

SPRING 2010

# RE:PORT

APRIL 13, 2010

## IN THIS ISSUE

Search for a new CEO

Maritime and relocation updates

Port actions advance jobs, development

### PORT AUTHORITY IN THE SPOTLIGHT

Interim CEO Peter Raskind and board vice chairman Robert Smith talk about changes at the Port Authority on WCPN's Sound of Ideas.

[CLICK HERE FOR THE INTERVIEW](#)

The Port Authority is noted for helping to revive the Flats East Bank project as part of a Reuters report on ways U.S. cities are advancing developments.

[CLICK HERE FOR THE REUTERS STORY](#)

### PORT CHAIRMAN STRESSES COLLABORATION, COOPERATION



Steven J. Williams was re-elected in March as Port Authority board chair. Williams made it clear in his acceptance speech that there has been,

and will continue to be, a change in direction for the authority. Above all else, he pledged a new vigilance and dedication to oversight, and a willingness to do what's necessary to earn and keep the community's confidence.

[CLICK HERE TO READ WILLIAMS' REMARKS](#)



## Navigating a new direction

Port streamlines operations, reduces costs, moves forward with economic development

We're pleased to share this update with you about substantial improvements that have recently been made at the Cleveland-Cuyahoga Port Authority.

As you know, the port is a vital piece of greater Cleveland's economic infrastructure. The Port Authority's maritime and economic development activities have created or retained thousands of jobs here.

Many industries in northeast Ohio are made more viable and internationally competitive because they have access to a facility that accommodates ocean-going vessels.

The Port Authority has also helped finance local projects with an estimated value of \$1.5 billion. The agency's nimble and responsive financing abilities sometimes make the difference between companies staying here or moving out of state.

"We are proud of our past accomplishments, but we're committed to making the port even better," says Steven J. Williams, chair of the Port Authority board. "While the port faces numerous challenges, it has swiftly been positioned to set upon a new, more focused course."

Today the Port Authority is much leaner administratively than it was just three months ago. Annual operating expenditures are expected to be reduced by \$1.3 million from 2009 levels, while revenues remain consistent.

## FEDERAL MARINE VP SAYS CLEVELAND PORT IS IDEALLY LOCATED

Each issue of Re:Port will spotlight a Port Authority partner. This month, we talk with Michel Tosini, executive vice president of Federal Marine Terminals (FMT). The Montreal-based company has been handling Cleveland cargo since 1997.

A division of FedNav, the predominant international ship operator on the Great Lakes, FMT is the largest port tenant in Cleveland and its sole terminal operator. FMT is the largest local employer of longshoremen and the goods the company handles have enormous economic impact for local employers.



Mr. Tosini has an extensive background in transportation and logistics. He is based in Montreal.

### Q. What does Federal Marine Terminals do in Cleveland?

A. Federal Marine contracts with longshoremen who load and unload vessels in Cleveland. We are the sole break bulk terminal operator and we serve a variety of customers in the area. We also handle warehousing and inland distribution via truck or rail.

### Q. How many people do you employ in Cleveland?

A. Up to 45 longshoremen at any given time, and eight Federal Marine employees locally.

### Q. What local businesses rely on FMT's operation?

A. Many local major steel producers. We get cargo out of the Netherlands and the UK and ship it to the U.S. and Canada. And by steel, I mean products such as steel plates, bars, beam, pipe and coil.

### Q. How important are the port's maritime activities to Cleveland and why? How much of an asset is it for a city to have a working port?



Interim CEO Peter Raskind says that as a result, the Port Authority is "more in line with economic realities," moving forward with development efforts and positioned to make further investments at the port.

"The organization has stabilized and is in good shape" and the remaining staff is experienced and committed to the agency's mission, says Raskind.

Recent changes and improvements by Raskind and the Port Authority's board include:

- Cutting \$760,000 from the payroll by eliminating non-essential positions.
- Preserving local jobs by renewing and restructuring three key tenant leases to help attract more cargo shipments into Cleveland harbor while improving relationships with those tenants.
- Eliminating substantial financial risk. Port leaders ended a \$10 million plan to fill in a docking slip on the lakefront and build a warehouse on port property after further research indicated it was not a sound use of public money.
- Reducing office lease costs by up to \$173,000 over four years by subleasing more than 4,000 square feet to a law firm. The authority, under a previous administration, had leased this office space early in 2009 to support plans for a staff expansion that has since been suspended. [CLICK HERE TO READ MORE](#)
- Authorizing plans for the first stage of a waterfront development project on port property north of Browns Stadium. The 30-acre development is to include an urban retail village, condominiums, offices, restaurants, hotels and public parks.
- Approving more than \$149 million in bonds for development of the Flats East Bank project and the Louis Stokes Veterans Administration Medical Center.
- Attracting \$2 million in investment in financing programs from the Ohio Manufacturer's Association.
- Agreeing to be the title sponsor for the bi-annual "Tall Ships Festival," which is a cost-effective way to promote maritime commerce in the region. [CLICK HERE TO READ MORE](#)



**A.** Any city can say it has truck and rail. Having a port gives you a competitive advantage and an additional means for transporting cargo. Cargo isn't just material – it means people and jobs. The port is extremely important for driving the economy. Ports create jobs for industries such as manufacturers and receivers. The port also helps feed trucking, rail and warehousing businesses. The port also indirectly affects – in a very positive way – thousands of other jobs in greater Cleveland.

**Q. What are the opportunities and challenges for Great Lakes ports, and Cleveland's port in particular?**

**A.** It's going to take cooperation and strong partnerships among ports, labor and terminal operators to help expedite the economic recovery in the Great Lakes region. Cleveland is a very important hub, and we all have an important role to help shape the future.

Cleveland is an ideally located Great Lakes port. We believe it can eventually become a main distribution logistics center, meaning ships on the East Coast, for example, can bring large shipments of cargo into Cleveland via water, rail or road instead of making multiple, smaller shipments to Cleveland, Cincinnati and other Midwest locations. Locally, that signifies an economic advantage. Cleveland can get the whole shipment of cargo and distribute it to other locations – meaning a larger piece of the economic pie for the northeast Ohio region. You need location, land and infrastructure and Cleveland has the opportunity to grow in this area.

Wind energy is another growth opportunity for the port. Cleveland has the potential to serve as a distribution center for wind energy components such as blades, towers and hubs needed by wind farms throughout the U.S.

## New Port Authority leader boarding

A respected, well-rounded leader with a track record of achievement. An understanding of the maritime industry. Someone who understands the public's right to know, and how to balance that with delicate business negotiations.

Those are the key qualities the Cleveland-Cuyahoga County Port Authority board is looking for in the agency's new CEO, says Robert Smith, vice chairman of the board and head of its transition committee.

Smith expects a new CEO will be named by May. The initial round of candidate vetting is expected to be completed this month by Boyden Global Executive Search.

"We have stabilized the agency and set the stage for the new CEO to step in and focus on important strategic priorities, like regional investment and how we use our waterfront to become a more dynamic center of international commerce," Smith says.

"The port plays a quiet yet undeniably significant role in the region's economy. It can be a 'game-changer' for the region and we intend to find the right professional for the CEO position that can ably steer the organization through the remaining stages of a transitional period while also guiding the agency to the next level in playing a role in local economic development efforts," he adds.

The search firm is mining local, national and even international interest in the position. [The job description](#) calls for candidates that have exceptional economic development skills and approach the job from the perspective of growth and development for the public good.



## Maritime operations strengthened

Helping businesses, keeping jobs, and dredging are priorities

The Port Authority solidified its commitment to maritime activities and its community partners during the start of 2010.

**Q. Are there other opportunities to widen the cargo base at Cleveland's port?**

**A.** FMT has had important conversations in recent months with the Port Authority around the issue of business development. We are confident that together we can achieve long-term growth and success. An opportunity previously underutilized by the port is undertaking joint marketing initiatives. FMT has had strong relationships with other ports in marketing ourselves together, sharing booths at trade shows, joint advertising, personal contact, travel, etc. Marketing is a simple, vital, core activity that is important to our customers, to us and Cleveland. The current Port administration recognizes the opportunity at hand and they have enthusiastically agreed to review joint marketing opportunities. FMT looks forward to making Cleveland a focus of our sales campaign.

**Q. Have you spent very much time in Cleveland? What is your impression of our city?**

**A.** I travel to Cleveland and many other US cities very often. I'm extremely impressed by your city, your downtown and the many amenities that are uniquely yours. From a business perspective, I am optimistic for its future. I am impressed especially with the transformation of the Warehouse District since I started traveling to Cleveland in the 1980s. There are many good restaurants and a tremendous amount of energy. And I feel safe. Cleveland sometimes gets a bit of a bad rap nationally, but I think that comes mostly from people who haven't ever been there. To me, the city is much more appealing than it was 20 years ago. And it has that vast, beautiful, blue lake at its doorstep that other cities would love to have. Lake Erie not only connects Cleveland to the rest of the region and the world, but it is in itself a reservoir of assets and potential in so many different ways. We hope to work and grow in Cleveland for many years to come.  
[WWW.FMTCARGO.COM](http://WWW.FMTCARGO.COM)

Key among those efforts was reaching an agreement with Federal Marine Terminals to operate the majority of the port's docks for the 2010 shipping season. "The goal was to save local jobs and boost business," Raskind says.

"The Port Authority mobilized quickly to address challenges that are facing the maritime industry," says Michel Tosini, Federal's executive vice president. Federal Marine contracts with longshoremen who load and unload vessels in Cleveland and serve as the port's only general cargo terminal operator. [CLICK HERE TO READ MORE](#)

The authority also amended lease agreements with Carmeuse, a supplier of limestone for industrial applications, and Kenmore Construction Co. to give the operators some financial breathing room at a time when shipping volumes are down.

The agency also made changes in other maritime priorities.

Talk about relocating the port to East 55th Street has been de-emphasized because, says Raskind, "it is a very long-term, very large project that rests on a variety of assumptions that have to be reviewed and re-evaluated."


Much more pressing is finding both short- and long-term solutions for dredging Cleveland's harbor. The Port Authority is working with government and community partners to determine where material dredged from the Cuyahoga River will be placed once the current disposal area is full. Because planning and building a new 20-year disposal facility will take three to five years, an interim disposal solution must be found.

When the current dredging disposal area was built, the federal government paid all construction costs. Now, local communities are required to come up with 25 percent of the construction costs. "It's quite apparent that we are going to have to figure out how that would be financed," says Raskind, who has brought a new urgency to solving the dredging issue since he became interim CEO of the port.

Dredging is the Port Authority's top priority. In February, the port hosted a first-ever "Dredging Summit." More than 150 people attended. As a result of the summit, the Cleveland Harbor Task Force was established. The task force represents all affected parties and provides a forum for collaboratively working toward a solution.

Port officials also put an end to a \$10 million plan to fill in a docking slip on the lakefront and build a warehouse on authority property west of Browns Stadium. "It was not a good use of public dollars," says Raskind.

The port would have been required to repay the \$4.7 million to the state if the warehouse didn't attract 105 new jobs within three years, and no companies were committing to the facility. There was a two-year deadline to complete construction of the warehouse, and that wouldn't have happened because the permit process to fill in the slip would have taken a year or more.



## INTERNATIONAL SHIPPING SEASON OPENS

Cleveland's port is again open for international business. Last week, the IRYDA arrived in Cleveland's harbor from the Netherlands. Port Authority officials are expecting 2010 shipping levels to be higher than 2009.



Mickey Bisesi, President of the Cleveland Seamen's Service, presents a Peace Lily to IRYDA Captain Andrzej Kazmierski after his journey to Cleveland from the Netherlands.

## TALL SHIPS WEIGHING ANCHOR IN CLEVELAND

The Port Authority is helping bring the Tall Ships Festival back to Cleveland.

The July 7-11 event is expected to attract as many as 150,000 visitors to the port and have a projected economic impact of up to \$20 million for the city.

There will be more details in the weeks and months ahead on the Port Authority's Web site  
[CLICK HERE TO READ MORE](#)



The Flats East Bank neighborhood will be new home to Ernst & Young and its 1,200 employees

## Launching development Flats, veterans hospital, waterfront projects set to move ahead

Significant Northeast Ohio development plans are advancing as a result of Port Authority action in recent months.

In January, port officials approved more than \$34 million in authority-issued bonds for the \$278 million Flats East Bank neighborhood. This was the second-to-last piece of public funding needed for the project, which is to include an 18-story office tower, boutique hotel, shops, restaurants, fitness center, parking garage, beach and public park with a 1,000-foot riverfront boardwalk.

Port officials also took a significant step toward opening up the waterfront for public access with the approval of first phases of development on port property north of Browns Stadium. The initial development will create public open spaces and a mix of commercial uses on about 15 acres of land.

The development is projected to create significant construction and permanent jobs for Cleveland and the region. When complete, the property adjacent to North Coast Harbor will be transformed into an urban village with condominiums, offices, restaurants, public parks and other amenities. Eric Anthony Johnson, Port Authority real estate director, said road, sidewalk promenade and utility construction could start as early as 2011, and he says the plans are compatible with a working, maritime port.

Cleveland's Louis Stokes Veterans Administration Medical Center will become the largest VA hospital in Ohio, partially thanks to the authority's approval of \$115 million in bonds for renovation and expansion. Plans include a 2,000-car parking garage, administration building and residential services for homeless veterans at the University Circle facility. This will help centralize services for veterans.

The authority also agreed to receive \$2.5 million over three years from the Ohio Manufacturers' Association to be used for low-interest loans for manufacturing companies.



**PORT OF  
CLEVELAND**

Cleveland-Cuyahoga County Port Authority

The Cleveland-Cuyahoga County Port Authority helps the regional economy grow and keeps our industries connected to the world by supporting thousands of jobs and providing area businesses a competitive advantage through maritime and development finance partnerships.