PORT Milwaukee
CONNECTING TO THE WORLD

GREEN MARINE

MILWAUKEE

2017 ANNUAL REPORT

The Federal Yukina arrives in Port Milwaukee in September carrying Fednav FALLine cargo from Europe.

2323 S. Lincoln Memorial Drive • Milwaukee, Wisconsin 53207
Ph: (414) 286-3511 • Fx: (414) 286-8506 • www.milwaukee.gov/port

A Message From The Mayor:

Port Milwaukee serves our city and our region by promoting commerce. Sometimes the Port is the nexus between a manufacturer and its customer; other times the Port is the most efficient channel for raw materials; and, consistently, the Port's infrastructure adds value to the economy and indirectly increases private sector employment.

The volume of cargo moving through Port Milwaukee remained strong in 2017, a reflection of both local business activity and the world economy. Activity at the Port in 2017 also showed how interrelated world trade can be as some of the same ships that brought in European-made steel to our region returned to Europe with Wisconsin-grown grain.

Port Milwaukee focuses a great deal of attention on the future, making certain the Port adapts and responds to changing conditions. So, in 2017, Port Milwaukee actively participated in planning efforts in the greater harbor district; it supported work to restore one of the last remaining wetlands in the Milwaukee estuary; it helped rebuild Port infrastructure at the liquid cargo pier and along its rail lines; the Port's newest crawler crane made its first cargo lift; and Port Milwaukee introduced a new logo that reflects its forward-looking approach.

Led by significant growth in the quantity of cement, limestone and salt, the total amount of cargo transiting Port Milwaukee rose in 2017. Along with the more traditional cargo, the Port handled some more unusual items including beer tanks and a historic locomotive. And, hundreds of overseas passengers arrived at Port Milwaukee aboard the cruise ship Hamburg.

For more than 180 years, Milwaukee has been a commercial port, and, for almost a century, the Board of Harbor Commissioners, along with the talented staff at Port Milwaukee, has made sure commerce at the Port runs smoothly. Their work is a very positive addition to our economy.

~ Mayor Tom Barrett

Port Milwaukee
FINAL PORT TONNAGE SUMMARY:
(in metric tons)

	2017	2016
Total Public Docks	1,932,826	1,698,674
Total Private Docks	640,544	742,398
Total Port Tonnage and Private Docks Waterborne Tonnage	2,573,380	2,441,072

Ports can be compared in many different ways - by volume or value of trade, number of cruise passengers, revenues, and storage capacity, but tonnage is the most common. Tonnage calculations also are used for the U.S. Army Corps of Engineers determination of need for dredging, and for justification of state and federal grants.

Port Milwaukee
VESSEL COUNTS:
(public and private docks)

	2017	2016
American/Canadian Lakers	160	137
Foreign	43	42
Barges	94	92
Cruise Ships	4	3
Total:	301	274

Canadian Trade Committee Meets with Mayor at the Port

The Canadian House of Commons (Parliament) International Trade Committee made a trip to Milwaukee on September 29th, 2017. Among their scheduled stops in Milwaukee was a visit to the Port.

Port staff provided the members a tour of Port facilities highlighting its role as a regional transportation and distribution center with strong Canadian trade relationships. Tenants at the Port routinely handle Canadian products and utilize Canadian transportation services provided by companies such as the Canadian Pacific Railway and vessel carriers such as Fednav Ltd, CSL, McKeil Marine, and Algoma Central.

The tour was followed by a meeting at the Port Administration Building with Mayor Barrett where the current state of international trade was discussed in detail. The Mayor's views were welcomed by the Committee in their development of a study for the Canadian Parliament on the priorities of stakeholders that have an interest in trade between Canada, the United States and Mexico.

The visit to Milwaukee was one of several intended to give the Committee an opportunity to hear from government representatives based in the United States and Mexico. Other visits made by the Committee included Mexico City, San Francisco, Denver, Seattle, Detroit, Chicago, Columbus, and Washington, D.C.

The House of Commons Standing Committee on International Trade studies and reports on matters such as international trade policy and Canada's economic relationship with other countries.

Doors Open

Port Milwaukee continued it's participation in Historic Milwaukee's *Doors Open* weekend in September, hosting over 200 visitors to the Port Administration Building on September 24th for a full day of tours.

The "first come first serve" arrivals 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.

While waiting for their bus, visitors were able to view displays by both the Wisconsin Marine Historical Society and the US Coast Guard Auxiliary in the Port's first floor conference room. The Society highlighted items from the Great Lakes Marine Collection at the Milwaukee Public Library and the Auxilliary highlighted the duties of the US Coast Guard Sector Lake Michigan.

Liquid Cargo Pier Project

The Port completed refurbishment work on its Liquid Cargo Pier at the end of 2017. The scope of work structurally reinforced the pier pilings so that barges and vessels could continue to dock safely. The Port received funding from a State of Wisconsin DOT Harbor Assistance Grant to cover 80% of the cost of the work.

This work will allow for Port tenant U.S. Oil to utilize the pier in 2018 to ship and receive liquid bulk products. U.S Oil received a separate HAP grant to install new piping to the pier from its liquid bulk storage tanks, allowing for the transfer of products between the pier and the storage tanks.

Port Milwaukee handles approximately 2.5 million tons of cargo each year, including steel, cement, salt, limestone, grain, ethanol, biodiesel, propane, butane, fertilizer, and heavy machinery. Having the Liquid Cargo Pier refurbished and back in service adds another transportation lane to its capabilities, further increasing the Port's role as a premier distribution hub in the Upper Midwest.

SLSDC Advisory Board Visit

The Saint Lawrence Seaway Development Corporation (SLSDC) Advisory Board convened its annual meeting in Milwaukee on October 30th and 31st. The Board is comprised of Presidential appointees who oversee the operations of the US portion of the Seaway, including the two US Locks located in Massena, New York.

Advisory Board members participating in the meeting were David MacMillan, Chairperson, William Mielke, member, and Arthur Sulzer, member. SLSDC staff in attendance included Deputy Administrator Craig Middlebrook, Nancy Alcade, Director of Congressional and Public Affairs, Adam Schlicht, Great Lakes Regional Representative, Chris Guimond, Director of Lock Operations and Marine Services, and Wayne Williams, Chief of Staff.

After completing its board meeting on the 30th, Port Milwaukee hosted a public meeting of the Advisory Board on October 31st in its Administration Building. After a greeting by Port Director Paul Vornholt, agenda topics were presented and discussed in the open meeting including Great Lakes Maritime Education and Workforce development, Cross Lake Shipping potential between Milwaukee & Muskegon, Wisconsin intermodal initiatives, and an overview of the Seaway related trade activity at Port Milwaukee.

A Historic Export

In August, Port Milwaukee loaded a Caterpillar Global Mining shovel on board Spliethoff's m/v Floragracht on the City Heavy Lift Dock where oversize and heavy components are staged for shipment. Once the shovel components were loaded, a 65 metric ton piece of history was lifted into the cargo hold for transport to the Netherlands where it will be part of a railroad museum exhibition.

The historically significant Whitcomb locomotive was manufactured in Rochelle, Illinois in 1944.

It is one of a generation of US built locomotives supplied to Europe after World War 2 to rebuild the European rail network. Most of the locomotives were scrapped when that job was completed and, after none could be located in Europe, the museum extended the search to the US.

It reached a successful conclusion at a the LeHigh Cement Company in Mason City, Iowa. The locomotive was in service for the company almost 60 years when the museum in the Netherlands approached wanting to restore it back to its original condition and celebrate the 75th anniversary of World War II. The company was pleased to be involved in that effort so they cleaned up the locomotive and shipped it to Port Milwaukee by truck.

Port Chaplain Assigned

Effective July 1, 2017 Archbishop Jerome Listecki of the Archdiocese of Milwaukee assigned Fr. Eugene (Gene) Pocernich to be Chaplain for the Port Milwaukee. In his role as chaplain, he will serve in an interfaith capacity. Fr. Pocernich is Director of the Apostleship of the Sea-USA and is a senior priest in the Archdiocese. He is an active member in the National Association of Catholic Chaplains and has board certified status as a professional chaplain.

Coast Guard Change of Command

Captain Tom Stuhlreyer assumed command of Coast Guard Sector Lake Michigan on July 13, 2017. As Commander, he directs all Coast Guard operations in a four-state area on and around Lake Michigan. In addition to the sector staff, he oversees 18 boat stations, two aids to navigation teams, Marine Safety Unit Chicago, Marine Safety Detachment Sturgeon Bay, and Sector Field Office Grand Haven. After attending Officer Candidate School in Yorktown, Virginia, Captain Stuhlreyer was commissioned an ensign in July 1993. He's had operational assignments at Coast Guard Group St. Petersburg, Coast Guard Station Monterey, Rescue Coordination Center Alameda, and Coast Guard Sector San Francisco. He's also served at Coast Guard Pacific Area, U.S. Northern Command, the Coast Guard Academy, and Coast Guard Headquarters. Prior to his assignment at Sector Lake Michigan, he was Coast Guard Liaison Officer to U.S. Pacific Command at Camp H. M. Smith, Hawaii, where he supported security cooperation, joint operations, and defense planning in the Indo-Asia-Pacific region.

The Hamburg Returns

The cruise ship Hamburg returned to Port Milwaukee in 2017 after a 2 year hiatus. Each of its two port calls in September and October brought approximately 350 European visitors to the City. Their tour itinerary included time at the Public Market, Harley-Davidson Museum, Lakefront Brewery, as well as architectural tours of the City. For those who wanted to explore the city on their own, VISIT MILWAUKEE welcomed the passengers dockside with information. The Hamburg is the largest cruise ship on the Great Lakes and is expected to return to Milwaukee in both 2018 & 2019.

Port Milwaukee
REVENUES AND EXPENSES:

	2017	2016
Operating Revenues*	**$3,993,656**	**$3,797,346**
Operating Expenses	**$3,158,982**	**$3,074,860**
Net Income (Loss)	**$834,674**	**$722,486**
Personal Property Taxes	**$496,829**	**$508,167**

* Does not include Milwaukee World Festivals, Inc. The comparison of operating revenue and expenses for 2017 and 2016 excludes depriciation, 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.

Carferry Building Demo

In September, Port Milwaukee utilized the City's Department of Public Works to begin demolition of the Municipal Carferry Building on the City Heavy Lift Dock. The building was originally built in 1952 in conjunction with car & rail ferry service between Milwaukee and Michigan ports such as Frankfort and Ludington. Since the ending of that service in 1980, the building had been used primarily for storage. Its demolition opened up valuable dockside space and removed annual building maintenance costs from the Port overhead.

Port Personnel Additions

In December, Port Milwaukee welcomed Jackie Q. Carter to the position of Port Finance Officer in the Accounting Department.

WI International Trade Conference

Pacesetter Award

On May 11th, Mayor Barrett received the Robert J. Lewis Pacesetter Award during the luncheon of the Wisconsin International Trade Conference presented by the MMAC's World Trade Association at the Wisconsin Center in downtown Milwaukee. Thomas Lavigne of the St. Lawrence Seaway presented the Mayor with the 12th Pacesetter Award earned by Port Milwaukee since the award's inception in 1993. It recognizes U.S. ports within the Great Lakes that have seen increased tonnage transit through the Seaway over the previous calendar year.

For Port Milwaukee, the award resulted from a combination of strong inbound cargo from Europe such as steel and heavy equipment coupled with a significant increase in Seaway vessels exporting Wisconsin grown agricultural products from Milwaukee in 2016. The traditionally strong soybean export market was augmented by a bumper harvest for Wisconsin's corn crop in a year when the global corn supply was down. The Port promotes Wisconsin agricultural products as the most cost effective backhaul for the inbound vessels to take back through the Seaway to Europe, The Mediterranean, and North Africa.

Port Milwaukee continued its support of the conference as an exhibitor and Jazmine Jurkiewicz, the Port FTZ Administrator, participated in a roundtable breakout session.

Port Milwaukee
TENANTS:

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

Grand Trunk Wetland Restoration

In 2017, The Redevelopment Authority of the City of Milwaukee (RACM) released a Request For Proposal to develop a final design, permitting, and construction documents for the Port's Grand Trunk Wetland. Port Engineering Manager Larry Sullivan was part of the stakeholder team along with the Harbor District. The Sigma Group was awarded the contract and commenced working on-site delineating wetlands and surveying. Archaeologists then conducted fields investigations for cultural resources.

The Port's Grand Trunk Wetland is one of the last wetland remnants of the Milwaukee Estuary vast network. The Wisconsin Department of Natural Resources secured $250,000 of funding through the US EPA Great Lakes Restoration Initiative (GLRI) to develop a restoration plan for the wetland. Port Milwaukee, along with the Harbor District, the Redevelopment Authority of the City of Milwaukee (RACM), and other stakeholders began the process with a goal of completing the plan in 2018.

Harbor District Plan

In 2017, The Harbor District Inc. completed its Water and Land Use Plan (WaLUP) and it was released for public review on November 17th, followed by a public open house in December. Both The Harbor District and the City of Milwaukee presented the plan to key stakeholders and elected officials prior to its release, including the Board of Harbor Commissioners. The plan was given a public comment period that lasted through the end of 2017 and its final adoption was scheduled to be voted on by the Common Council and signed by the Mayor in early 2018.

Intermodal Service Survey

In early 2017, Port Milwaukee engaged the two Class 1 railroads that serve it, the Union Pacific Railroad and the Canadian Pacific Railway, to consider the return of intermodal service to Wisconsin. Ever since Milwaukee's intermodal rail ramp closed in 2012, metro area businesses have requested the restoration of that service. The intermodal ramp reduces the drayage cost and inefficiencies of having to truck intermodal containers out of state.

The Port's dialogue with its railroads identified the need to quantify the current volume of containers -- import, export, international and domestic -- that would utilize a ramp in the S.E. Wisconsin/Milwaukee region, assuming it was price and transit time competitive.

In July, the Milwaukee Metropolitan Association of Commerce, its World Trade Association, the M7, Wisconsin Manufacturers & Commerce, The Logistics Council of Milwaukee, & Port Milwaukee, along with strategic partners Wisconsin Economic Development Corporation, Wisconsin Department of Agriculture, Trade & Consumer Protection, Wisconsin Department of Transportation, and the Gateway to Milwaukee, conducted a survey. The survey results presented an updated view of intermodal activity, showing a significant volume that would support an intermodal terminal in the region.

Both railroads were continuing their intermodal evaluation processes as the year drew to a close. The Port will continue its efforts in support of re-establishing intermodal service in Wisconsin in 2018.

Things Were Brewing at the Port in July

In July, Port Milwaukee took delivery of 16 fermentation tanks for Wisconsin's New Glarus Brewing Company. The tanks were manufactured in Germany and transported to Milwaukee on Spliethoff's m/v Frieda.

They were unloaded on the City Heavy Lift Dock and staged for delivery. Over the next week, the tanks were then transported from the Port to the brewery by truck for immediate installation. They will provide additional brewing capacity to New Glarus' Wisconsin operations.

Foreign Trade Zone #41

As grantee of Foreign Trade Zone (FTZ) 41, Port Milwaukee experienced continued growth in our region. This trend indicates the success of the program by allowing local companies to remain competitive in an increasingly global economy, while simultaneously keeping our regional economy strong.

Lindner Logistics was able to achieve activated status early in 2017, moving foreign merchandise through their zone. An additional Zone Modification allowed Madden Communications to become our newest approved usage-driven Operator.

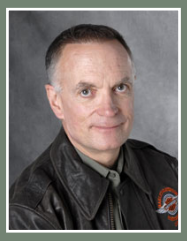
2016 Operators include:

- Broan
- CNH Industrial Americas
- Generac
- Hospira, LLC
- Mercury Marine
- Kohler Company
- Lindner Logistics
- Madden Communications, LLC

At the end of 2017, there were two additional applications submitted to the FTZ Board. However, those determinations were not made until early 2018. Stay tuned for next year's Annual Report on the status updates!

PORT Milwaukee

THE PORT OF MILWAUKEE
BOARD OF HARBOR COMMISSIONERS



Timothy K. Hoelter
President

Commisioners:

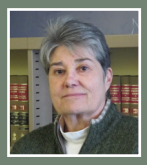
Ronald S. San Felippo
Vice President

Mark A. Borkowski

Craig A. Mastantuono

Claude J. Krawczyk

Diane S. Diel



Kathleen M. Smith

U.S. Cellular Stage & North Gate Renovation at Summerfest

At the April meeting, The Board of Harbor Commissioners approved two capital project plans at the Henry Maier Festival Park presented by Port tenant Milwaukee World Festivals, Inc. Renderings were presented to the Board of a newly designed U.S. Cellular Stage and surrounding area showing the planned facility upgrades. In addition, a newly redesigned American Family Insurance North Gate entry plan was presented for Board approval. Work is scheduled for completion before the 2018 festival season opens. Summerfest celebrated their 50th festival season in 2017.

Discovery World Expansion

Port tenant Discovery World was granted approval by the Board of Harbor Commissioners in April to construct a 10,000 square foot addition to its facility. The new pavilion will be used to host larger events and exhibits. Work commenced in October with an expected completion date in July of 2018.