



PRESS RELEASE

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Port Authority Board Approves 2012 Operating and Capital Budgets

Spending to Increase on Strategic Initiatives; Disciplined Financial Management Continues

December 21, 2011 -- The Cleveland-Cuyahoga County Port Authority's Board of Directors approved 2012 budgets today and took other actions that reflect the organization's focus on solutions-oriented initiatives that support the new Strategic Action Plan.

The \$6.9 million operating budget and \$5.8 million capital budget are largely aimed at growing the maritime business and leading critical river renewal and infrastructure improvements.

"The budgets represent an important alignment of spending with the direction of the Strategic Plan," said Port Chair Bob Smith. "We're pleased with these budgets and the discipline the management team has demonstrated."

The new Strategic Plan – approved by the Board in September – has seven key policy areas focused on creating opportunities for job growth and business expansion, developing civic assets by solving community challenges, and managing the port to maximize economic, environmental and community benefits.

Operating revenues for 2012 are projected at nearly \$4.5 million, compared to the \$5.4 million estimated for 2011. This year's revenues include a one-time distribution of \$878,850 in fees associated with the deployment of New Markets Tax Credits (NMTC). If that item is excluded, year-over-year revenues are projected to be nearly unchanged.

Next year's \$6.9 million operating budget compares to \$6.3 million in estimated expenditures this year. The increase is mostly the result of \$545,752 in new expenditures as part of the Port's new strategic initiative to be a steward of the Cuyahoga River. The focus will be on recycling sediment for beneficial use, cleaning up floating debris, and taking on certain harbor management duties. The Port is also making additional investments to expand maritime activity, make security upgrades, and develop both ferry and container-feeder services.

"Our Port is now well positioned to make additional investments to attract maritime cargo and maintain navigation on our ship channel," said Port CEO Will Friedman. "We have ample unrestricted cash, very little debt, and we've reduced costs in any areas not essential to our mission of sustaining and growing jobs."

Under the capital budget the Port Authority will make the most substantial investment in its maritime operations in eight years, while leveraging state and federal funds. The Port has launched a \$5 million project to construct an on-dock rail loop. Other planned projects include construction of a specialized vessel system to remove floating debris from the river.

The Port was awarded a \$3 million forgivable loan from the state for the rail project, and a \$425,160 federal grant that will pay the full cost of the debris harvester system.

Overall, the Port has made important strides during the last 18 months that strengthen the organization and make it well prepared to execute on projects in 2012.

During today's Board meeting, directors also received a regular update from staff on the inclusion of minority-owned and female-owned businesses (MBE/FBE) in Port-financed construction projects. The report showed that for projects completed or in progress as of May 2011, 32 percent of eligible dollars went to MBE or FBE firms, well above the combined goal of 20 percent.

In other actions the Board approved resolutions to:

- Authorize the Port Authority to enter an agreement with the Northeast Ohio Trade and Economic Consortium (NEOTEC) for the administration and joint marketing of the Port's Foreign-Trade Zone.
- Authorize a contract for up to \$370,000 with Hull & Associates, Inc. for sediment management consulting engineering services.
- Authorize the issuance and sale of Tax-exempt Revenue Bonds of up to \$40 million to assist with the financing of an extensive renovation and construction project at St. John Medical Center, which is a partnership between University Hospitals and the Sisters of Charity Health System.
- Authorize the issuance and sale of Taxable Port Authority Revenue Bonds of up to \$36 million to assist with the financing of demolition, renovation, construction and equipment costs at the new Optima-Sage Downtown Cleveland Hotel (currently the Crowne Plaza Hotel).

The Cleveland-Cuyahoga County Port Authority operates the Port of Cleveland, a leading gateway for waterborne trade on the Great Lakes/St. Lawrence Seaway System. Nearly 18,000 jobs and 1.8 billion in economic activity result from the roughly 13 million tons of cargo that move through the Cleveland harbor on average each year. The Port also provides innovative financing services for a wide range of development projects in Northeast Ohio, and is leading initiatives to solve critical infrastructure challenges along Cleveland's waterfronts.