Agricultural Maritime Export Facility

A Partnership for Economic Growth

Port Milwaukee and The DeLong Co., Inc.

2019 MARAD Port Infrastructure Development Program

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## Attachments

Submitted in Grants.gov:

- Standard Form 424
- 2019 Project Information Form
- Project Narrative
- Attachment A. Documentation of Commitments
- Attachment B. Design Plans
- Attachment C. Benefit Cost Analysis

Provided on Applicant’s Website

Port Infrastructure Development Program: 2019 Grant Application

- Documentation of Commitments (Attachment A in Grants.gov)
- Design Plans (Attachment B in Grants.gov)
- Letters of Support
## I. Project Description

### Project At-A-Glance

<table>
<thead>
<tr>
<th>Project Title: Agricultural Maritime Export Facility</th>
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<tbody>
<tr>
<td><strong>Project Summary:</strong> Port Milwaukee (Port) is partnering with The DeLong Co. Inc. (DeLong), a potential lessee, to re-develop an under-utilized parcel within the Port boundaries. The property will be utilized as the first and only intermodal bulk export agricultural transload facility on the Great Lakes, which will move product via both truck and rail to handysize (“Seawaymax”) vessels at the Port. Dry Distillers Grain with Solubles (DDGS) are the byproduct of the ethanol crushing process, resulting in an animal feed supplement which, when enriched with solubles, improves the nutritional value of the feed. The Port property is located on Jones Island, immediately adjacent to the heart of downtown Milwaukee, and is connected to the Great Lakes – St. Lawrence Seaway (GLSLS) system. The Port is capable of harboring multiple handysize vessels as well as covered barges, each with sufficient capacity to load an assortment of agricultural products for delivery worldwide. The products to be transloaded are anticipated to be primarily DDGS, soybeans, and, potentially, corn and specialty grains. The Port is a vital deep draft international commercial harbor with several ship terminals, deep draft docking space, warehouse storage and transload facilities for heavy lift and other dry and liquid cargoes.</td>
</tr>
<tr>
<td>**Redevelopment of the property includes the environmentally appropriate demolition of an existing out-of-date structure and construction of upgraded mooring infrastructure, if required. A fabric building will be erected in place of the existing structure to protect the transfer of agriculture products and to contain dust during the transfer process. The transload facilities will include rail and truck gravity dump hoppers connected to a conveyance system for the transport of material into the fabric building. Inside the fabric building, a reclaim system will be installed to relocate stored material and convey it for loading into the covered bulk material cargo vessel. The facility will also be built to subsequently handle soybeans and grain, including future provisions to add vehicle storage.</td>
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<tr>
<td><strong>Congressional District:</strong> Wisconsin’s 4th Congressional District</td>
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<tr>
<td><strong>Opportunity Zone:</strong> No</td>
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<tr>
<td><strong>Project Classification:</strong> Urban</td>
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<td><strong>Location:</strong> 1711 Carferry Drive, Port of Milwaukee, Milwaukee, WI; western shore of Lake Michigan about 75 miles north of the city of Chicago.</td>
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<tr>
<td><strong>GPS Coordinates:</strong> 43.01211°N / 87.89809°W</td>
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<td><strong>Outcomes:</strong> The project meets specified outcomes: (2) bring facilities to state of good repair and improve resiliency, and (4) promote exports of manufacturing, agriculture and other goods.</td>
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<td><strong>Total Project Cost:</strong> $31,366,928</td>
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<td><strong>Total Funding Request:</strong> $15,893,543</td>
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<td><strong>Non-Federal Match:</strong> $15,473,385</td>
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<td><strong>Benefit Cost Ratio:</strong> 4.28</td>
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<td><strong>Project Documentation/Website:</strong> <a href="#">Port Infrastructure Development Program 2019 Grant Application</a></td>
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Project Overview

Port Milwaukee (Port) is partnering with The DeLong Co. Inc. (DeLong), a potential lessee, to re-develop an under-utilized parcel within the Port boundaries. The property will be utilized as the first and only intermodal bulk export agricultural transload facility on the Great Lakes, which will move product via both truck and rail to handysize (“Seawaymax”) vessels at the Port. Dry Distillers Grain (DDG) are a byproduct of the ethanol crushing process, resulting in an animal feed supplement which can be enriched with solubles to improve the nutritional value of the feed (DDGS). The Port property is located on Jones Island, immediately adjacent to the heart of downtown Milwaukee, and is connected to the Great Lakes – St. Lawrence Seaway (GLSLS) system. The Port is capable of harboring multiple handysize vessels as well as covered barges, each with sufficient capacity to load an assortment of agricultural products for delivery worldwide. The products to be transloaded are anticipated to be primarily DDGS, soybeans, and, potentially, corn and specialty grains. The Port is a vital deep draft international commercial harbor with several ship terminals, deep draft docking space, warehouse storage, and transload facilities for heavy lift and other dry and liquid cargoes.

Redevelopment of the property includes the environmentally appropriate demolition of an existing out-of-date structure and construction of upgraded mooring infrastructure, if required. A fabric building will be erected in place of the existing structure to protect the transfer of agriculture products and to contain dust during the transfer process. The transload facilities will include rail and truck gravity dump hoppers connected to a conveyance system for the transport of material into the fabric building. Inside the fabric building, a reclaim system will be installed to relocate stored material and convey it for bulk loading into the covered bulk material cargo vessel. The facility will also be built to subsequently handle soybeans and grain, including future provisions to add vehicle storage.
Project Partners

Port Milwaukee and The DeLong Company Inc. will immediately, upon receipt of a Port Infrastructure Development Program Grant, begin the process of formalizing a lease subject to the final review and approval of the Port’s Board of Harbor Commissioners and the Milwaukee Common Council (see Attachment A).

Port Milwaukee

The Port is a vital, deep draft, international commercial shipping port located on Jones Island within Milwaukee Harbor on Lake Michigan. A premiere commercial shipping port in the State, Port Milwaukee contemporarily supports Wisconsin’s manufacturing legacy, its existing industries, and the regional economy through the efficient movement of freight. Port Milwaukee generates over $100 million in regional business revenue per year, is a project designee of the U.S. Maritime Administration (MARAD)’s Marine Highway Program, and is a 2019 recipient of the American Association of Port Authorities’ Overall Award of Communications Excellence.

Port Milwaukee is a significant commercial, industrial, and multimodal transportation hub, connecting handysize ocean vessels, U.S. and Canadian-flag Great Lakes freighters, inland river barges, Class 1 rail, and highway transport. Further, the Port is the northernmost Great Lakes port approved by the U.S. Coast Guard to serve the Mississippi River inland waterway system with direct river barge access to the Illinois River, a vital connection between Milwaukee and other U.S. ports on the Gulf of Mexico. The Port is also home to U.S. Coast Guard (USCG) Sector Lake Michigan, which is responsible for all Coast Guard safety and security missions on Lake Michigan, as well as a reservist station for the U.S. Navy and Marine Corps.

As a regional transportation and distribution center, Port Milwaukee’s hinterland market includes the entire State of Wisconsin, northern and western Illinois (including the City of Chicago), and eastern Minnesota (including the Twin Cities of Minneapolis and St. Paul). The Port is also capable of cost effectively reaching Iowa, North Dakota, South Dakota, Nebraska, Missouri and Indiana markets. The western Canadian Provinces of Alberta, Saskatchewan and Manitoba are accessible via the Port’s connectivity to Canadian Pacific (CP) rail. The Port also connects to an additional 23 states throughout the United States via Union Pacific (UP) rail.

Interstate I-94/794 leads directly into Port Milwaukee, assuring delay-free pickup and delivery of commodities moved by truck. With direct exit/entrance ramps at the Port, access to the interstate from major Port terminals takes less than five minutes. Highway connections to U.S. cities
within a 350-mile radius are numerous, including Chicago, Minneapolis, St. Paul, Peoria, Des Moines, Moline, Indianapolis, Madison, and Green Bay, among others. Public truck scales are available in the Port. UP and CP provide direct pier delivery at all Port facilities as well as necessary switching services on a daily basis. Port Milwaukee additionally owns and maintains 14 miles of its own rail track, providing continuous service and Class 1 connectivity.

Multimodal convergence at Port Milwaukee ideally positions it as an attractive place for business growth and transportation infrastructure modernization. Four international ship terminals are located on the east side of the Port, near the outer harbor, including an existing ethanol export facility. The west side of the Port is equally available to deep draft docking by handysize vessels. To date, the majority of the Port’s footprint is devoted to storage and/or transloading of break-bulk, bulk, and other specialty cargoes. Storage capacity at Port Milwaukee is plentiful, convenient, and inexpensive. Port Milwaukee is a Harbor of Safe Refuge.

Port Milwaukee leases property to 20+ tenants engaged in commercial shipping and distribution operations. The businesses located at the Port rely on the movement of freight via truck, rail, and ship for ease of access to domestic and world markets. Commodities transported through the Port today include: non-metal minerals, coal, corn, soybeans, peas, cement, concrete, sand, gravel, steel, and other manufactured goods. Given its experience in handling similar commodities, Port Milwaukee is incredibly well-positioned to expand its footprint and to facilitate growth in the export of agricultural products from throughout the Midwest.

The Port easily accommodates oversize and overweight shipping (OSOW) requirements using its existing highway connections as well as designated OSOW routes in coordination with the Wisconsin Department of Transportation (WisDOT) and as highlighted in Wisconsin’s State Freight Plan.

Unlike other competing Great Lakes ports, Milwaukee maintains year-round availability, including during the winter months, when the GLSLS is closed due to the seasonal maintenance of St. Lawrence Seaway locks. Port Milwaukee maintains 24/7 availability, including during periods of extreme cold, through its CP and UP rail service as well as USCG-assisted movements via Great Lakes freighters.

The Port has 15 Seawaymax berths, each capable of serving handysize vessels with a maximum draft of 26’ 06” (8.08 meters) and a length of 1,000’ (304.8 meters) at normal water conditions. The Port also has two dedicated barge berths with drafts in excess of 18’ (5.5 meters).
Port Milwaukee tenant services and facilities today include:

- Cement, slag, and aggregates handling, receipt, and distribution
- Salt (e.g. bulk and packaged) handling, receipt and distribution
- Dry bulk commodities storage and handling
- Liquid bulk handling
- Storage, discharge and loading of ships, rail cars, and trucks
- Structural steel fabrication
- Tugboat fleet operations
- Freight shipping and trucking operations
- Lease and sales of shipping containers
- High-speed passenger ferry service onboard the U.S. flag vessel, Lake Express
- International Great Lakes cruise service at Pier Wisconsin
- U.S. Coast Guard Sector Lake Michigan Station
- U.S. Navy and Marine Corps Reserve Station

<table>
<thead>
<tr>
<th>Port Milwaukee Tonnage Summary (in metric tons)</th>
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<tr>
<td>Total Port Tonnage &amp; Private Docks Waterborne Tonnage</td>
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<td>-------------------------------------------------------</td>
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Sustaining transportation-related employment within the State, professionals currently employed through the Port include: vessel and barge owners, rail operators, truckers, freight forwarders, and other beneficial owners of cargo. Port Milwaukee employees, tenants, and customers seamlessly design high quality, cost effective transportation and distribution programs for domestic and international supply chains. Cargo moving via Port Milwaukee annually supports 1,309 jobs in Wisconsin and, of those, 630 are directly generated by marine cargo and vessel activity at the Port’s deep draft terminals. Employment at Port Milwaukee sustains $29.4 million in wages and salaries per year.

A local market analysis, conducted in 2017 and summarized in the Milwaukee Harbor District Water and Land Use Plan, states that the “Port is, and will remain, an important economic driver for the City of Milwaukee and the wider region. Prior plans agreed that [the Port] should remain dedicated to the movement of goods into the foreseeable future, and that surrounding land use and infrastructure decisions should support this role.” The 2017 analysis also held that Port Milwaukee should “pursue opportunities to restore intermodal service …and to enhance shipping options for the region,” while exploring strategies to become more flexible in its response to future market changes. The grant project proposed herein is indicative of the Port’s response to that charge.

The proposed Agricultural Maritime Export Facility (AMEF) with DeLong will expand Port Milwaukee’s regional economic footprint and international trade posture. Once fully operational, the AMEF is estimated to initially handle $40 million of DDGS export at Port Milwaukee in partnership with DeLong.
DeLong’s grain division is an industry leader in container exports and offers an extensive commercial grain and food grade program. The grain division operates grain handling and storage facilities in Wisconsin, Illinois, Kansas, Ohio, Nebraska, Michigan, New Jersey and New York. Originating from farmer producers and elevators in the heartland of American agriculture, DeLong’s grains and feedstuffs are transloaded into containers for shipment around the world.

DeLong has strategically identified the need to develop a bulk vessel AMEF for the safe and efficient handling, storage, and transport of agricultural commodities, including DDGS, for international export. Port Milwaukee’s existing multimodal and infrastructure footprint, enhanced winter shipping season, commitment to customer service, and robust client base are tremendously appealing for significant investment and development by DeLong.

The AMEF project will develop the necessary multimodal connections to move Wisconsin-grown and-produced commodities to current and future customers domestically and internationally. In partnership with DeLong, Port Milwaukee will offer the only publicly-owned Great Lakes facility currently equipped to handle U.S. Department of Agriculture (USDA) and U.S. Food and Drug Administration (FDA) approved grain by-products.

**Project Components**

Port Milwaukee is working with DeLong to redevelop an idle parcel into a productive facility for the international export of agricultural commodities. An existing out-of-date structure at the Port will be appropriately demolished. In place of the structure, a fabric building will be erected. The transload facility will include a receiving building that features both rail and truck gravity dump
hoppers connected to a conveyance system to transport the material. Inside the fabric building, a reclaim system will be installed to convey received material into covered bulk material cargo vessels, including handysize ships and river barges. Dust control and weather protection are the prominent features of all planned conveyance designs.

The proposed AMEF will be comprehensively designed as a bulk product transload facility, allowing for the acceptance, storage, and loading of various agricultural products from trucks and rail to cargo vessels (see Attachment B, Design Plans). Most transloaded products will be DDGS; however, bulk grains including soybeans, corn, and wheat will also be handled occasionally. The design capacity of the AMEF is 40,000 bushels per hour. Port Milwaukee is serviced by multiple handysize bulk vessels, typically with a load carrying capacity of 32,000 dwt. Handysize vessels are some of the most commonly favored vessels within the global merchant vessel fleet today, carrying various bulk cargos in multiple covered hulls without cross contamination.

The AMEF at Port Milwaukee will receive 100 car unit trains to be unloaded in the receiving building. As designed, railcars will be unloaded using a gravity via bottom outlet gate and as assisted by a hydraulic rail car unloader arm. The material is choke fed to a receiving hopper pit for conveyance via a rail and truck receiving bucket elevator leg. This bucket elevates the product to a covered conveyor overhead, which crosses a public road, dumping the product into the receiving/shipping leg bucket elevator.

Material received at the AMEF via covered truck is gravity unloaded to a choke-fed truck receiving hopper and conveyed for material transfer at the rail and truck receiving leg. DDGS received via rail elevated by the receiving/shipping leg are sent to a bulk weighing system, which then proceeds to the flat storage building. Material received by truck is weighed using a scale integral to the receiving bin.

Bulk grains are also elevated by the receiving/shipping leg to a grain cleaner where fines are removed and sent offsite. From the grain cleaner, bulk grains are sent to the flat storage building to be segregated apart from the DDGS. Material exiting the bulk weighing system and/or the grain cleaner is transported by two drag conveyors to a flat fabric building with an average storage volume of 32,000 MT. Material is distributed/segregated in the fabric building using a
series of three drag conveyors, running parallel to the long dimension of the building, with multiple slide bottom discharge gates.

Once a covered bulk carrier vessel is berthed and prepared for loading, the material is collected via gravity on a reclaim conveyor by opening ladder gates located under the previously piled material in the flat storage building. The material is conveyed to the receiving/shipping leg and then elevated to a bulk weighing system, proceeding to the ship loader by covered conveyors.

The ship loader is anticipated to be a fixed installation with a directional loading spout mounted on a swing arm. As the available cargo holds are filled to capacity, the bulk carrier will be moved using a winch, until the swing arm is once again in a position to fill the empty bulk carrier vessel compartments.

Specific components of the redevelopment of the Port’s idle parcel into a vital AMEF include:

- **Site Survey:** A gathering of spatial data and elevations of site boundaries and field locating subgrade infrastructure prior to construction. Additional confirmation of installed subgrade infrastructure location and elevation and field locating above grade infrastructure during construction.

- **Permitting:** Obtaining and documenting all construction and environmental permitting that are required to construct and operate the system.

- **Materials and Soil Testing:** Inter-construction data gathering on strength, physical properties, and compaction verification of unconsolidated material placement.
- **Port Rail**: Subgrade and above-grade infrastructure required to construct an unloading track, storage track, and run-around track for rail connectivity.

- **Electrical Control and Automation (including installation)**: Providing and installing conductor/conduit materials; circuit protection; switchgear; enclosure; electrical components; and control logic to operate the various electrical motors, valves, chutes; lighting, heating, ventilation, and air conditioning (HVAC); phone; and wireless communication systems.

- **Demolition**: The demolition and proper disposal of the existing out of service/end of useful life site building at the Port; including subgrade and above-grade foundation to be removed for new construction.

- **Civil and Site Preparation/Finishing**: The excavation/rough grading of soils, and the necessary abandonment of subgrade utilities to allow construction activities to commence in areas not covered by demolition. Final grading, paving, top soil ing, and seeding of the site after construction.

- **Subsurface Pilings and Geo-piers**: Providing materials and installation of necessary piling and geo-piers to support an engineered platform to construct above grade infrastructure.

- **Concrete Structural Foundation (including installation)**: Providing materials and installation of reinforced concrete foundations to establish an engineered platform to construct above-grade infrastructure.

- **Marine Bollards**: Installation of 14 new mooring bollards and concrete foundations. The bollards will be spaced every fifty feet along the length of the berthing dock. Each bollard will conform to the Port Milwaukee specifications and be designed for a 60 ton pull capacity.

- **Structures and Buildings**: Receiving buildings and the flat storage fabric building with associated doors, windows, plumbing, and physical HVAC components. Towers, bridges, and other structures required to house or support components of the process equipment.

- **Process Equipment (Conveyance, unloading, loading, scales)**: Supply and installation of manufactured belt conveyors, drag conveyors, bucket elevators, scales, bulk weighers, screens, rail car unloaders/gate openers, dust control systems, truck probes, ship loading devices, magnets, compressed air systems and samplers. Mobile equipment such as front-end loaders and rail switchers are also included in this category.

- **Site General Conditions**: Activities that are not physical construction related but are required to complete the project. Items include, but are not limited to: temporary utilities, temporary sanitary systems, construction trailers, site fencing, project management, safety supervision, and storm water pollution prevention.
Challenges and Opportunities

The Port currently operates at about 50% international trade capacity via the GLSLS. U.S. Department of Transportation (USDOT) data suggests that the St. Lawrence Seaway locks could handle double the number of vessels currently transiting without time or efficiency challenges or additional degradation to the lock infrastructure. Should increased capacity via the GLSLS be fully realized, Port Milwaukee is well-prepared to handle a two-fold increase in commercial traffic of handysize vessels for export.

In summer 2019, the Saint Lawrence Seaway Development Corporation (SLSDC), an operating administration of the USDOT, completed the first 10 years of its Asset Renewal Program (ARP), marking a significant rehabilitation of the Seaway locks. This effort culminated in the deployment of “Hands Free Mooring” (HFM) technology at all Seaway locks (in both the U.S. and Canada). With implementation of HFM, several thousand handysize vessels could potentially enter the GLSLS for the first time, transiting to new U.S. ports including Milwaukee. Port Milwaukee seeks to fully utilize the infrastructure investment made by the SLSDC and USDOT by receiving many more handysize vessels engaged in international trade via the St. Lawrence Seaway locks.

According to the Wisconsin Freight Advisory Committee’s Intermodal Subcommittee Final Report, Executive Summary, (March 2019), Wisconsin will be made more attractive for intermodal facility development and operations if the private sector would:

- Clarify and confirm site selection needs for an intermodal facility; and
- Provide due diligence of intermodal business demand and coordinate findings with the public sector

The volume of containerized shipments to and from Wisconsin indicates a strong and sustained demand by the state’s businesses for use of intermodal freight, particularly in light of AMEF at Port Milwaukee.

A study entitled Strategy for the Great Lakes-St. Lawrence River Maritime Transportation System, as primarily sponsored by the Great Lakes – St. Lawrence Governors & Premiers stated, “the demand for intermodal shipments is increasing more than any other mode of transport. Between 1997 and 2007, multimodal freight activity increased 97.4 percent (based on the freight value) and 164.8 percent (based on the freight tonnage), according to the U.S. Department of Transportation. Infrastructure is needed to create and smooth the connection between modes at ports including water, rail and roadway connections, especially first- and last-mile connections.” Major investments, including Port Milwaukee’s proposed AMEF, rely on federal infrastructure programs to “provide additional funding for maritime projects, increase modal interconnectivity, operational efficiency, Maritime Transportation System competitiveness and economic development.”
Wisconsin relies on a steady stream of international containers currently only available at intermodal terminals in the Chicago area, as no publicly available facility exists in Wisconsin today. International containers are mounted to a chassis as supplied at alternate container yards, establishing need for a second, costly freight movement into Wisconsin. Exporters closer to Northeast Illinois have a competitive advantage in securing empty containers to the loss of Wisconsin shippers. Port Milwaukee’s proposed AMEF helps to establish an alternate paradigm; a unit train or truck full of DDGS produced in Wisconsin can be moved directly to the Port, establishing a more cost effective, safe, and reliable supply chain solution for producers in the State.

Trade tariffs utilized by China have made U.S. imports more expensive, further dampening the flow of inbound international containers and reducing the supply of empty containers for export. While tariffs on U.S. soy and animal feeds have disrupted traditional container markets, new DDGS markets in Europe, the Mediterranean, Middle East and North African countries continue to evolve and prosper. The AMEF at Port Milwaukee exploits the ripening DDGS market worldwide while, at the same time, improving the regional competitiveness of Wisconsin ethanol producers.

**Project History and Outlook**

The success of commercial shipping on the GLSLS has historically been dependent on a ship full-in/ship full-out model of trade via the Seaway. Port Milwaukee has continued to identify new opportunities, including establishing the AMEF, to sustain this business model and to help secure USDOT’s long-term investment at the SLSDC.

Since 2015, Port Milwaukee has implemented a Great Lakes “load center” approach after partnering with the SLSDC as well as the Canadian St. Lawrence Seaway Management Corporation (SLSMC). In each of the last several years, Port Milwaukee importers have sought to immediately backhaul Wisconsin agribusiness from COFCO, a private grain terminal located in Milwaukee Harbor, via handysize vessels on the GLSLS. Since implementation, on average 10+ handysize vessels have used COFCO as an immediate export solution at Port Milwaukee. Export of DDGS at the Port via the AMEF will further improve upon this established model.

The map to the right identifies ethanol producers in the U.S. that may benefit from the AMEF at Port Milwaukee. Estimates suggest that more than 20% of overall U.S. production of DDGS will take advantage of the AMEF.
The graph below is indicative of DDGS export market fluctuation in response to recent U.S. trade policy. Port Milwaukee is well positioned to pursue a diversified market growth strategy by focusing on the European Union (EU) and North American markets via the GLSLS.

![U.S. DDGS Exports Up 5 Percent From 2017/2018 Marketing Year](image)

*Figure 2*
II. Project Location

Port Milwaukee administers operations on the 467 acres that make up the Port on Jones Island. It is located on the western shore of Lake Michigan at Lat. 43° 05’ N, Long 87° 55’ W, about seventy-five miles north of the city of Chicago. (Project WKID: 4326 Lat/Long: 43.01211° N / 87.89809° W)

The Port is located at 2323 S. Lincoln Memorial Drive, Milwaukee, Milwaukee County, Wisconsin. The selected site is located at 1711 South Carferry Drive.

The overall 3.8 acres parcel to be leased is located adjacent to other Port properties with deep draft mooring along Milwaukee Harbor. It consists of a 28,000 sq. ft. warehousing/office building with concrete/asphalt parking and layout yards. South Carferry Drive runs north/south adjacent along the east side of the parcel and rail spurs owned by the Port. CP and UP run track along the east and west sides of the parcel on Port track. Port properties are zoned for heavy industry. Port Milwaukee is not in a Qualified Opportunity Zone.
Port Milwaukee’s commercial operations are on its South Harbor Tract, at Jones Island, a peninsula bordered by the Kinnickinnic and Milwaukee Rivers, and Lake Michigan. Jones Island is a unique area of the City of Milwaukee, including industrial, transportation, and utility uses exclusively. The northern third of the Jones Island peninsula is occupied by the Milwaukee Metropolitan Sewerage District’s (MMSD) Water Reclamation Facility, where milorganite has been made since 1926. The remainder of the Jones Island peninsula is owned and operated by Port Milwaukee, a City of Milwaukee department, as the international commercial shipping port. The Port leases its property to a variety of tenants engaged in commercial shipping and distribution operations.

Across the Municipal Mooring Basin to the west of Jones Island is a waterfront property owned and operated by COFCO. The COFCO site also features deep draft docking, rail access, and a series of large silos used for storing grain. Most of the Jones Island peninsula is filled lakebed. Use and development of the area is governed by a submerged land grant from the State of Wisconsin, which defines its permitted commercial uses.

Port Milwaukee and its tenants depend on reliable and efficient transportation and multimodal networks to operate. Highways (I-94/I794), streets, railroads, and shipping routes all converge at the Port on Jones Island to carry the materials, cargo, and people that make the Port, its tenants, and customers work. Further strategic investments at the Port, including the AMEF, will help to ensure that the transportation networks that serve Jones Island continue to do so in an effective manner.
III. Grant Funds, Sources and Uses of All Project Funding

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<thead>
<tr>
<th>Project Cost Breakdown by Component</th>
<th>Estimated Cost</th>
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<tr>
<td>Site Survey</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$31,366,928</strong></td>
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<tr>
<th>Sources and Uses for Project Funds, Non-Federal Matching Funds</th>
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<tr>
<td>Agricultural Maritime Export Facility (AMEF)</td>
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<tr>
<td>Project Cost</td>
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<tr>
<td>TOTALS</td>
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<tr>
<td>MARAD PIDP Federal Request</td>
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*If HAP 2019 grant funds are not awarded or are awarded at a lower amount than shown, DeLong has committed to resubmit to the program in 2020; if this is not awarded, DeLong will provide the balance to meet the guaranteed match.

The Port reviewed non-federal funding options and developed a funding matrix that has a significant non-Federal share at 50% of total project costs (49.3%). Of the $15,473,385 non-Federal share, $4,900,000 is anticipated, but not yet secured, via the Wisconsin Department of Transportation, Harbor Assistance Grant Program (HAP). The HAP award notification is anticipated to be announced in December 2019. When notice of award is received, the notice will be posted on the Port project website. Included is both secured Port and stakeholder partner funding, as well as pending HAP funds as match for this funding application. HAP funding is anticipated given the long-term record of accomplishment of the Port as well as the State of Wisconsin Department of Transportation’s demonstrated desire to cooperate with the Port on Federally-funded projects. Port Milwaukee is a proud steward of public investment.
The Port has been awarded and managed over a dozen grant projects to completion since 2000 and has collaborated with state and federal agencies to grow and expand the Port operations.

IV. Leveraging of Federal Funds

The AMEF project has a 49.3% non-federal match committed by the Port and stakeholders. The Port is committing $4,300,000 for rail and demolition of existing structures for the property. Delong has committed $6,273,385 for infrastructure development, plus a funding application to the Wisconsin Department of Transportation (WisDOT), Harbor Assistance Program (HAP) for $4,900,000, which is pending notice of award (December, 2019).

The total non-federal match to be provided for the project is $15,473,385. WisDOT HAP has acknowledged that the submitted application meets all the programmatic criteria for the state grant and has agreed to provide award notification as soon as an internal decision at WisDOT is made in December 2019. In the unlikely event that WisDOT HAP funds are not awarded in 2019, DeLong has committed to resubmit the HAP grant application; if not successful in the subsequent round, DeLong will provide the balance of the committed match up to $4,900,000 to fully fund the project and insure that the guaranteed match of $15,473,385 is met. (Attachment A)

V. Project Costs and Benefits (see Attachment C, Benefit Cost Analysis)

The Problem: As the ethanol plants expand in the Upper Midwest a byproduct of Distillers Dried Grain Solubles are produced and must be liquidated in the ethanol production process. As the middle class grows in global markets, many of the communities do not have sufficient water resources to grow animal feed to produce high quality pork, chicken, beef and dairy products. DDGS provide an important supplement which improves animal nutrition. Moving these DDGS to global markets has traditionally been done as a backhaul for empty containers returning to overseas production points. However, recent trade disruptions have reduced the number of international containers in North America, and this equipment is typically found at large population centers. Containers are not the most efficient way to move DDGS and their scarcity in markets which produce DDGS has created a need to improve the transportation system to support exports.

Base Case: Of the nine ethanol plants in Wisconsin, six drive by Port Milwaukee in an effort to take DDGS to transload operators in Joliet, Illinois at the Logistics Park Chicago (LPC). DDGS
are transloaded to containers and are exported by rail to coastal ports. Due to hours of service laws, Electronic Logging Devices and increased congestion on I-94, a roundtrip to LPC for North Central Wisconsin suppliers may not be achievable the same day. There are also many ethanol producers in North Central Iowa who aim to export DDGS, but sourcing equipment from the Minneapolis intermodal complex is difficult, and the supply of international container equipment is not sufficient to meet the need. Today, many Iowa producers are sending drivers to pick up empty equipment in Joliet and Minneapolis-St. Paul, but congestion and weather conditions often create an unreliable supply chain.

The AMEF project proposes to upgrade rail connections at the Port and establish a bulk transfer at the dock, shortening their existing trip to LPC by half the time and distance. The AMEF transloads product to a covered facility, which then blows the DDGS directly into a handymax vessel capable of holding 30,000 tonnes of export animal feed. To serve stranded shippers in North Central Iowa and Southern Minnesota, a unit train operation on both UP and CP will be established to link this important export to the Port. Moving DDGS in unit trains, then blowing them into export vessels, keeps heavy agricultural products off rural roads and bridges supporting a state of good repair. The economies of scale at Port Milwaukee provide superior transportation costs to access global markets.

**The Project:** The AMEF project aims to handle 200,000 tonnes of DDGS. Twenty percent will come from Wisconsin ethanol producers within 150 miles of the Port, saving them the trip to LPC, which is twice the distance. Wisconsin DDGS exports could reduce truck trips on some of the most congested roads in Chicago (I 294/180 and I55) by exporting DDGS via Milwaukee if a transfer station was available. The other 80% of the DDGS will come from landlocked Southern Minnesota and Iowa. Unit trains will handle bulk DDGS from the numerous ethanol facilities and agricultural transloads in these markets. The train will come directly to the Port, cycling back and forth to support movement of export agricultural materials. While Iowa and Minnesota shippers could truck DDGS to Mississippi River ports, the lack of consistent transit times, congested locks, and seasonal flooding reduce supply chain efficiency. Should DDGS move via the Mississippi inland system, the commodities would have to be transloaded again to an ocean vessel in the Gulf.

The establishment of the AMEF will provide direct connection to the CP and UP and the marine trade at Port Milwaukee. DDGS will provide a seaway-supporting export backhaul for handymax vessels.

The BCA was prepared to quantify the cost benefit of developing the AMEF, the first of its kind to be built on the Great Lakes. The reason for the high benefit to cost is that loading containers in the hinterland requires an empty container be picked up at the terminal in Minneapolis or Joliet and then drayed to the producer for loading, then returned to the terminal. The new project would load DDGS in rail cars in dedicated unit trains which would run at a higher average speed because they avoid switching stations and would have no intermediate stops between loading and the Port transfer station, which would load DDGS directly into the vessels for export. DDGS from within 150 miles of the Port would still travel by truck to the transfer station, allowing that supply chain to reduce costs, and vehicle miles traveled.
The BCA was prepared utilizing the TREDIS model, which has preselected data values to include crew size, unit tonnage limits, safety and environmental benefits, and automatically calculate resulting values. The project creates a Net Present Value of $174.7 M at 7% discount rate and a BCA of 4.28 at 7% discount.

To identify potential tonnage, maps were prepared to visualize and measure the distance from producers to Port Milwaukee and alternative export processing facilities. Shippers in Iowa and Southern Minnesota located on the CP or the UP were identified. Distances to container facilities and the Port were calculated to identify the base case and best alternative locations. Shippers provided actual rail car tracking documents to understand transit times. Shippers were contacted to confirm transit times, loading practices and their interest in this proposed facility.
VI. Project Outcomes

In 2018, the Port’s public docks handled over 2.3 MT of commodities and generated over $100 million in regional business revenue. Multimodal connectivity at Port Milwaukee, including enhanced rail utilization, led to the almost 1,300 trucks being taken off Wisconsin roadway for more efficient transportation solutions. The addition of the AMEF will further expand the Port’s economic benefits locally and statewide. Once the AMEF is operational, DeLong estimates initially exporting at least $40 million of DDGS overseas via Port Milwaukee annually.

The main co-product of corn ethanol plants is distiller’s grains. Based on the level of moisture content, distiller’s grains can be marketed as wet, modified, or dried. Among these co-products, DDGS is the most desirable commodity worldwide. The high-energy, protein and phosphorus content of DDGS make it a very attractive replacement for some of the more expensive traditional energy (e.g. corn), protein (e.g. soybean meal) and phosphorus (e.g. mono- or dicalcium- phosphate) ingredients used in animal feeds. When added to animal feeds that are properly formulated, DDGS provides excellent animal performance, health and food product quality. These attributes, and others, have made DDGS one of the most popular ingredients to use in animal feeds around the world.

Data from the USDA National Agricultural Statistics Service (NAAS) indicates DDGS production from September 2017 to February 2018 was equal to 10.5 million metric tons (MT), down 2.9 percent from the same period the previous year (10.8 million MT). Nevertheless, DDGS continued as the leading co-product of corn ethanol production. Production of distillers dried grains excluding solubles (DDG) remained stable in the first half of the 2016/17 marketing year with 2.3 million MT. Production of wet distillers grains (e.g. with 65 percent or more moisture content) was up 4.1% to 7.4 MT during the first half of the 2017/18 marketing year relative to the same period the previous year (7.1 MT). Production of wet distiller’s grains (e.g., with moisture content between 40 to 64 percent) was up 16.1 percent to 2.6 million MT during September 2017 through February 2018 relative to the same period the preceding marketing year.

Wet distiller’s grains are more perishable than dried distiller’s grains, as a result, they are mainly delivered to livestock operations near ethanol plants. The longer shelf life of DDG allows this coproduct to be delivered to long-distance livestock operations and international markets.

The U.S. is currently the world’s largest container importer, which puts it in a very unique situation. Containers filled with electronics, textiles, auto parts, etc., arrive in the U.S. primarily from Asia, requiring return shipment abroad in order to be re-loaded with the same types of consumer goods for return container shipment to the U.S. Steamship lines prefer to generate revenue on the backhaul, rather than sending empty containers to Asia. This backhaul is where DDGS, along with other agricultural products, have found their niche in the freight market.
Looking forward 10 years and using present values, the 10-year impact to the local, state, Midwest, and national economies would be greater than $400,000,000 as a result of this project. Increased exports would advance the administration’s desire to reduce the current trade deficit.

The AMEF at Port Milwaukee will make a strong contribution to the following desired project outcomes:

b. State of Good Repair and Improve Resiliency by addressing vulnerabilities in the condition of port transportation facilities

Wisconsin is home to nine ethanol plants which also produce DDGS by-products for export. In 2017, 1.9 million tons of DDGS were produced in Wisconsin, with roughly half of this volume exported for animal feed. Three plants in west-central Wisconsin would likely export 500,000 tons of DDGS by container from Chippewa Falls, WI, providing backhaul for inbound international containers destined to the Menards Distribution Center.

Conversely, the remaining six ethanol facilities produce approximately 1.4 million tons of Wisconsin DDGS annually and are respectively located within 150 miles of Port Milwaukee. The Port estimates that at least 200,000 MT of this DDGS export is currently shipped via Chicago intermodal terminals in lieu of a Wisconsin-based solution. This tonnage is the initial target and of significant, immediate benefit for direct utilization of AMEF at Port Milwaukee. By re-routing interstate DDGS tonnage to a Milwaukee-based multimodal solution, the Port estimates that at least 1,600 trucks per year will “be taken off” Wisconsin and Illinois roads, easing congestion in the greater Chicago area and catalyzing significant modal shift regionally.

During the past three winters in Wisconsin, Interstates 41 and 94 were closed due to chain reaction accidents, which involved more than 60 motorists and trucks. Multiple polar vortex weather conditions have resulted in regional facility closures due to dangerous weather conditions. The Port has been open 24-7 during these events, and the AMEF has the capability of holding buffer stock to ensure that there is sufficient product on hand to load export vessels during weather-related impacts.

Benefits

◆ Better utilization of current Port assets.
◆ Intermodal bulk vessel transload facility will be the only maritime-based distillers dry grain (DDG) transload site on the Great Lakes that can load entire vessels of DDGS.
◆ Expands international market, allowing for greater quantities of products and ability to ship to new customers.
◆ Reduces carbon footprint of truck transportation.
◆ Provides additional markets for ethanol by-products produced in the upper Midwest.
◆ Provides an estimated 50,000 construction work hours during construction of new facility and eight permanent jobs.
◆ Pumps additional money into corn and soybean producers in Wisconsin and upper Midwest.
◆ Benefits will flow to the Port, DeLong, ethanol plants and farmers.

Port Milwaukee open for business in winter
d. Promote Manufacturing, agriculture or other forms of exports by increasing the efficient movement of goods for export and or increasing national export capacity.

**A Versatile Value-added By-Product of Ethanol Production**

DDGS are the nutrient rich co-product of dry-milled ethanol production. U.S. ethanol plants are capable of producing more than 15 billion gallons of ethanol and 44 million metric tons of DDGS per year. As demand for ethanol grows in the U.S. and internationally, DDGS will be competitively sold as a by-product of production. DDGS have become an important ingredient in rations, providing a high-quality and economical alternative to corn and soybean meal for all classes of livestock. The use of DDGS can improve the availability of nutrients to the animal, while often reducing the cost of the diet. DDGS and other ethanol by-products provide a value-added market for the U.S. ethanol industry. Last year, DDGS were exported from the U.S. to more than 20 countries on five continents, each demanding more animal feed than is locally produced, either because of arid conditions or short growing seasons. Despite a sharp decline in China’s demand for imported DDGS, global opportunity remains significant as demand for DDGS is growing in Canada, Mexico, Indonesia, Vietnam and India. This highlights the importance and versatility of U.S. DDGS exports. The AMEF will improve supply chain efficiencies in the U.S. to compete with subsidized foreign competitors.

**Increase in National Export Capacity**

As recent trade policy has impacted the flow of international containers, fewer imports have resulted in fewer containers being available for exports (e.g. backhaul in the U.S.). DDGS are not the most desirable containerized backhaul compared to manufactured products because of the 10-12% moisture content, which often leaves a residue in shipping containers. Containers for DDGS are often used for storage at the end user area, resulting in poor asset utilization for the container owner. Conversely, a bulk transfer terminal such as AMEF, which links rural ethanol production facilities directly by rail to handysize vessels, results in a more efficient and economical transportation solution. Handysize vessels are well suited to handle DDGS shipments and are widely used at global ports worldwide, especially those with berth and dock limitations preventing access of panamax, new panamax, and sammax vessels.

**Improve Supply Chain Efficiency and Great Lakes Export Economics**

DeLong anticipates 200,000 MT of export DDGS will move through the AMEF, providing superior cost reductions by leveraging the following supply chain economics:

- Address the issue of cost effective export container procurement for rural ethanol producers by sustaining handysize bulk vessel economics.
- Address the loss of the largest export market (e.g. China) as a result of trade policy disruption by providing handysize bulk transportation options to international ports with dredge and dock restrictions (e.g. the majority of international ports in DDGS consuming countries).
Agricultural Maritime Export Facility
Grant Application
MARAD Port Infrastructure Development Program
September 16, 2019

Improve the utilization of current handysize fleet by reducing empty miles between import and export cargo calls on the GLSLS.

Reduce export costs for DDGS producers by moving DDGS in bulk

VII. Demonstrate Project Readiness

WisDOT HAP funds have been requested to complete engineering and design, prepare bid specifications and documents, contract with winning bid(s), purchase electrical controls equipment (including transformers, control panels, etc.), and contractor’s general site conditions (including jobsite setup, mobilization/demobilization, site security, storm water control, project management, and safety supervision).

Anticipated Project Schedule

Property Investigations August 2019 – October 2019
Design September 2019 – November 2019
Permitting & Compliance October 2019 – February 2020
Begin NEPA Study (if required) February 2020
Grant Agreement Provided to Awardee February 2020
MARAD Site Visit & Scope/Budget Negotiation February 2020 – June 2020
Geotechnical & Phase II Environmental Impact Study March 2020
Secure Necessary Project Permits March 2020 - July 2020
Grant Agreement Signed by Both Parties December 2020
Final Engineering January 2021 – May 2021
Bid Management June 2021 - August 2021
Deconstruction/Demolition June 2021 – July 2021
Construction/Installation August 2021 – June 2023

Required Approvals

Preliminary tasks necessary to the redevelopment of this under-utilized parcel, including preliminary design, Phase I Environmental Site Assessment, and a required permitting and approvals evaluation have been initiated. Additionally, further site investigations, including Phase II and a geotechnical investigation are planned for early 2020.

Based upon MAO 600-1 and the fact that the property is a previously developed port property, located in an industrial zone, this project will likely meet the review criteria for a Categorical Exclusion level NEPA review process.

The evaluation of other permit, approval, and reporting requirements for the development and operation of the AMEF have been identified:
Air Permitting
The facility is covered by an exemption to obtain a construction permit and operating permit by Wisconsin Code 406.04(1)(zh)1 and NR 407.03(1m). The exemptions require record keeping requirements. At the discretion of DeLong, the company may apply for a Registration Operation Permit that provides more flexibility than the exemption criteria for future expansion.

Storm Water Permitting
This project is anticipated to disturb approximately 3.8 acres; therefore, both the City of Milwaukee and DNR impose construction phase storm water requirements. An Erosion Control Plan (ECP) is required by the City, and the ECP must be submitted prior to land disturbing activities. Additionally, submittal of a Storm Water Management Plan (SWMP) may be required to document the AMEF operation once the construction phase is complete (see “Operations” below for details).

Coverage under the Wisconsin Department of Natural Resources (DNR) Construction Storm Water General Permit is required for this project due to the anticipated area of disturbance exceeding 1 acre. To obtain coverage under this General Permit, submission of a Water Resource Application for Project Permits (WRAPP) must be completed at least 14 days prior to the start of land disturbing activity.

In order to comply with the DNR Construction Storm Water General Permit, a SWMP and an ECP are required for construction activity. The submittal process is as follows:

1. Develop an ECP and a SWMP
2. Submit a WRAPP
3. Pay applicable fees

Per staff from the Environmental Collaboration Office (ECO) at the City of Milwaukee, submission of the building permit initiates interdepartmental review process. Guidance and/or feedback is often provided at that time regarding storm water management requirements for the site, including the level of detail required in the SWMP.

Operations
The City of Milwaukee enforces requirements related to storm water that are associated with post-construction operation of the AMEF. A Storm Water Management Plan must be submitted and approved by the City prior to construction, ensuring storm water management after construction is complete and the AMEF is operational. This plan must be recertified every five years. DeLong, once complete, the facility will operate under the North American Industry Classification System (NAICS) number: 424510 (Grain and field bean merchant wholesalers) and Standard Industrial Classification System (SIC) 5153 (Grain and field beans). The SIC 5153 is within the categories of facilities requiring a DNR Storm Water Permit for Industrial Activity; as such, the Port will require a storm water management permit from DeLong in accordance with DNR requirements to operate the AMEF.
Hazardous Waste and Hazardous Materials Requirements
The site is not anticipated to generate hazardous waste based on the nature of the operations and; therefore, no Hazardous Waste Identification Number is required from the U.S. Environmental Protection Agency (EPA).

The NAICS for the site (424510) is not regulated by the Toxic Release Inventory (TRI) program and, therefore, no reporting is required. Federal regulations for hazardous material inventory (Tier II) reporting is not required in so far as hazardous materials kept onsite do not exceed 10,000 pounds. Additionally, food product is exempt from reporting hazardous substances in the Tier II regulation in the Code of Federal Regulations (CFR) 370.13(a), unless the product is discarded or used for non-food-related use.

The National Emission Standards for Hazardous Air Pollutants (NESHAP) Asbestos Notification is required for this project, as according to the inspections completed by HGM in 2014, the project will exceed the 160 square foot asbestos containing material (ACM) threshold.

The DNR must be notified of any regulated demolition or renovation project at least 10 working days prior to the start of the ACM-disturbing activity. In addition, the regulation contains requirements for following specific work practices during asbestos disturbance and ensuring proper disposal of ACM.

Contamination
Due to the highly industrial nature of the project area, previous releases of hazardous substances (e.g. petroleum contaminated) soil and/or groundwater may have occurred. A Phase 1 Environmental Site Assessment (ESA) investigation of the site is in progress for the purposes of identifying recognized environmental conditions (RECs) associated with the property. RECs include conditions for those hazardous substances (e.g. petroleum products) which may have been released to the environment, were present under conditions indicative of a release to the environment, or were present under conditions that pose a material threat of a future release to the environment. If RECs are identified by the ESA, an additional Phase II ESA with capping, mitigation, or remediation of contaminated soil and/or groundwater may be required. The project may be delayed if consultation with local, state, or Federal agencies is required to address contamination.

Assumptions
Assumptions were made to help define the scope of regulations to be considered. A list of assumptions is provided below:

- Facility water supply and connections addressed by others
- Facility sewer and wastewater discharge addressed by others
- Facility noise considerations addressed by others
- The facility will discharge no process wastewater
- The facility will have no onsite wastewater treatment
- The project will not include underground storage tanks
- The project will not include above-ground storage tanks (e.g. pressure vessels, flammables, combustibles)
The project will not include boilers
The facility will not engage in fumigation activities
The project will not require wetland or USACE Section 404/ DNR Chapter 30 permitting (e.g. dredge or fill activities)
The project will not include construction in a water way
The project will not impact endangered species or historical resources
Project floodplain considerations will be addressed by others with the building permit process
Chemical Facility Anti-Terrorism Standards (CFATS) will not apply; no chemicals of interest are anticipated above screening threshold quantity

Project Risks

Costs
It is possible the received bids will be more than the engineering opinion of probable costs. In order to minimize this possibility, the Port, DeLong, and the contracted prime engineer will work with sub-contractors and vendors during final design development to refine unit price estimates and make scope adjustments where possible to align with available funds.

Schedule
Procurement delays are also a possibility. The Port, DeLong, and the contracted prime engineer will work with sub-contractors and vendors during final design development to identify potential lead time delays and mitigate through modification of project specifications or owner procurement before bids are let.

Project delays are not anticipated due to the environmental permit or approval process. The required permits and approvals have been vetted, and the owner and engineer will contact regulatory agencies and begin the permitting and approval process early in the design phase.

Hazardous Materials
There is a possibility that hazardous materials (e.g. petroleum product contamination) will be discovered; as such, a Phase II site investigation, including soil sampling, is scheduled for Spring/Summer 2020. Should contaminated soil be encountered, mitigation efforts including capping, remediating, and/or disposal activities would be scheduled prior to site disturbing activities. This effort is anticipated to be complete prior to MARAD contracting.

Any potential for increased cost issues arising from unidentified subsurface obstructions will be minimized through the provision of adequate construction contingencies built into specific budget tasks.

Uncommitted Local Match
As of the date of this application, this project has $10,573,385 of committed, non-Federal funds from the Port through its operating budget and a secured WisDOT grant; and DeLong’s capital budget, subject to final review and approval of the Port’s Board of Harbor Commissioners and the Milwaukee Common Council. The WisDOT HAP grant has been submitted and is in the review process, however, an award is not anticipated before December 2019, leaving $4,900,000
of uncommitted match. In the unlikely event that WisDOT HAP funds are not awarded in 2019, DeLong has committed to resubmit the HAP grant application; if not successful in the subsequent round, DeLong will provide the balance of the committed match up to $4,900,000 to fully fund the project and insure that the committed match is met.

**Project Support**
The Port Milwaukee AMEF Project has broad support from numerous state and federal representatives, state and local agencies, planning and economic development agencies, local businesses and stakeholders. Please visit our website at Port Infrastructure Development Program 2019 Grant Application for the full list and copies of our letters of support.

**VIII. Domestic Preference**
Materials and manufactured products used in the project will be produced or manufactured domestically. This provision will be included in all procurement documents used by contractors or tenants. Materials used to improve the Port property and equipment installed to develop the export facility will not require any exception or waiver of the Buy American provisions described in the Notice of Funding Opportunity.
The intent of the Port is to source product locally to enhance local benefit and job creation. The Port will require Buy American provisions to flow down to every task undertaken in the project description and funded with the MARAD Port Development Grant Funding.
Attachments

For additional documentation, please see our project website:
Port Infrastructure Development Program 2019 Grant Application