approved in 2016 with activation expected in 2017.



# THE PORT OF MILWAUKEE BOARD OF HARBOR COMMISSIONERS



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*President*

## Commissioners:



Ronald S. San Felippo  
*Vice President*



Mark A. Borkowski



Craig A. Mastantuono



Claude J. Krawczyk



Diane S. Diel



Kathleen M. Smith

## City Leaders Cruise



In August, the Port of Milwaukee's Board of Harbor Commissioners welcomed Alderman Jose Perez and Alderman Mark Borkowski on the annual cruise of the Port aboard the Port's work vessel, the Joey D.

## Miller Lite Oasis Renovation at Summerfest



At the June meeting, the Board of Harbor Commissioners approved a capital project plan to renovate the Miller Lite Oasis stage at Henry Maier Festival Park. In September, a joint press release was issued by Milwaukee World Festivals and MillerCoors announcing their renewed partnership in conjunction with this stage renovation project. A rendering of the newly designed stage and surrounding area showing the planned facility upgrades was released to the public at that time. Work is scheduled for completion before the 2017 festival season opens. Summerfest will celebrate its 50th annual festival starting on June 28, 2017.

## Port Rail Grant Award

In September, the Port of Milwaukee was awarded a \$1.7 million Freight Rail Preservation Program grant by the Wisconsin Department of Transportation to upgrade 15 of the road crossings within the port. The grant will cover 80% of the total cost to replace below standard crossings with the remaining 20% from matching funds provided by the port. The scope of work will include installation of new 115-pound rail and replacement of road crossing surfaces.

This project continues the rail infrastructure upgrade program that saw completion of the Lake Classification Yard at the Port in 2016. Work on the road crossings will take place in 2017.

## New Port Logo Approved

At its August meeting, the Board of Harbor Commissioners voted to approve a new logo for Port Milwaukee. The logo was designed by Christina Klose from the Dept. of City Development, who worked closely with the Board's marketing committee and the Port's Marketing Department. The Port plans to unveil and implement the logo in the Spring of 2017.

