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**PUBLIC HEARING**

before

**SUBCOMMITTEE OF THE SENATE INDEPENDENT AUTHORITIES COMMITTEE**

**Proposed Unification of the Delaware River Ports:  
A New Jersey Perspective**

March 4, 1988  
Board Room  
South Jersey Port Corporation  
Camden, New Jersey

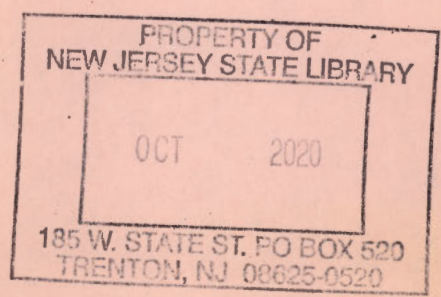
**MEMBERS OF COMMITTEE PRESENT:**

Senator Walter Rand, Chairman  
Senator Francis J. McManimon

**ALSO PRESENT:**

Assemblyman Joseph J. Roberts, Jr.  
District 5

Peter R. Manoogian  
Office of Legislative Services  
Aide, Subcommittee of the Senate  
Independent Authorities Committee



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Hearing Recorded and Transcribed by  
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NOTICE OF PUBLIC HEARING

The subcommittee of the Senate Independent Authorities Committee, created to study the Port of Camden-Philadelphia and its relation to the Delaware River Port Authority, will hold a public hearing on March 4, 1988 at 10:00 A.M. The subject of the hearing will be the Proposed Unification of the Delaware River Ports: A New Jersey Perspective. The hearing will focus on recent proposals to unify the Delaware River ports and their implications for New Jersey. Also to be considered is the record of the Delaware River Port Authority in assisting the New Jersey ports, particularly in the areas of marketing and trade development. The chairman of the subcommittee is Senator Walter Rand.

The public hearing will be held in the Board Room of the South Jersey Port Corporation, Broadway Terminal, 2500 Broadway, Camden, New Jersey. The Broadway Terminal is off of Route 676.

Those wishing to testify at, or wishing further information on the public hearing should contact Peter R. Manoogian, Office of Legislative Services, at (609) 984-7381.



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SENATOR WALTER RAND (Chairman): Good morning, ladies and gentlemen. My name is Walter Rand, and I am Chairman of the Subcommittee of the Senate Independent Authorities Committee, created to study the Port of Camden-Philadelphia and its relation to the Delaware River Port Authority. I would like to welcome you here today. At this time, I would like to introduce those persons who are present here at the Committee table: On my right, Senator Francis McManimon, who is the Senator from District 14, a member of the Senate Transportation Committee and the Senate Independent Authorities Committee. On my left, Peter Manoogian, who is the Legislative Services staff aide to the Transportation Committee, and on my extreme left is John Strachan, a Republican staff member.

If you wish to speak today and have not notified the Committee, please give your name to Peter Manoogian, our Committee aide here, after the opening remarks are concluded.

I call this public hearing to order for the purpose of considering the proposed unification of the Delaware River ports -- a New Jersey perspective. This hearing is concerned with recent proposals to unify the Delaware River ports and their implications for New Jersey. Also to be considered is the record of the Delaware River Port Authority in assisting the New Jersey ports, particularly in the areas of marketing and trade development.

As you may know, this Subcommittee has held public hearings in the past dealing with the port unification matter. This hearing is somewhat different, in that its purpose is to focus rather directly on the New Jersey perspective. New Jersey is an equal partner with Pennsylvania under the terms of the compact creating the Delaware River Port Authority, and has important port facilities on the eastern bank of the Delaware River. While New Jersey is certainly willing to cooperate with Pennsylvania, as well as Delaware, in order to stimulate port development in the region, it must be apprised of the costs and

benefits of such development to New Jersey, its transit users, and toll payers. That is the primary purpose of this hearing.

Thank you for your attention to my remarks. We look forward to the presentations to be made by the speakers here today.

Senator McManimon, is there anything you would like to say before we start?

SENATOR McMANIMON: No, Mr. Chairman. I have no comments at this particular time.

SENATOR RAND: Thank you. Our first witness will be the Honorable James J. Florio, a member of Congress -- the First Congressional District. Good morning, Congressman.

C O N G R E S S M A N J A M E S J. F L O R I O: Thank you very much. Senator Rand, Senator McManimon, members of the panel, ladies and gentlemen: I am very pleased, first of all, to be here, for a number of reasons, not the least of which is my long-term relationship and affection for you, Senator. The common work we have tried to do over the years from the Washington perspective and the Trenton perspective, on transportation issues, is something of which I am very proud. I appreciate the opportunity to come and share some thoughts with you this morning.

I have, for the record, copies of my statement. I would put that into the record, with your permission. I will try to summarize my remarks out of respect for the Committee's time this morning.

I am pleased to be here to talk to you about the subject you have just detailed. I happen to be intimately involved, from the Washington perspective, on the question of port development in general, as we try to frame a national policy to enhance port development. Ports are a crucial part of our region's transportation system, but I think we are all coming to appreciate that they are much more than that.

From the perspective of our nation's competitiveness -- our ability to compete in the world trade arena -- it is obvious that a sound, well-integrated transportation system has the ability to assist us in our ability to compete in domestic, as well as in international markets. If you can't get your goods from here to there quickly, cheaply, and efficiently, you cannot compete. You can't compete with the port that may be adjacent to you, and you can't compete with ports that are halfway around the world.

Unfortunately, our region's port facilities, despite some spectacular individual success stories, are not operating as an integrated system. Our region is in danger of losing the race to other ports. The ports of the Delaware River Valley actually compete for cargo with the ports in Baltimore and Norfolk, yet there is one crucial difference between our ports and theirs. Their ports operate as an integrated whole, under the direction of unified port authorities. In contrast, our ports operate almost as independent fiefdoms, with each facility seemingly more concerned with taking traffic away from facilities across the river, than competing with ports that are far distant.

At a time when we should be facing up to the challenges and the tough new realities of survival in a global economy, it is unwise, in the long term, for Camden to see Philadelphia as its rival, and vice versa. The result is, individual port facilities are competing with each other for declining cargoes, and not with the real competition in Baltimore, Norfolk, and other places. This internal competition, and the lack of a unifying agency, make it harder to plan and make the necessary improvements that could benefit the entire port region on the Delaware River. This is not to say that some of the individual facilities have not had tremendous success in this area. Like, we've all heard of the success of the Holt cargo systems, and particularly their

ability to provide a total transportation service to their customers. At the same time, we have heard about the tremendous disarray across the river -- the Philadelphia Port Corporation. Indeed, in a recent survey of businesses conducted by the Ports of Philadelphia Maritime Exchange, 51% rated the Philadelphia Port Corporation as poor in its overall performance.

Now, maybe the easy thing for us in South Jersey to do, is to declare victory. But I am suggesting to you that our port facilities are much more aligned to port facilities on the other side of the river, than one would think at first blush. It would be short-sighted to just take the somewhat provincial view of pitting our side of the river versus the other side of the river.

The South Jersey facilities are doing very well today, particularly because we have succeeded in attracting cargo from the Philadelphia terminals. Several years down the road, however, Philadelphia may return the favor. In any event, we are fighting Philadelphia for a declining share of cargo. What I am suggesting is, we have to take a longer range view, and seek to attract more total cargo to the region's ports. We cannot do that if we are fighting with each other.

And, while South Jersey's facilities have the upper hand currently, the negative publicity regarding facilities on the other side of the river undoubtedly affect all the ports in the Philadelphia region. Shippers and steamship lines used to dealing with strong, unified port authorities, may not want to take the time to make nice distinctions between Gloucester City or Camden or Philadelphia facilities.

So, I would urge this Subcommittee to take the more difficult, but the longer range view that port unification ultimately is a necessity. A unified port facility would give the region's port facilities the ability to compete against Baltimore, Norfolk, and other such facilities. Indeed, since

the Virginia ports were unified in 1983, they have enjoyed an 80% increase in general cargo. A unified port authority here could provide the planning that is essential for maximizing each facility's inherent advantages, and for making the infrastructure improvements necessary to compete.

A unified port authority would also provide other benefits to aid the region's economic development. Such an entity could provide the resource base to achieve other important goals. We need only look north to the Port Authority of New York and New Jersey as an example of the economic development benefits such a unified port facility will provide to the area.

Undoubtedly, there will be many transition problems in going from here to there. I believe there is much support for port unification as a concept. I was just mentioning to Mayor Primas that it is one thing to be in favor of an abstract concept; it is another thing to try to address the specifics in implementing the concept. That, of course, is an extremely difficult transition to make.

One of the most difficult questions, of course, will be the extent of financial commitment expected from each state and the taxpayers of those states. Thus, the role of this Subcommittee will be particularly difficult, but extremely important. While I would hope you would choose the long-term benefits of unification, I am sure you regard -- as you, Senator Rand, stated at the outset -- your first and primary responsibility as being the interests of New Jersey, including its port facilities, its taxpayers, and its commuters. You have to ensure that they are protected in the process. But I believe those interests will best be protected in the long run by long-term cooperation for the benefit of the region, which is inherent in the concept of unification.

Unification will require not only cooperation between two, or maybe three states, but also cooperation between the

states and the Federal government. For example, if the Delaware-River Port Authority is assigned the necessary additional functions, a change in the governing interstate compact between New Jersey and Pennsylvania may be necessary. And, if Delaware is brought into the compact, such a change would clearly be necessary. Such a change would require not only the approval of the relevant state legislatures, but also the Congress.

To facilitate congressional cooperation, the Subcommittee I chair in Washington -- the Committee on Commerce, Consumer Protection, and Competitiveness -- will be holding a hearing on this issue in this area shortly. Congressman Foglietta, from the other side of the river, and I have been working very closely, and anticipate having some announcements in the very near future as to the timing. In particular, the Subcommittee will examine how unification will improve the competitiveness of our region's ports in interstate and foreign commerce.

I am looking forward to working with you, Mr. Chairman, and with the other members of the Committee, to ensure that we do achieve those goals. The ideal is to provide for unification in order to facilitate economic development opportunities for everyone and, of course, to address the bottom line consideration, which is the creation of jobs for citizens in the entire region.

I pledge to you my continued cooperation, and look forward to working with you.

SENATOR RAND: Congressman, thank you very much. My information tells me that we are moving toward that, and that the three governors are meeting to discuss that very thing. I am told that the meeting might take place as early as today. I am also -- and if you don't know it-- Pat (speaking to his aide), do you have the copy of the compact that was sent from the Governor to the Governor of Pennsylvania? (no audible response)

CONGRESSMAN FLORIO: I have reviewed that. I got a copy of it, yes. And I have been in contact, by the way, with Governor Casey. Governor Casey called a week or two ago, and indicated he was very interested in exploring, in a preliminary way, the proposals that were being talked about. I think almost again, from the standpoint of the abstract ideal, everyone has signed on to the proposition. The question is, how do you get down and resolve the nitty-gritty detail problems of implementing the abstraction?

SENATOR RAND: I think you have touched the first step, in the sense that you recognize that Baltimore and Norfolk are self-contained in their own states, with their own Departments of Transportation, with their own funding mechanisms. Then you, of course, go to the very heart of that which I believe it should be patterned after, and that is the New York and New Jersey Port Authority. Even though we have plenty of problems with the bistate agency -- the New York and New Jersey Port Authority -- there are certain things that are built in where we can at least protect our interests on this side of the river, as well as the other side of the river.

So I think you have touched upon some very important -- two very important subjects. We thank you very much.

Senator McManimon?

SENATOR McMANIMON: I have no questions. I am very appreciative of the report the Congressman has given. I think he is right on target.

SENATOR RAND: I know you are very interested in this, Congressman, and you have spent a lot of time on it. We can assure you that you certainly will be kept abreast of what this Committee is doing. Again, we thank you for your time. We know you will be back.

CONGRESSMAN FLORIO: Thank you very much, Mr. Chairman.

SENATOR RAND: Thank you, Congressman. Mayor Primas, good morning.

M A Y O R M E L V I N R. P R I M A S, J R.: Good morning.

SENATOR RAND: I have to be very respectful. This is the Mayor of my city. Mayor Primas, how are you this morning?

MAYOR PRIMAS: Fine, Senator, and how are you this morning?

SENATOR RAND: Good, thank you.

MAYOR PRIMAS: First, let me thank you for giving me the opportunity to come and share just a few thoughts, as they relate to the whole concept of port unification, and how we in the City of Camden view that.

I guess I would have to echo the comments Congressman Florio made. The ports to Camden are vitally important. Commerce coming into this region, we believe, is vitally important. I just happen to believe that to the extent that we can work together with all the ports, that certainly benefits the region.

As you know, we are working desperately to revitalize our city. One of the projects also happens to be on the waterfront, but it is not port related. However, the important thing is, we have gotten together with our sister city -- the City of Philadelphia -- and decided that the development of our respective waterfronts, on the commercial side, can work, if we work cooperatively, as opposed to competitively. We have formed a spirit of cooperativeness in developing those waterfronts, because we feel that if we can put together a waterfront that has national appeal, it will benefit the region. I guess that is a small example of how we view unification.

We are very interested in getting more activity in this region, because the more activity that comes in-- We believe it will be beneficial to both sides. As the Congressman indicated, to view the other side of the river as the competition, and to go back and forth in taking cargo, I

don't think serves the region well. We clearly are becoming a more global economy. I believe the port community is a tremendous asset we have in this region, to the extent that we can come together, and put together a package that is acceptable to both sides. I think the easy part is to say that you support unification, because I think it makes sense for everyone. We could be talking about a bigger pie.

The real difficulty comes in, as you know, when you get two or three parties to try to agree. There has to be something in it for each party. So I think the work is in front of us now to try to put a package together where each of the states -- if it is a three-state situation -- has something to win. We happen to believe it is there, and that it is going to take an awful lot of hard work to put it together. But again, it can't be a scenario where one side wins and one side loses. You'll never have a partnership or a marriage that way.

Again, we think the concept of unification is something that ought to be explored and supported, because the stronger the regional economy, the better the individual economies of the communities in our region.

I guess that really sums up our thoughts, not having specifics as to what the proposal might be.

SENATOR RAND: Mayor, thank you very much. I am going to ask you one question. If you don't want to answer it, why, you don't have to. I know you have given great time, great patience, great effort, and a lot of your energy into bringing the name "Camden" back. Do you resent, as I do, when it is just called "the Ports of Philadelphia" and the study is of the Ports of Philadelphia, and the emphasis is on the Ports of Philadelphia, or do you think it ought to be the Ports of Pennsylvania and South Jersey or the Ports of Camden and Philadelphia? I was just wondering.

MAYOR PRIMAS: Surely.

SENATOR RAND: Maybe I am just very touchy.

MAYOR PRIMAS: No, no, you're not touchy. I think, clearly, if, in fact, we move to unification, then there would have to be a name change. As you know, we are working to try to change the image of our city. For people in other regions to talk about only the Port of Philadelphia--- They may not know we have a port in Camden, or a port in Gloucester, or a port on the New Jersey side. So, yes, I am very sensitive to that. It would be my assumption that should we be successful in port unification, then there would obviously have to be a name that, again, both sides agree to. I don't think that could be just the Ports of Philadelphia.

SENATOR RAND: Thank you very much, Mayor. Senator McManimon?

SENATOR McMANIMON: No, thank you.

SENATOR RAND: Mayor, thank you very much. Thank you for taking the time to come out to see us.

MAYOR PRIMAS: Thank you very much.

SENATOR RAND: Okay. We are going to go out of turn for just a moment. Mr. Norcross has to leave, but he would like to tell us something for a couple of minutes. Mr. Norcross is head of the AFL-CIO -- the central labor union. George, we are glad to have you with us this morning.

G E O R G E N O R C R O S S: It's a pleasure to be here, Senator Rand and Senator McManimon. I sort of chuckled when you asked Mayor Primas if he had any concern regarding people referring to the port as Philadelphia. Throughout the nation, when I attend most any union function, and some non-union functions, the subject of the Philadelphia port comes up. And no one ever mentions Camden or New Jersey. It is continually the Philadelphia port. In fact, they don't even mention Wilmington. I guess the national attitude and the local attitude is the Philadelphia port, regardless of what transpires in the South Jersey area.

Over the years, we have learned that with the AFL-CIO -- its unions working with government, industry, and business -- we have been able to achieve any number of issues in the area. The point about Rutgers University, Glassboro College, the Cooper Medical Center, with the School of Medicine and Dentistry, the Garden State Park-- The point I am making is that working together -- labor, industry, government, and business -- we can accomplish a lot. I would urge your Committee to take that issue into consideration.

As you know, and we all know, tens of thousands of new jobs have been developed just in recent years as a result of the port activities on this side -- the New Jersey side -- of the river -- tens of thousands of jobs in the service industries, in the manufacturing industry -- as a result of products and parts coming into this port. We would like to see that continue. I have to admit, however, that I think part of the demise of the greater Delaware Valley port facilities has been as a result of labor unions. They have caused some problems in port activities, but so has management, and so has government. I think we all share the responsibility of the partial demise of port activities.

I think in the last year or two, attitudes have changed. You have recognized, your Committee has recognized, that we have to do something to improve the port facilities, possibly through unification in this area. We are pledged, as far as the AFL-CIO is concerned, as are you, and we hope industry and the community, in restoring this port facility to what it was years ago. I guess when we were kids-- I lived not too far from here, and we swam in the Delaware. There were nothing but ships -- ships and jobs. We have lost that, but we have an ideal opportunity here to bring it back.

I would urge you, among other things, to consider in your unification issue, getting people involved who are knowledgeable and who are interested. Ed Pulver, who is the

Secretary/Treasurer of the New Jersey State AFL-CIO, lives in Hudson County, and is from the seafarers' union. He has been involved, in recent years, in helping to develop some of the port facilities in northern New Jersey. Ed Toohy, President of the Philadelphia AFL-CIO Council, has been vitally involved. We have Republicans and Democrats. In fact, I saw former Senator Barry Parker, who was involved in this area for a number of years. I think we all have as much interest as you, or anyone, in developing the port further, and developing a unification policy.

I would urge that you not do it hurriedly. I think the Philadelphia port facilities have been losing money for years, and our port facilities in New Jersey have been making some money. Pennsylvania might be looking at an opportunity to merge, or unify, in an effort to get out of their financial hole.

Again, I would urge everyone I have mentioned -- industry, labor, government, and the community -- to become involved; and that your Committee, as well as a committee of the Federal government -- as Congressman Florio indicated -- work to achieve support from people who are knowledgeable and interested in redeveloping the Port Authority and the port facilities here, so that you don't have to say to me or Randy Primas, "Do you know of the Philadelphia port?" We will be talking about one name including Delaware, Pennsylvania, and New Jersey. I am sure your Committee, and further, the State of New Jersey, will help considerably in this regard.

We pledge you our support and our cooperation.

SENATOR RAND: Thank you, Mr. Norcross. Let me assure you, we will do it right, or we won't do it at all.

MR. NORCROSS: Great.

SENATOR RAND: As far as the Legislature of this State is concerned. Senator McManimon?

SENATOR McMANIMON: No comments.

SENATOR RAND: We have been joined by Assemblyman Joe Roberts, from District-5. I just want to welcome him aboard. He is certainly very vitally interested. This is his home community. I meant to ask you if you had any questions of George Norcross, but he disappeared very quickly.

MR. NORCROSS (speaking from audience): I'm sorry.  
(laughter)

SENATOR RAND: Father Nicholas Rashford, Chairman of the Delaware River Port Authority. Good morning, Father.

FATHER NICHOLAS S. RASHFORD, S.J.: Good morning, Senator. Thank you.

SENATOR RAND: We are delighted that you could join us this morning.

FATHER RASHFORD: I appreciate that. It is my pleasure to be here.

The theme of port unification continues to have the general support of the maritime community, political leaders, and the press and the media as the appropriate solution to the longer range port development needs of the region. I think all of us agree that unification is the way to go. I am struck by a story that I was told as a child of the four blind men who went up to see an elephant, and to describe it. One found the elephant, as he held him by his leg, to be just like a tree; another one found the elephant to be like a hose, as he held onto his trunk; another thought the elephant was a snake, because he had his tail; and the last one thought it was a fan, because he had a hold of his ear. It is amazing to me how many different views can be seen of one word called "unification."

The Port Authority is formulating, at the present time, recommendations, as is its correct role, for port marketing and port operations under a system of unification in which the Port Authority could operate all of the bistate marine facilities. A business appraisal of all port

operations, both public and private, is under way to determine the feasibility of the DRPA acquiring, by lease or by purchase, some or all of the physical facilities of the bistate port. If all of the physical facilities were acquired, then a public corporation would exist. If some of the physical facilities were acquired, a public/private partnership could be effected. But both are possible solutions, the latter being more inventative than the former.

The draft proposal to amend the DRPA compact was prepared by Governor Kean's staff and sent to the office of Governor Casey for consideration. That proposal takes as its starting point that: The role of the DRPA would extend beyond simply studying the port and making recommendations, and going into actual operation of facilities, and two, would establish as a purpose of the Authority the implementation of economic development projects beyond the port itself.

Under the Kean proposal, the compact's language would read: "The planning, financing, development, construction, purchase, lease, maintenance, improvement, and operation of any terminal, transportation facility, or commerce facility or development ... within the Port District, which in the judgment of the Commission is required for the sound, economic development of the Port District."

The Kean proposal would require the DRPA to prepare, within two years of the adoption of the amended compact, a comprehensive master plan for the port district. The proposal addresses the recurrent theme of the discussions on port unification: That the planning of port facilities should be centralized in one agency, so as to eliminate wasteful duplication of facilities. The plan would also incorporate other projects under DRPA jurisdiction, such as bridges, the rapid transit system, non-port economic development projects, and so on. Recognizing that all port and economic development projects will not be undertaken by the DRPA, the proposal

requires DRPA to seek input of other public and private entities when developing the plan, and to evaluate projects not undertaken by the Authority for conformity with the plan. The plan would be revised periodically as determined by DRPA. Responses to this plan and to a Governors' summit, including New Jersey, Pennsylvania, and Delaware, have already been announced. It has been alluded to today.

We support this, and we support it for all of the reasons which were explained very well by Congressman Florio.

The Delaware River Port Authority has created a new department entitled Port Engineering, Planning, and Development. This new department, a component of a future port operating organization, will draw up the comprehensive master plan for the development of the port and economic development projects within the port region. Funding for the new unit has been provided from the Authority's capital budget. Recruitment of experts in the port development field will commence immediately.

The necessity, then, for all to work toward a unified plan has already been explained, and I think is embraced by everybody. What we are trying to do is highlight this with a sense of expertise.

The financing of port and economic development projects was the subject of questions by this Committee at its hearing on September 16, 1986. Now, this goes back and predates my being Chairman of the DRPA, but I would like to take a moment to take a look at financing things and answer some of those questions, and then come back to where our thinking is at this point.

The Committee's questions, 11, 12, and 13, centered on the controversy between the New Jersey and Pennsylvania delegations concerning financing of Port Authority activities. Pennsylvania supported the floating of bonds to fund the redecking of the Ben Franklin Bridge, freeing up reserves set

aside for that purpose to be used as reserves "for future projects." New Jersey took the position that the reserves set aside should be used for the redecking and that bonds ought not to be floated for that purpose. The position adapted by the Authority's Board in the past was to use the reserve funds for the redecking project and to float bonds, if necessary, for future projects such as unification.

Question 15 asks: "How would port unification costs be covered without substantial toll increases or the reduction of reserves?" We present herewith for the Committee's review Exhibit A, which is our 1988 Capital Budget. Page C-2 sets forth the capital budget by year, out to the year 2000, a total estimated cost of \$217,493,000, which includes a \$500,000,000 item for a regional port development start-up fund. Exhibit B, a projection of revenues, operating expenses, bond service, PATCO deficits, World Trade expenses, and capital budgets to the year 2000. The cumulative effect shows a constant trend of increased general reserve balances from the year 1988 through the year 2000. A one-time toll increase from 90 cents to a dollar at January 1, 1991, is the only projected toll increase during the period. PATCO fare increases are projected to occur as the PATCO deficit exceeds the \$5,000,000, indexed to a 1987 cost base.

The financing of port development projects by the Port Authority of New York and New Jersey, a relationship of which you are very familiar, is defined in its General Reserve Fund statutes. To effectuate its programs, the statutes require the Authority to maintain a General Reserve Fund, and established the principle of pooling revenues from facilities with established earning power to aid in the development of new projects. The statutes provide for the utilization of available net revenues to maintain the General Reserve Fund at the prescribed amount of 10% of the total par value of all outstanding bonds.

As of December 31, 1986, the Port Authority of New York and New Jersey had invested two and one-half billion dollars in port and economic development facilities. Another one and one-half billion has been invested in bridges, tunnels, and mass transportation facilities. The Authority's capital plan for the next five years commits to investments of \$5.8 billion.

The creation of the Port Engineering, Planning, and Development Department is the first step in our comprehensive plan of gearing up the Port Authority to undertake regional port improvement and economic development projects. The benefits to the State of New Jersey that expand compact responsibility could include port, industrial, and recreational improvements in the Camden/Gloucester waterfronts and other areas of the port district. Improvements of this nature are job creative; they also enhance tax revenues. In essence, I believe the DRPA can work hand in hand with the Camden, Gloucester, and other business communities, and the State of New Jersey, to foster a very positive economic growth in this region of the State.

We could seek to finance these projects conceivably using some of the same financing principles used by the Port Authority of New York and New Jersey in financing the port and economic development projects in North Jersey communities, such as Newark, Elizabeth, and Hoboken, all of which have become revenue generators in their own right.

SENATOR RAND: Father, thank you very much for your testimony. If I may address just one point, and clear the air on that. There are only a few ways to finance, and they are namely bonding, State participation, or getting it from the toll payers -- the commuters. Or, you can generate it within, if you are an economic generator and you can generate that kind of financing. How do you see the Delaware River port unification process working? Let me preface that by not

putting you on the spot, because I will rule out the commuter paying any more money for unification. There is no question that most of the money -- 80% -- comes from the New Jersey user, whether it be PATCO or whether it be the bridge toll payer. I have no problem with the anticipated -- in the 90 cents we have gotten to and the dollar which is anticipated in 1991, or whatever the date might be. But how do you perceive doing all of this under the conditions we have?

FATHER RASHFORD: Well, I think you said yourself-- The key issue is, before you are going to put out a bond, or at least in business-- Even in not-for-profits, when we put out a bond, we have to show that we are capable of paying back that bond by some revenue stream built on a business plan that has some kind of expectations of reality. We see that that has been very successful in some other ports, which have already been mentioned -- the ones in Virginia and Maryland. The capital involved is significant. The thing we know, is that cities themselves do not have the bonding strength to put that capital together. The states that have been most successful have used state bonding to make that possible.

Would we look to the same thing? The answer is, I think we would. We would go the same route. Is there an important part for commuters and everybody else going on in this area to finance some piece of an early start-up that will bring paybacks to them and to this area? I think there is an argument there that we could pursue. But I think it would have to be done-- If you are going to expend it, how much of it is going to come back to have some real implications in terms of economic development, and will it serve those people and their communities? Will it enhance them? It is the same basis on which tax dollars are spent. Tax dollars could be seen as a burden on the local area, but they certainly do bring back some other services that are essential for those areas to grow.

SENATOR RAND: Up to the point where the commuters have to play a part, I agree with you 100%. I don't know how long the World Trade Division has been in the Delaware River Port Authority, but the commuters have paid for that, and I think it is up to over \$3 million. They paid for that for many a year. I am not going to ask you, but I am certainly going to ask Mr. Kelly, what has the World Trade Division brought into this area? The question will be put to him very frankly, very openly.

So, the commuter has played a part in world trade development. They paid the freight, so to speak. But I will agree with you that the states have an obligation to do their part equally, and certainly not put the burden on the commuter. I know you haven't said that, but at least I say that.

Senator McManimon?

SENATOR McMANIMON: I have no comments. Mr. Chairman, I am here this morning to really listen. This is the first time I have participated in any of these, and I am getting an earful this morning. I appreciate his testimony.

SENATOR RAND: Senator McManimon, knowing your work on the Transportation Committee and the Independent Authorities Committee, I'm sure you will catch on very quickly.

Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: Just one question, Senator. Father, I am interested in the comparison between our local situation and the Port Authority of New York and New Jersey -- if we can, to some degree, learn from their experience and adapt some of their ideas for local application. What are the negatives? What is their experience that we are going to seek to avoid in this area?

FATHER RASHFORD: Well, the fascinating one-- When I went on a tour of the New York Port Authority, one of the past governors of this State was an alumnus of our institution and,

through Governor Cahill, I had a chance to go up and take a hard look at what New York was doing. The biggest surprise I found up there was, the dredging, on the New Jersey side in particular, averages about 35 feet at the pier. We are still maintaining almost 40. So there is a real, incredibly important role in taking care of the resource, which is the river itself, in terms of bringing cargo to you, because it is underwater. Because it is submerged in its own ironic way, it is not often seen. Now there is some catch-up that is going on up in the Port Authority, with all of their resources and everything else, to bring the pier depth back to what it ought to be for getting the kinds of ships they want into that area.

The other thing is the importance of the transportation. In other words, a pier is a place to move cargo, so you have to have an interlaced transportation network. Some of the piers in New York, New Jersey, and the Port Authority up there, have really suffered. Because of urban growth, they have really been put out of the business of being able to move cargo easily on and off those piers. I think one of the things that is very important to us in this engineering thing, is to take a look at what the total transportation network that comes in and goes off of the piers is, so that we can move cargo. That is the nature of piers, and they need those kinds of linkages -- intermodal, rail, highway. They're critical. We learned that from them.

The other business of how land is owned by particular people, how it is renegotiated, how they have gone through contracts-- They take their lives in their hands every seven or eight years when they renegotiate those things, and it gets tense. But, it has worked out. It has been a partnership that apparently has worked very well. It does give us some indications of what we are going to face in a bistate or tristate operation in the future.

ASSEMBLYMAN ROBERTS: Thank you.

SENATOR RAND: Father, let me just ask you a hypothetical question. Maybe it's not hypothetical; maybe it's real. Has the New York-New Jersey Port Authority cooperated in our endeavors down here, or have we sought any of their advice, and are we in competition with them?

FATHER RASHFORD: No. The irony, in many ways, is-- Has there been cooperation? The answer I perceive is yes. In special places where PATH and PATCO have been very similar in terms of their background, there has been a tremendous exchange of information going both ways. I think PATH learned from PATCO. In fact, in a couple of places where they disagreed with following some of the things that PATCO had done, they ended up paying a price for it.

They said, "We've got seminars for economic development which we are putting on in the New Jersey Port Authority. Would you want business people to come up and be a part of that, or could we extend that to the people you have in your area?" They have been open to our doing that. So there is an exchange of information.

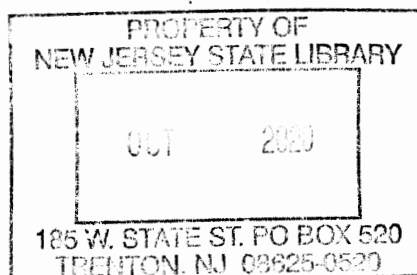
Is there a competitive piece? The answer is, in some areas, yes. Would it continue as we develop? There would be some competition between the two ports.

SENATOR RAND: Some people have told me that they don't really want us to unify and, of course, South Jersey has a paranoia on that, you know.

FATHER RASHFORD: Well, if you've got a business arrangement going on and you have three major players in the arena, and there is a possibility of a fourth major player coming in or not, I think anyone would sit there and say, "I would rather have three than four."

SENATOR RAND: Thank you very much, Father. Mr. Kelly, President of the DRPA. Good morning, Jim.

J A M E S R. K E L L Y: Good morning, Senator, and members of the panel.



SENATOR RAND: Here we go again.

MR. KELLY: Yes, here we are again. I am at your service, since I have no formal presentation to make. Some of my other Commissioners, although, will make more formal presentations.

SENATOR RAND: Okay. Let me get right to the point then. How effective has the DRPA's World Trade Division been in attracting trade to the Delaware River ports? Can you give me the particular steamship lines that have been attracted due to the World Trade Division's efforts? And, how long have they been in business, may I ask?

MR. KELLY: How long has the--

SENATOR RAND: Yes, I am throwing all of these questions at you at one time.

MR. KELLY: It was created in 1957, Senator.

SENATOR RAND: That's 31 years.

MR. KELLY: That's 31 years. That is correct.

SENATOR RAND: Would you say we have spent anywhere upward of almost \$100 million -- \$75 million to \$100 million?

MR. KELLY: We have spent over \$50 million; between \$50 million and \$75 million, if my memory serves me correctly.

SENATOR RAND: In fact, let me ask you from the perspective of New Jersey -- since that is what we are focusing on -- what have they brought to the South Jersey port, or to the whole, if anything?

MR. KELLY: First of all, let me put the purpose of the World Trade Division in perspective for you. It is a marketing tool. It is a system of trade offices around the world in very strategic areas where trade develops and steamship services are headquartered and are provided. The system also provides a considerable amount of research work as to where trade flows, where the trade routes are, and what lines ply those trade routes. It provides a service to the port in terms of lobbying for moneys from public entities, such as the Federal government or the states.

So, it is a system we have in place. Now, the private operator or the public operator has to use that system. Unless they use the system themselves, they are not going to produce much profit from it. The degree to which they use it determines how valuable and what kind of goods are produced by the World Trade Division.

You mentioned the name Holt. Holt is one of the most successful operations in this port area. Holt is one of the most prolific users of the World Trade system we have in our area. They use it well; they use it often; they use it completely across-the-board. So, in terms of the benefits we give to Holt-- It seems, from our experience, that the usage proves to us that we are providing a valuable service to them. I think we can provide the same valuable service to anybody to the degree that they use us.

We are not in a position to go out and actually bring business to any particular operator. We have to have that operator's cooperation before we can do anything.

The time the World Trade Division became most effective, was at the time we had a changeover from the conventional break bulk water transportation system to the containerized system. The port was way behind in developing facilities to meet that technological change in the maritime industry -- way behind. Baltimore had the Dundauk Marine Terminal in place, which was one of the finest container terminals in the world. New York had Port Newark and Port Elizabeth in place, the biggest and best of container terminals in the world. This port had nothing -- zip. And it was five years down the road from the time that these products were produced in other ports, until this port could begin selling container operators on coming to our port area. We brought in container operators from every single trade route in the world. The European trade route, the Far East trade route, in particular, and the Australian/New Zealand trade route all were

brought from the efforts of the World Trade Division, in cooperation with the private and public operators throughout this system. The Australian trade route, for example, that produces all of the meat that comes into this port and is handled at the Holt Terminal, was in grave jeopardy of going elsewhere in 1970-1971, because of a misconception on the part of the London underwriters as to the ability of this port to handle meat. They imposed a 3% penalty rate on rejection insurance for Australian or any other kind of meat coming into this port, and only this port, as compared with every other port. The World Trade Division went to London and met with the underwriters, and provided them with a broad spectrum of information disproving their perception that we were doing wrong in this port.

After our meeting with them, we established a committee here that monitored every single meat movement that came through the port, and reported quarterly to the London underwriters. As a result, this port, today, has all of the Australian/New Zealand services; has almost 90% of all the meat that comes into the United States. Of that meat, all of it comes to South Jersey. Now, there is a classic example of a quarter of a billion dollar annual industry that has been brought to this port by the Delaware River Port Authority, specifically the World Trade Division, of which I was Director at that time.

So, Senator, we are convinced that we are doing our share, and even more than our share.

SENATOR RAND: Does the other side of the river use you more than our side of the river? Let me ask you that.

MR. KELLY: No, they do not. Your side of the river is the primary user. The private operators on the Pennsylvania side -- the ITOs, the Lavinos, and certainly the Philadelphia Port Corporation and the Rose operation -- the private

operator there -- use us extensively, but no more than your side.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: No, thank you.

SENATOR RAND: Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: No, sir, I don't have any questions. Thank you.

SENATOR RAND: Jim, you have enlightened me a bit. I have to tell you that. I came with a negative attitude, very frankly, because I heard some comments that we get zip, and that they have not brought a single steamship line to this side. Of course, that is what we are here for, to get fact, not fiction.

MR. KELLY: Sir, I will address any of the comments of that nature that you--

SENATOR RAND: And I know you take that very seriously. But, as I told you, there is nothing personal in this.

MR. KELLY: I understand that.

SENATOR RAND: It is just that we are seeking information, and we are very happy that you can give us that information.

MR. KELLY: I am very serious in my approach to this. I want to be sure you are fully informed.

SENATOR RAND: I am delighted to hear that we are spending our money wisely -- the \$50 million to \$75 million. If that be it just in itself, that has paid off. I am delighted to hear that.

MR. KELLY: Yes, sir.

SENATOR RAND: Thank you very much.

MR. KELLY: Thank you, Senator.

SENATOR RAND: Mr. G. Davis Greene -- the Honorable G. Davis Greene -- Treasurer of the Commonwealth of Pennsylvania. Good morning, sir.

T R E A S U R E R   G .   D A V I S   G R E E N E ,   J R . :   Good morning. Thank you, Senator, for allowing me to interrupt your program.

I am here for two reasons: First, my interest in this. As Treasurer of Pennsylvania, I am an ex officio member of the Delaware River Port Authority. I can do two things. First of all, Father Rashford and I are representing Governor Casey here in another two hours at a meeting in Cherry Hill, to lay the groundwork for a meeting of the governors of the three states, including Delaware. That meeting should take place later this month, exactly on the point of regional concerns with regard to the ports along the Delaware. We have no problem with that label, rather than the Ports of Philadelphia.

SENATOR RAND:   One for your side.

TREASURER GREENE:   Okay, right. Well, we're thinking straight, Senator. But, we are going to this meeting. Obviously, unification is the central element in this whole discussion, and we look forward, with a lot of optimism, to beginning this cooperation at the gubernatorial level.

I can also just make a general observation, as Governor Casey's spokesperson, along with Father Rashford, for Harrisburg, if you will, with regard to our concerns in the Port of Philadelphia. Particularly if you read The Philadelphia Inquirer, and the other distinguished papers on our side of the river, you know the plight of the Philadelphia port is one that is generating a lot of discussion. I want to assure you that insofar as Harrisburg is concerned, we view our mission as a two-pronged thing. We need to get on, just as you recognize the need to get on, with matters of unification -- the regional issue.

We also realize that we have a particular problem which we need to address in terms of getting the Port of Philadelphia back on its feet. I can assure you that while the details of this are not in place at this time, the powers that

be in Harrisburg are giving this considerable attention, and further, Governor Casey is heavily committed to this problem as a legitimate economic development concern. It is in that context that he will be moving with force and effect, and dollars as well.

SENATOR RAND: If it is to straighten out their structural situation, as far as this Senator is concerned, I welcome that. If it is a matter of subsidy to attract shippers there at the expense of our side, then, of course, you have an opponent, on this level.

TREASURER GREENE: Well, I think Congressman Florio-- I was delighted to hear him speak on the point of competition. Obviously, we all have this concern. For him to recognize that as a considerable critical issue -- that's great. I think we all share that.

SENATOR RAND: We don't want to be put into a bidding match with Pennsylvania, for your ports and for our ports.

TREASURER GREENE: No, but it seems important to us, Senator, if it is going to be unification among equals, we have some work to do over there, and I think you would heartily agree with that.

SENATOR RAND: Absolutely.

SENATOR McMANIMON: I think Mayor Goode pretty much brought that point out with his recommendation of another body to assume control of the port, and now that is in for open discussion, is it not?

TREASURER GREENE: Well, I don't think that is exactly correct, Senator. I think what you may be referring to is the contracting for the Industrial Development Corporation over there to provide some management consulting services. We will be actively involved in that process, but we see it as the providing of management consulting services. We do not see it as a takeover of the Port Corporation.

SENATOR McMANIMON: Well, because the statements were made originally by the Mayor, I assume it generated quite a bit of controversy. I assume that is one point you people are really going to have to straighten out first.

TREASURER GREENE: Well, we are rather good at controversy over there, Senator.

SENATOR McMANIMON: Very good.

SENATOR RAND: Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: No, Senator, thanks.

SENATOR RAND: Mr. Greene, we thank you very, very much.

TREASURER GREENE: Okay. Thank you for allowing me--

SENATOR RAND: Mr. Treasurer, we will ask you to send one message, as we have already sent to our Governor: All we want to do is spell out the rules before we play the game. We don't want to come into the fifth inning and then have some new rules put on.

TREASURER GREENE: Right.

SENATOR RAND: We just want to know where we're going and how we're going to get there.

TREASURER GREENE: Okay.

SENATOR RAND: And we do thank you very much.

TREASURER GREENE: Thank you.

SENATOR RAND: The Honorable Robert Andrews, Freeholder Director, Camden County Board of Chosen Freeholders? Is he here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Excuse me, Senator, I am here on behalf of the Freeholder Director. He is tied up in court. He would like to -- if it pleases the Committee -- speak a little later.

SENATOR RAND: Oh, absolutely. The Honorable August D. Pistilli, Commissioner of the Delaware River Port Authority.  
D R. A U G U S T D. P I S T I L L I: I am going to leave you some of these things. (indicating material)

SENATOR RAND: All right.

DR. PISTILLI: The Port Authority has put on here where these ports are. I will leave this with you, rather than trying to discuss it.

SENATOR RAND: Okay. We will return it to you.

DR. PISTILLI: No, you can have it.

SENATOR RAND: Oh, thank you.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Excuse me, the Freeholder Director is here.

SENATOR RAND: Well, he will have to wait now until Dr. Pistilli has finished. I can't interrupt the proceedings.

DR. PISTILLI: I have here something I want to stick up, if we can get it over here somewhere. (referring to a map) It might stay there.

SENATOR RAND: I surmise you are not unfamiliar with shipping.

DR. PISTILLI: A little bit. First of all, even though I am a Commissioner of the Delaware River Port Authority, I want to make it clear that I am here as a private citizen. The views I express are my own.

Thank you for giving me the opportunity to share those views with you, concerning port unification. I will try to limit my comments from a port perspective of what unification means, and not touch on the broader social and economic issues that are obviously cogent in unification.

To place our maritime situation in proper perspective, allow me to touch upon where we have been as a maritime state, and where I think we're going.

I have prepared a publication, which I won't hand out now, because you will look at the pictures, and you won't listen to me. But, in the centerfold of it is a map, which I have put up on the board there. I would like to invite your attention to the fact that New Jersey is almost surrounded by water. As a matter of fact, all but six of our 21 counties

have access to deep water. We have over 300 miles of shoreline adjacent to deep water, starting with the north end of Bergen County, coming down through the Ports of New York and New Jersey, then down along our Atlantic coast, through the Delaware Bay, and up the Delaware River, stopping at Trenton.

In addition, we have hundreds of miles of tributaries that have access to deep water. Again, what I would like to state is, New Jersey is virtually a peninsula surrounded by deep water. Thirty percent of the water-borne commerce of the United States travels over the waters contiguous to New Jersey.

Today, many business and political leaders concerned with maritime affairs are paranoid about New Jersey living in the shadows of the Twin Towers of New York, or the shadow of Billy Penn coming across the Delaware River. It is now time to reassess those fears. When we consider that more than 90% of the tonnage that goes through the Port of New York-New Jersey passes over docks situated in New Jersey, and given the growth of cargo handled over the docks of Camden County, even without the benefit of master planning -- regional master planning -- New Jersey is the premier maritime State of the northeast. Now, whatever the Port of New York-New Jersey might do, and notwithstanding anything that might happen or not happen with unification, New Jersey is a winner.

You have heard today how the press has touched upon the problems of our Port of Philadelphia and, of course, presented an almost one-sided picture of a mismanaged, decrepit, sinking port. Nothing could be further from the truth. We need to distinguish between the port terminals within Philadelphia and the port facilities in New Jersey, Delaware and, yes, even Chester. Our ports of the Delaware River are made up of 11 general cargo terminals. I have marked it up on that map. They are: Petty's Island, South Jersey Becket Street, South Jersey Broadway, Holt Terminal, and the Port of Salem. In Delaware, there is a single facility called

the Ports of Wilmington. In Pennsylvania we have Penn Terminals, Packer Avenue, Independent Terminal, Tioga Terminal, and Northern Terminal.

When you focus on the performance of the Port of Philadelphia in terms of cargo-tonnage handling, 1987 most likely will be the best year ever for the port. For the first six months of 1987, general cargo tonnage increased 6%, compared to 2% for all North Atlantic ports. In the prepared statement, the statistics are there to back this up.

The ports of Philadelphia have made a great contribution to the economy of our region. When one element of the system is having problems, we should not trash the entire system. This is not a philosophical dialectic, where I see the glass half full, and others see it half empty. The problem is, the doom and gloom forecasters are simply looking through the wrong end of the telescope. The fact is, there is a potential there for the glass is overflowing. It is now time for responsible leadership to focus on rapidly improving our facilities, so we can take advantage of this potential for continued growth.

Of course, you heard this morning that we have made a lot of mistakes in the past. A decade ago, we turned down the opportunity for unification. We refused to see the efficacy of what was going on in Baltimore, New York, and Norfolk, in making these tremendous capital improvements. Of course, we fought the concept, here by the Delaware River, of cost-sharing contained in H.R. 6, which eventually became our water resource bill, while New York, Norfolk, and Baltimore had their letters of local cooperation into the Corps of Engineers even before the bill was passed into law.

Notwithstanding that, it is important that we keep the perspective that there are successful operations in this port, and there are even greater opportunities for those who will respond to the forces of the marketplace. When you think about

it, with improved facilities, current market conditions extrapolated into the future indicate a possible doubling of tonnage within a decade and, more specifically, a doubling through South Jersey facilities within five years.

For those of you who are charged with looking out for the best interests of New Jersey, there are obvious questions concerning the proposed unification, such as: Does unification mean a bail-out for Philadelphia? Perhaps. Will Philadelphia improve its market share by unification? Most probably. Will New Jersey win by unification? Absolutely yes, provided it is properly structured.

Alternatively, without unification, I am convinced that Gloucester Terminal, South Jersey Port Corporation, and the Petty's Island facilities have shown management strength which will assure their continued success. Granted, their ability to expand and their competitiveness will be restricted without unification.

One of the ways to quantify the dialogue of unification and assess our respective positions with our neighbors, is to grant me the liberty of sharing with you the five elements I require within a good terminal or port operation:

Element one is a deep water access to the port. We presently have a 40-foot channel, which supports general cargo.

SENATOR RAND: That's on the Philadelphia side.

DR. PISTILLI: No, it goes right down--

SENATOR RAND: In the middle?

DR. PISTILLI: It goes right down the middle. The (indiscernible) of the channel is, in most cases, the boundary line. That channel is available to New Jersey, Wilmington, Philadelphia.

SENATOR RAND: Ours is not the 35 foot, then?

DR. PISTILLI: No, it's 40 feet, right up the middle. As a matter of fact, it goes all the way to Trenton -- or short of Trenton. It stops at Fairless.

However, the competition for bulk cargo dictates deeper drafts. Our competing ports of Norfolk, New York, and Baltimore are providing millions of dollars to achieve channel depths in excess of 50 feet. The bulk cargo industry on the Delaware River now appears to be prepared to cost share a somewhat deeper channel.

Element two, of course, is a modern terminal facility -- or facilities -- with adequate covered and open storage areas. We need those modern facilities so we can compete with the best. Of course, I envision such facilities to be constructed with either private or public funds, competitively leased to competent operators who will pay fair rents.

Element three is competent, motivated, nonpolitical, professional management. You political leaders must provide the climate wherein good management can thrive without interference.

Element four -- and the gentleman from the AFL-CIO has already touched on this -- is a motivated, productive, and competitive labor force. Prospering port facilities with the commensurate intensive capital investments are occurring where labor is efficient and competitive. Facilities where archaic work rules restrain productivity are going to fail.

SENATOR RAND: How do we get that, Gus?

DR. PISTILLI: This is the start, with this gentleman right here. He said he wants to talk. But I can tell you this: Weak management and labor can no longer negotiate contracts with the tacit understanding that excessive labor costs will be passed on to the shipper, or paid for from public moneys. Our political leadership must understand that there can be no meaningful port unification until the issue of labor productivity is equitably resolved.

Element five is an adequate infrastructure of rail and highway that will allow efficient movement of cargo to and from the port. The present surface transportation system to and

from the port does not have the capacity to efficiently handle the cargo we now have, and absolutely does not have the capacity to handle the projected increased traffic. If you have examined my five elements -- and I can hear some reactions in the back -- I will accept the fact that in order to make things happen, we are going to need number six and, of course, that is a single unifying agency tying the port and its functions together. As you have already heard, we don't have that.

Assuming the unification is a given, we still face serious problems that require quick, practical solutions. We must keep the cargo we have, and we must attract new cargo during this expanding market. Here is where I will get in trouble with the other Commissioners, maybe, but it is my assessment that it will take at least a decade to implement and realize all of the benefits of unification. We cannot let studies, high level conferences, legislative approvals, and changes in the compact between the states be reasons to do nothing. It is imperative to fast track the improvement of the existing better-managed facilities to capitalize on present market opportunities, while we implement the longer range plan.

I believe that should unification be adopted, it must be a carefully controlled process consisting of three phases:

Phase one was established several weeks ago by actions taken by the Delaware River Port Authority, with the creation of a Port Engineering and Development Department.

Phase two should be to expand and control those functions that are generic to port operations, such as: world trade promotion, computerized customs collections, aids to navigation, channel improvements, port security, collection of user fees, and any other function that is best performed by a single agency such as the Delaware River Port Authority.

Phase three could be -- and I emphasize could be -- the acquisition of existing facilities, the construction of new

facilities, and the management of same. This phase of port unification should be approached with extreme care. We should not accept the misconception that one large facility, owned by the Delaware River Port Authority over existing facilities acquired and operated by the Port Authority, is the answer to all our port problems. If anything, we must avoid Big Brother, who will establish rates -- labor rates, rental rates. This will almost guarantee to give us all political, financial, and labor indigestion.

Mr. Chairman, let me conclude by saying this: You should be proud of New Jersey's preeminence within the maritime industry. New Jersey, with its geographic location, national waterfront resources, management talent, and competitive labor force, should be the dominant maritime State of the East Coast, if not the nation.

Thank you.

SENATOR RAND: Thank you very much, Commissioner.

DR. PISTILLI: Oh, by the way, there is one more thing. I almost forgot it. It's why I came here.

It is now time to link all of the ports of New Jersey together by establishing a Cabinet level position responsible for the overall coordination and advocacy of our maritime affairs.

Thank you.

SENATOR RAND: Thank you very much, Commissioner. At least you have given us the first blueprint. No matter how we act on it, it is a blueprint for some action, probably one of the positive ones we have seen.

Senator McManimon?

SENATOR McMANIMON: No. I find it quite enlightening just listening.

DR. PISTILLI: I have 30 copies of "New Jersey: The Maritime State," if anyone wants them later.

SENATOR RAND: Do you have a copy of your statement?

DR. PISTILLI: Yes, I will give it to you.

SENATOR RAND: We would appreciate it, Commissioner.

DR. PISTILLI: Thank you.

SENATOR RAND: Assemblyman Roberts? existing facilities

ASSEMBLYMAN ROBERTS: No, thank you, Senator.

SENATOR RAND: Thank you again, Commissioner. Is the Honorable Robert Andrews here? (affirmative response from audience) Good morning, Freeholder.

FREEHOLDER DIRECTOR ROBERT E. ANDREWS: Good morning, Senator. I apologize for my tardiness.

SENATOR RAND: That's all right. We have a busy morning.

FREEHOLDER DIRECTOR ANDREWS: As Assemblyman Roberts can tell you, the demands of this position are great. If I can handle them half as well as he has, I will be in good shape.

I appreciate the opportunity to be with you this morning. I particularly appreciate this Committee taking time to come to Camden County. We thank you for that. We appreciate the expression of interest and priority you are giving us through your presence here. Let me pay particular thanks to you, Senator Rand, for your continuing leadership on, really, all issues that touch and concern the economic future of our county. We are pleased and encouraged that our former colleague, Joe Roberts, has joined you, and is lending us similar leadership and support.

It is really no accident this morning that both Mayor Primas and myself are here, because I can think of no issue that has a greater potential impact on the economic future of our city, and by derivation, the economic future of our county, than the future of our port.

The key word here, I suppose is "potential." By any objective measure, the place where we are this morning -- the City of Camden -- is perhaps the most desperate and poor city in our State of New Jersey. What that leads us to do, I

suppose, is to find opportunity in desperation, and that is what we are trying to do. Mayor Primas, through his leadership, has set a path for that, and those of us in county government are attempting to follow that.

I can think of no greater resource, and no greater vehicle for the city to regenerate itself, than the rejuvenation and continued growth of our port. We need look no further, really, than right here to see the benefits of concentration on the port. I agree with the last speaker -- the Commissioner -- that there are successes in the Port of Camden, and we need to look at those as a guidepost for what we are going to do in the future.

I think it is rather remarkable that the successes that have been achieved, have been achieved because we have really suffered from what I would call paralysis through parochialism. Probably the number one problem we have, is that the myriad of governmental entities and agencies that have some control over decisions that would affect the port, have, quite naturally, looked out for their own concerns first, and often to the exclusion of the port as a unified entity. I understand that is really our agenda today.

We also need look no further than what the experience has been with the Virginia Port Authority, which has had a spectacular record of doubling cargo amounts, and bringing with it the consummate economic benefits that come with that.

I would like to suggest to you that the nearly half a million people who those of us in county government represent have a real stake in your efforts. We support them; we encourage them; and we are enthusiastic about them. I would sketch for you three conditions that I would find as necessary conditions for the success of this effort.

The first is, we need an entity -- we need an instrument -- that has some authority and autonomy of its own. It cannot be an entity that is limited simply to an advisory

role for governments. It cannot be an entity that is limited simply to a consortium of governments. I believe it needs to be a decision-making entity that can draw together the tools necessary to determine environmental questions and economic questions, and the kinds of questions that undoubtedly will arise through port unification.

Now, I say that knowing that it is rather unusual for county and local officials to advocate, in any context, a usurpation of their powers, or a ceding away of their powers. I do so with a great deal of thought, but I do so because I believe we cannot have a successful program of port unification unless we do create an entity which has legal authority to, in fact, make decisions.

The second criterion I would ask you to consider is the criterion that this entity not become a dumping ground where political problems of some governments are sent to nest. The leadership of this Committee, frankly, in exposing some of the abuses among independent and quasi-independent authorities at the State level, has been enlightening. I would assume, Senator, that you and the other members of the Committee are all too aware of some of the problems that exist when we create independent entities which sometimes mistakenly believe they are not accountable to the public. I would ask that any entity that is created through this effort be accountable to the public, and be subject to review by our state governments and local governments on a regular basis, to assure the public that this is not simply going to be a place to hide the politically convenient malcontents.

The third criterion that I would urge upon you is that I believe this new entity needs to have an independent source of funding. I say so for two reasons. The first reason is, although we obviously want to share in the economic benefits of port unification, we would rather not pay for them directly through participation of our tax budget. I realize that is a

bit inconsistent, but I do believe that the additional revenues that would be generated through the port -- the additional economic opportunities generated through the port -- should provide us with an independent financing base for this entity's operation and functions. As for questions that undoubtedly will

The second reason I would urge this upon you, really goes back to my first concern about autonomy and real legal authority. An entity that must depend for its budget each year upon other governments, will not necessarily have the independence and the political autonomy to make the decisions that I think are necessary for port unification to succeed.

We are encouraged by the leadership that this Committee has shown, by the interest at the Federal level through the leadership Congressman Florio has shown, and I would indicate, on behalf of county government, that we are anxious to participate in this process. We again thank you for your interest in us, and encourage you to continue in this process.

I thank you.

SENATOR RAND: Thank you, Freeholder Roberts -- Andrews. You see, you started talking about Freeholder Roberts before, and I'm still thinking the same thing.

Senator McManimon, are there any questions you would like to ask Freeholder Andrews?

SENATOR McMANIMON: No questions.

SENATOR RAND: Assemblyman Roberts, any questions you would like to ask the Freeholder?

ASSEMBLYMAN ROBERTS: No, but thank you for your testimony, Freeholder.

SENATOR RAND: Freeholder, I am very happy that you touched on one subject which is very near and dear to my heart. I like independent authorities, but I just don't like them to get out of hand. We have had a couple of very notable incidents, certainly, in the past few months on the New Jersey

side. So I appreciate the fact that you say they ought to have legislative oversight; they ought to have some type of control. Of course, in the Governor's compact agreements, which he sent to Governor Casey, I do believe he has in there gubernatorial veto and some other things. Still in all, I don't think even that goes far enough, because the Legislature, when it creates these authorities, ought to have some ability to review them as time goes on.

We do thank you for your testimony. I am very happy that you took some time out of your busy schedule to come and discuss your thoughts with us.

FREEHOLDER DIRECTOR ANDREWS: Again, we thank you.

SENATOR RAND: Thank you very much

I will announce the next three people. We are going to hear from the Honorable Mary Ruth Talley now, and after her we are going to hear from a shipper and a port operator. Mr. Rudolleu is a shipper, and Mr. Holt is a port operator. So, Honorable Mary Ruth Talley, good morning.

M A R Y R U T H T A L L E Y: Good morning. Thank you, again, for this opportunity.

SENATOR RAND: Make yourself comfortable.

MS. TALLEY: All right.

SENATOR RAND: That's a pretty suit you have on today. I like that.

MS. TALLEY: Thank you. Gentlemen, you have already had the privilege of hearing from the premier professionals at my Port Authority -- our President, James Kelly, and my comrade, Gus Pistilli. I also have here with me -- he's in the back -- the World Trade Director, Dr. Raymond Heinzelman.

My role, right now, is as a Commissioner and as Chairman of the World Trade Committee. I speak to you this morning, Senator Rand, on the question you asked to be addressed, which is the record of the Delaware River Port Authority in assisting the New Jersey ports, particularly in

the areas of marketing and trade development. It is that issue that I would like to share with you, and talk with you about this morning.

The World Trade Division of the Delaware River Port Authority is comprised of two groups -- port promotion and port planning. Port promotion is the subject I would dwell on most. The port promotion group is responsible for promoting international commerce on the Delaware by promoting the economic advantages from the use of the port facilities and services located on this river. To fulfill this role, the DRPA has established a network of overseas and U.S. trade development offices, staffed by professionals. Our President, Jim Kelly, went into these details. Our offices are located in Antwerp, Tokyo, and Sydney. In Hong Kong, we have an agency arrangement, and we are in the process -- perhaps many of you have read about this -- of establishing representation in Brazil.

In the United States, we have trade development offices in Pittsburgh, Chicago, New York, Houston, and Philadelphia. The World Trade Division additionally has developed an extensive marketing information system, which enables us to identify key general cargo movements that are potential cargoes for our port. From this data base, we have identified the key general commodities for this port, those that account for about 75% of the total general cargo tonnage moving through our ports.

Keeping this cargo in the port is our primary objective. I would like to just depart here. You heard our President talk about how we have spent those millions that you were concerned about, Senator Rand. I would like to address this part of it -- keeping this cargo in our port. Once we get it-- That is just not the end of our responsibility, because every other port in this nation wants the cargo that we are successful in attracting. I can give you a classic example,

and that is the Chilean grape. Our ports developed this cargo, got it here, and have seen it grow. We have also seen -- shall I say our enemy -- the people who want this cargo badly. The World Trade Division of the Port Authority has thrown all of its talents and professionalism into fighting this down in Washington, fighting with all for this cargo. It has been making all the information available to all of our elected officials, because to just sit back, and say, "Well, you know, if it is going to stay here, it will stay here. We don't have to do anything--" Private terminal operators, or the other terminal operators on this river, do not have the combined resources to fight the large battle this has taken, and is going to take, to keep the Chilean grape cargo here and see it continually grow. It provides so many jobs and economic benefits that we need here in our port region.

So, that is just one example of how the World Trade Division subsidy dollars are spent -- keeping cargo once it gets here. Believe me, it is no small task.

In addition, we have identified specific commodity movements and vessel services that are potential new business for the port, because the port can provide the facilities, services, and transportation requirements needed to accommodate this new tonnage. These commodities are called "targets of opportunity" for the port. It is on these commodities and carriers that we focus our marketing effort. Thus, our approach to marketing is frequently called "the rifle approach," compared to the "shotgun approach." This is a refinement, as we have seen world economic conditions and what it is going to take to attract water-borne commerce and tonnage to this river.

We make this information available to all of the port entities on both sides of this river, since we are a bistate public authority.

Based on the results from data analysis and our approach to the marketing, each of our field representatives has marketing plans that focus on the key commodities. They are: steel products, paper products, lumber and plywood, chemicals, scrap steel and paper, fruits and vegetables -- and I have gone into detail about what fruits mean to us; that is a growth commodity for these ports -- cocoa beans, and containers.

Let me just back up a bit when I talk about cocoa beans. There is a problem with cocoa beans, not the least of which is that an entity here in South Jersey no longer wished to handle cocoa beans. The Port Authority World Trade Division was in no way able to intercede and find another partner who might be interested in handling this business. We can't do it. By law we can't do it.

Our marketing efforts are aimed at introducing the target commodity shippers and importers to the benefits they can derive from shipping via the Delaware River port complex. Unfortunately, DRPA representatives are unable to negotiate or close deals for port services. So all we do, and the environment we create to bring tonnage here, and to keep it here, all goes-- It does something, but it has no bottom line. That is where we fall short, and the whole region -- port region -- suffers because of this, I believe.

Once we have aroused the interest of potential port users, we simply perform the role of a broker. We arrange to bring the potential port user together with the terminal operator, who then must negotiate a deal. What happens to that, we have no way of knowing. Many times we will never know the results, unless they specifically request us to come in and assist with a particular problem. After we bring a terminal operator together with a potential businessman, we can do nothing more.

An example of our marketing approach-- Much of this you have probably heard. I think our President has also stated

it very clearly. These are the things we do: We identify a cargo potential for the port; we collect and analyze the information, facilities, and service requirements, volume, origin, and destination. We promote the port's facilities and services for select terminals which can provide the services. DRPA brings together the potential user and the terminal operator. DRPA will continue in this negotiation process, if requested. Most of them do not want us at present.

Now, in addition to the structured port marketing program, the trade representatives use their network of contacts for new business opportunities and project cargoes. Just as you know in your careers as elected officials, you need to constantly touch base with your constituencies. So do our trade representatives. They need to know who the decision makers are; they need to know facts; and they need to network.

For example, just recently, an acquaintance of my Division Director contacted him about facilities for a bulk commodity. Now, this is right now. This isn't years ago; it's right now. Alternate facilities were identified which interested the client, bringing him to the port for an inspection. DRPA made arrangements for the client to meet the terminal operators -- and, incidentally, they were on each side of this river -- and to visit the facilities. The client was very interested in one of the facilities -- the South Jersey Port Corporation -- and they are now in negotiations. Here again, we will not know how they are going, unless the acquaintance of the Director chooses to tell him.

In addition to selling the port, the marketing department performs many other port marketing functions; for example, a regional port advertising program, which is a joint program just initiated in this decade between the DRPA and the terminal operators. The DRPA contributed \$2 for every \$1 contributed by the entire port entities. As a result of this program--

SENATOR RAND: What was that? Let me hear that again.

MS. TALLEY: It is a joint advertising program that many of the entities support with the DRPA. Have you seen any of the advertisements?

SENATOR RAND: Yes, I have seen them.

MS. TALLEY: May I show them? (no response)

SENATOR RAND: That doesn't come out of your budget?

MS. TALLEY: Yes, it does. We contribute \$2 for every \$1.

SENATOR RAND: The private sector contributes \$1?

MS. TALLEY: Yes.

SENATOR RAND: Okay.

MS. TALLEY: And any of the other quasi-public agencies that wish to--

SENATOR RAND: That is the first mention I heard of the private sector contributing anything, whether it be ports, or whether it be anybody -- contributing to the World Trade--

MS. TALLEY: Initiative.

SENATOR RAND: Is that correct?

MS. TALLEY: I would have to say--

SENATOR RAND: Because so far we have established that the commuter has paid for the \$50 million to \$75 million during all these years. I just want to make it perfectly clear, Mary Ruth, that I certainly-- Although, as Father Rashford said, commuters have to pay a certain share, I represent my constituents, and they are not going to assume the entire burden. I think those days are gone. The State of New Jersey should have given something; Pennsylvania should have given something, and not put it on the backs of the people who drive across the Delaware River bridges, or the ones who use PATCO. That is what port unification has begun to dramatize; that somewhere besides that commuter, somebody has to pay for it. If we establish that fact, then I am willing to proceed one step further. Until we establish that fact, this Senator is

not going to proceed one step further, because my commuter is not going to pay and pay and pay and pay. . . .

MS. TALLEY: Well perhaps, then, you are not aware of several of the joint marketing programs and trade missions. I will go on to--

SENATOR RAND: That is why I was very glad to hear that.

MS. TALLEY: --enumerate them. The joint advertising effort was the first one. It developed early in 1980. This is the first time that the various terminal operators on both sides of this river actually sat down with each other, face to face, and started talking about, how can we present our wares to the international water-borne commerce community? How do we tell them that we are here, and that we are in business? As I said, I have two of the samples. I will leave these with you. But, this was on a joint basis, in that they joined with us fiscally -- financially. They also did this in our overseas trade missions and our road shows. Those members who wished to participate and join with us-- When we went to Europe, when we went to South America, when we went to the Far East and to Australia, they put in their fair share. In other words, we didn't pay for these totally. Those entities that wished to go with us and have representation, paid.

Now, when it comes to the road shows we put-- You will probably enjoy the name we use. It is called "Getting Your Act Together and Taking It on the Road," and that is precisely what we did, in another way, to dramatize that this river and its ports are here to do business with you and for you. So, we have gone to Chicago; we have gone to Pittsburgh; we have gone to Cleveland; we have gone to Central New Jersey. This is financed by a larger group of port entities and maritime businesses. There are freight forwarders. In other words, we have a brochure-- We have a long list of sponsors who help us with these evenings.

SENATOR RAND: I would hope that the representatives from our side who meet with the Governor certainly tell him this information -- tell him of this story -- because, you know, we just pass appropriation after appropriation -- \$500,000 for an eastern office. We just passed another appropriation the other day. It seems to me that maybe New Jersey ought to get its act together; that we don't know what we're doing. If there is a duplication, then why are we pouring this kind of money out, when we have such problems out there with the homeless and everything else? We are passing multi-millions of dollars, because the Governor said this is the year of international trade and international competition.

If you do the job as effectively as you are doing, Mary Ruth -- and I have no doubt that you are doing a pretty good job -- it ought to be conveyed, certainly, to State government, because I don't think they know what kind of a job you're doing.

MS. TALLEY: I will say I think the '80s have been spent, by my professional people at the Port Authority, making this message, and taking it everywhere. A lot of it has been--

SENATOR RAND: Well, they ought to go by way of Trenton.

MS. TALLEY: Well, we also have an excellent Government Relations Department. I'm sure you and your staff know of Harry Kennedy. In other words, I think we have come a very, very long way in 10 years. I also have an example of some brochures and a map. These are things we take with us when we go out of the country, or when we put on our road shows. I would like you to look at them.

May I just continue with the general trade statistics used by the terminals and other port agencies in developing their own marketing efforts? Commodity workshops-- Here again, I'm sure you have been made aware of our Chilean fruit workshops and our cocoa beans. The Chilean fruit workshop is

also done down in Chile. This is a very major effort to, here again, keep the cargo here, and to bind the two interests; the Chileans who want to export their fruit with the ports of Philadelphia, which want to be the importer, and want to be able to disperse the goods to the region.

What it has taken to ensure this involves so many, many people, but it has all been orchestrated by the World Trade Division. We have taken the initiative; we have taken the leadership. Naturally, we have used all of the professionalism and skills and talents in the port region. But this is where, as you say, some of the millions have gone.

Legislative issues, which is government relations such as the trade bill-- That has already been talked about. Anything that would negatively impact the meat and the fruit, we have taken an active role in. Legal issues challenged-- Here again, the 89 -- maybe some of you already know about this-- We challenged the 8900 conference decision to charge the Port of Philadelphia a surcharge of \$250 per container exported from the port. I mean, this was just an arbitrary decision by the 8900 conference. They thought they would try it and see how it flew. Well, the World Trade Division -- the Government Relations Department got right on this, and came to the Board and requested us to give them the go-ahead to combine with the Port of Boston to fight this surcharge. So we did. Guess what? They backed down. Here again, we are on top of every issue that threatens water-borne commerce on our river -- on both sides of the river. We are there; we are in the forefront; and we are fighting.

Now, this is an overview, very simplified, of what we have done in this decade. Is it enough to get us into the twenty-first century? I submit to you that it is not. It has been a major beginning. It has set a footprint in the sand, if you will. But operating this way, and marketing this way, is not the strategy to approach the twenty-first century. You

heard an excellent presentation by my comrade, Gus Pistilli. In answer to your question, Senator Rand, the South Jersey ports will probably continue to do business. But to do business in the way we know it has to be done in the year 2000 and beyond, no. We have reached-- Our heads are pushing the ceiling. We can't go anywhere; we can't go any further. And there is so much more that we should be doing. I submit to you that the World Trade Division of the Delaware River Port Authority has shackles on. It has the professional people. We have committed the resources to purchase the latest state-of-the-art computers to do the planning. That is how all of this targeting and the rifle approach has been developed. We make all of this information available to the port and to those who wish it.

We have the professional analysis to do the work and to design the programs we need to help us get cargo on this river. But there is much, much more that we should be doing. When you look at our statistics for cargo on this river, the marketing we have done has paid off, because our cargo has gone up. New York does not have to market. Baltimore and Virginia are simply buying their cargo. We are doing honest-to-God marketing. But, if we can't now close a deal and actually be the unifying force in a businessman to businessman deal, it's like going out there and marketing with our hands behind us and our feet tied. We're saying, "Hey, here we are, but we really can't give you a bottom line. We can't give you what it is going to cost. I can only do this and this and the other," which to a shipper or to a businessman is time wasted, particularly in today's world economic climate.

So, if we do not want to be left behind, I would ask you to please, let's get on with unification. I thank you very much.

SENATOR RAND: Thank you very much, Commissioner. Mr. Rudoller. This is Max Rudoller. He is the cocoa bean king.

Max, we fit you in here, because we knew you had to go someplace.

**M A X R U D O L L E R:** Thank you very much. Senator Rand, Senator McManimon, my Committee and I will probably be the maverick in this move, but that is nothing new. I have been a maverick all my life. I do not agree. You have heard from officialism here in this room. I am sorry to say that we don't have more business people here in this room, Mr. Holt being one, and I being the other.

Now officialism, to me, Senator Rand, is, I hire somebody to carry my briefcase, and then the fellow I hired to carry the briefcase takes out the papers and hires somebody else to carry the papers. I have gone through officialism, I guess, for 40 years on the waterfront. I have not sat in a white tower. I worked on the docks, and came up the hard way. Basically speaking, the same way as Tom Holt did, because I don't remember his father.

Senator, if you give me \$75 million, I will give you a port in return that will hum. We have spent a tremendous amount of money. It constantly goes on my back; I am a taxpayer. I am not for unification, because you are going to pile dirt upon dirt -- pardon the expression. You are going to hire more people, and those very people who go across that bridge, Senator, that you are so worried about, are going to pay more money. If you look at New York -- and everybody is amazed at what a fantastic job New York and New Jersey did up north -- you will see that the bridge went from \$1 to \$3. You are going to have the Delaware River Port Authority charging you \$3 for going across the bridge in the future, not \$1, Senator. You're kidding yourself. That very same bridge was supposed to be free of all types of revenue, if you remember back -- and I am sure you do, Senator -- and we have not cleared those bonds, or whatever you used to finance it.

No official, Senator, is going to make a deal for me; no Port Authority, whether it is the New Jersey Port Authority or whether it is the Delaware River Port Authority or the Virginia Port Authority. They are not going to make a deal for me. I am going to take my own money, and I am going to go across the ocean, and I am going to have to sit down with the people who ship over here, to ship into my facilities.

Now, I am not saying the port should not support itself, or should not advertise itself. Sure it should. I am not saying it doesn't benefit part of this region. Sure it does. But, Senator, make no mistake. Nobody can speak for my dollars and cents. Nobody speaks for the shippers' dollars and cents. Therefore, we sit in a room and we butt heads together, and we come up with the answer. The previous speaker just said herself, that they have gone to about the top rung of the ladder, and they can't go any further. That means that now the businessman has to be taken into consideration, if you are going to set up any kind of unification, which I stated I am against.

Very simply, Senator, it makes sense economically, if I am on this side of the river, I am not -- and I emphasize I am not -- going to tell my ships to go over to Philadelphia. It's very simple, I want them right here. I have just built an entity over here on Becket Street, with the support of the South Jersey Port Authority and the City of Camden. Do you think for a minute that I am going to be thrilled if, all of a sudden, those ships go to Philadelphia? No, I'm not. Therefore, I am going to try for this side of the river.

Unification is a fantastic word, and you have had much more eloquent speakers than I up here. You have an Authority, and I am not knocking the Authority, because it has done a good job. But, as a businessman, Senator, I, for the life of me, cannot say what unification is going to do for me. The words are very flowery. We are going to see the region prosper. The

region can only prosper through business, Senator, and that still means the almighty dollar, no matter how you slice it. I am going to see that I get my part of that almighty dollar. Therefore, I am going to see the ships coming to this port. Unification I couldn't care less about. I will deal with a Joe Bozzono (phonetic spelling), I will deal with a Mr. Holt, because these are people who I know and have worked with. I am not going to spend the extra money for transportation, Senator, to go to Philadelphia.

Now, cocoa beans have been mentioned. Senator, there are 290 million tons of cocoa beans ground every year in the United States. We like chocolate. We talked about Virginia. Now, Virginia has taken our cocoa beans. I was in the cocoa bean business. I have fought Virginia for a long, long time, and have been partially successful. There is definitely a feeling on the waterfront that cocoa beans are a pain in the neck, and they are, Senator. But you have ships coming in here, and I guess it is about the only cargo that is hand handled. That takes a lot of men. You have ships coming in here with wood. That doesn't take so many men. But every bag-- You have ships coming in here with 80,000 and 140,000 or 150,000 bags. Senator, it takes about two or three weeks to unload the ship.

I will admit that we do not have enough facilities, Senator, and I would say we should get those facilities, because it would put one heck of a lot of people to work. I would not like to see the cocoa beans leave this port. I don't see anybody getting up here whooping and hollering about the cocoa beans leaving the port. New York is now opening up one of their piers to receive cocoa beans. Now, if they are so bad, why would New York, at this stage, go into spending millions of dollars to put facilities up? It doesn't make good sense to me. I don't see anybody going out from this port trying to get coffee beans from the Port of New York. Senator,

that is a no-no. Did you know that? You must not touch the coffee beans that are going into New York. That is an absolute no-no. The operators will tell you, and so will the union, that that is a no-no. I don't see anybody running out trying to get the coffee beans. Now if they are in competition with us, fair is fair. Why don't we go after the coffee beans? But we haven't done this.

I have heard mention that Baltimore and Virginia are buying their cargo. That is a pretty hard statement, Senator. We just have not gone down to Washington. I cannot see, for the life of me, what Uncle Sam is shipping. They have done a good job, Senator; the Ports of Virginia and Baltimore have done a good job. They have gone into Washington, and have gone into the back rooms, to see that what we ship overseas goes through those two ports. Now, why haven't we gone into those back rooms? Evidently they have good connections in Washington. I have been down to Virginia, Senator, and you can see our program, "Hands Across the Ocean," where merchandise goes to the African countries. Senator, have you seen any of those signs over here in these ports? I don't think you have seen those hands on the markings of bags.

We have neglected, or we are not capable of getting the cargo that is going overseas. We are the port that should be getting that cargo, because we are closer than Virginia or Baltimore. I would say, Senator, they all know I am not for unification. I would like to keep things the way they are, on an even keel. I happen to like New Jersey. I moved over here. I spent a lot of money on this side of the river, as have other people, to consolidate my position here in New Jersey, and I would like to keep it that way, Senator.

Thank you.

SENATOR RAND: Max, thank you very much. Senator McManimon?

SENATOR McMANIMON: I certainly appreciate his constructive analysis. It's a whole different outlook, and I think it warrants a lot of consideration and so will the process.

MR. RUDOLLER: Thank you, sir, anybody running out there?

SENATOR RAND: Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: I appreciate the testimony very much.

SENATOR RAND: Thank you. Mr. Holt?

THOMAS J. HOLT: Good afternoon, Senator Rand.

SENATOR RAND: Almost. How are you, Tom?

MR. HOLT: Well, we just heard the horn. (referring to horn announcing 12 noon) Senator McManimon, Assemblyman Roberts, Father Rashford, distinguished guests: This is the second time I have had the privilege of appearing before your Committee.

SENATOR RAND: It's getting closer.

MR. HOLT: Well, Senator, I started hearing unification when I was 48 years old. With the help of God, this year I will be 52. I sure don't want to retire still talking about it.

When I started listening to the speakers today, it sort of reminded me of trying to make an alphabet soup. Everyone has his own perspective of where the port should go, but I am not listening to people tell me why it has gotten here. So, if I were to take a little bit from each person's thoughts, I could come up with where I would consider we could wind up, but with an awful lot of interaction with both governmental agencies and private industry.

Governor Kean's letter had a very key phrase in it for me, that whatever happens to unification, it should be on a sound economic policy. Congressman Florio's Committee speaks of competitiveness. Let me start by telling you that this region is doing as well as it can ever do with the current facilities at its disposal. There is no doubt that through the

efforts of the South Jersey Port Corporation and our company, there is not a shipper in the world market who does not know where Camden or Gloucester is. I give you my personal assurance on that, because I have probably visited every one.

But where are we going? What do you want to accomplish? How do you want to get there? At the end of the day, I sure don't want to see unification to the point that the taxpayers of New Jersey and Pennsylvania cannot afford it, and they cannot afford to continue to pour taxpayers' dollars down the drain, with what is happening in this port today.

I have heard an awful lot of talk about Virginia. Let me tell you about Virginia. Our industry changed dramatically, with a number of things happening. I brought this to your attention the first time. The Shipping Act of 1916 was changed in 1984. When that happened, the world market of ships -- the people who make their living in ships -- took a hard look at how to rationalize their excess tonnage of ships with a lack of cargo. From that moment on, load center concepts were introduced.

Ironically enough, Congress simultaneously moved with the deregulation of transportation. The ICC carriers, of which we were one, having authority to go to 14 states, found themselves, overnight, not needing authorities to go across state lines. So the cost of transportation dropped dramatically. Looking at a map of the eastern seaboard, it becomes very easy then to look upon a golden opportunity of making your bottom line on your balance sheet become very profitable by establishing load center concepts -- New York, Norfolk. Indeed, in 1982, Hampton Roads in Norfolk were far worse off than the Delaware River ports -- far worse off. But there was foresight there, foresight in that they decided that they had reached bottom, and then they proceeded to build facilities. I don't agree with the way they are running their facilities, but they built the facilities. Because of the load

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center concepts, the ships are calling Hampton Roads, Virginia Port Authorities.

Let's look to our neighbors to the south -- Baltimore. Baltimore recognized that they could move into the world market by developing what was known as the Dundauk Marine Terminal, which was an airport, and they did it. Because of being first in line with the major concept of containerization, they have enjoyed the lion's share of the Mideast marketplace.

Let's talk about Philadelphia -- the Delaware River ports. There was a complacency here, an inertia, if you would, a lack of motivation. The cargo that was coming to our ports was coming here because the steamship lines had to call Boston, New York, Philadelphia, Baltimore, Norfolk. They no longer have to do that. What rationalization? They call New York, Norfolk; they call Baltimore, New York. But one of the biggest problems, in addition to Philadelphia's complacency -- because they had the cargo -- It was going to come here no matter what happened, because the cost of an ICC carrier to truck it to Baltimore or New York from Philadelphia was very high. Automatically, the rules changed in the gate. Deregulation again, load center concepts. But there was an infrastructure that was developed in Baltimore that we have yet to equal here. I'll take you back 15 or 20 years, and even today we cannot duplicate it, and that, you heard, was the inland transportation network.

So, while I am giving you a little bit of history on why we're here, I am also trying to give you my personal opinion -- the viewpoints of where you have to go to turn around the total concept of this port. We are fighting a losing battle with servicing the Midwest with the lack of proper rail facilities. The only reason Baltimore is there is because they have it in place. They have developed it over the years. There is no sense building a beautiful port, if you do not have the proper rail facilities. It could be Conrail, it

could be CSX. Go into the railroad business yourself. To answer the problem Norfolk had with Baltimore for rail structure, they went up into the western part of Virginia, and they are developing an inland rail intermodal terminal. And on that note, they will be extremely competitive to Baltimore.

I look at the success of the New York/New Jersey Port Authority. That comes from foresight. It comes from people such as yourselves sitting down and saying, "Where are we going? How are we going to get there? How are we going to do it?" It does not come from them going into the stevedoring business. It definitely does not come from them going into my world of handling cargo.

Philadelphia -- and I am sure people are aware of my position with the Philadelphia Port Corporation -- lost \$8.7 million last year. That would be all right by me if they were doing a good job of holding the cargo in the port. But we take great distress when we watch the efforts of the total port community attract a shipper to the port, and if we are not successful in getting them, or my fellow competitors are not successful-- We watch it go to the Tioga or the Packer Avenue Marine Terminal. Several ships are handled there. They wouldn't tell you, but the Delaware River Port Authority's World Market Division would bring the customer to Packer Avenue or Tioga, and within a matter of months, the cargo would be handled in Baltimore or Norfolk by the same companies that the cargo was brought to.

SENATOR RAND: Will you repeat why?

MR. HOLT: The bottom line, the balance sheet, where is the most profit?

SENATOR RAND: Do you mean the cost of certain things over on the Philadelphia side?

MR. HOLT: No, it's the lack of things over there. It becomes more economically feasible for those companies to handle the same cargo in Norfolk and Baltimore, than it is on their balance sheet here in Philadelphia.

You heard of cocoa beans. The same line that does the cocoa beans in Philadelphia does them in Norfolk. If he feels he can make more money in Norfolk, the ship will be diverted there are developing an inland rail intermodal terminal. And you -- I am not here to criticize my competition. I am here to make sure that at the end of the day, at least people have heard where I am coming from. What they do is up to them. I will also tell you that what I am espousing today -- I said the same thing at the first Committee hearing -- is 100% my own viewpoint. In order for this to be a great port, you must have, amongst other things, motivation. I seriously tell you, when governmental agencies interface themselves and give free lunches to the stevedores, they have no motivation whatsoever to bring cargo to this port, or keep it here. Stevedores who are working on a cost plus contract have absolutely no risk of losing a dollar of their money. They don't pay rent; they don't pay dredging; they don't pay maintenance. The cargo interests know that; consequently, labor knows that, and at the end of the day you are going to see the cargo leave the port because of improper handling.

SENATOR RAND: Tom, let me ask you a question. Can you achieve port upgrading, without unification, by improving the facilities and the attitudes on both sides of the river, within the context of the State of New Jersey, and within the context of the State of Pennsylvania? Can that be achieved?

MR. HOLT: Not the way it's structured, Senator. You are dealing in the world of reality here, when you talk to a import/export customer. When he decides to move his cargo through a port, he does not want to have to sit down with a 33-man board, and wait for monthly or quarterly board meetings to decide whether or not his cargo can be handled. He does not want to have to come back seven times to get a rate, or to be told, "Well, we're sorry. We would like to handle your cargo, but we don't have a million dollars to go out and buy a special piece of equipment."

This port, for reasons of political security, job security, whatever reason you want to make it, has hampered itself through political entities that have created boards of directors, which automatically make it impossible to react to the cargo's needs.

SENATOR RAND: On both sides of the river?

MR. HOLT: Absolutely. You don't see a problem in handling cargo at the Crowley Marine Terminal. Get out of the way; he'll run over you. Our facility functions in spite of itself and the things we do, but we happen to have excellent people who react immediately to the needs of the cargo interest.

When I look at how the natural resources are here in this port, I know at the end of the day that the investment of the tens of millions of dollars that our family has made will be returned, because today we are full. We have no room. Thank God, our business is doing well. I want to make sure our business is doing well continuously. To do that, I have to get the City of Philadelphia out of my business, and they are in the stevedoring and marine terminal business through direct subsidization by taxpayers' dollars.

But, give an equal set of rules across-the-board. Private industry, motivated by making a profit, will make this port a great port.

SENATOR RAND: Do you think that by unification we can come to that end, in spite of all the problems we have? What I am trying to say is, is unification the answer, overcoming those obstacles? We have alluded to them, but we really haven't come out and said them. Of course, labor is one of them. Upgrading the facilities is another one. The political structure is another one. We might as well face it and say it. Or are we better off letting Pennsylvania do its thing, and New Jersey do its thing? We have a lot to do in New Jersey, I want to preface that -- a tremendous amount to do.

I have to be assured, at least in my mind-- The members of my Committee-- When I go to make a report to them, I must have the ability to say to them, "Unification, if it corrects all of the evils and puts everybody on the same playing field on an equal level-- We can achieve that." Otherwise, I have to say to them, "I don't think we can achieve that, because we are building up a Big Brother concept which is not going to correct that. We are better off -- the State of New Jersey -- addressing our waterfront, and doing the things that we have to do to promote its premier position," as Dr. Pistilli pointed out.

You know, there isn't just one alternative. I don't think there is just one road. There is a road to unification, provided the playing field is level, and to the benefit, certainly not to the detriment, of our people on this side of the river. I am trying to find the road which is the right way to go. I was hoping that out of these hearings we would find it. I heard Mr. Rudoller, who is against unification. I know you have been for unification on a level playing field.

MR. HOLT: Senator, it all comes down to your theory of what the rules are. First, let me speak on labor. There is no such thing, in my personal opinion, as bad labor. It is bad management of the labor. This port has been complacent, and when you are working on a cost plus contract from the taxpayers' dollars, you're sure not going to be worrying about managing the labor, because for every hour's work you're getting a profit on top of it.

SENATOR RAND: So, that is one of the problems we have to address.

MR. HOLT: I would say that if you were to draw a chart of one to ten, that would be somewhere around a six, because Philadelphia labor is one union. It is one local -- Camden, Gloucester, and Philadelphia. Consequently, that union, or unions that are sub-unions of the IOA, are controlled

by New York. When they are told, "We have a contract in New York, Philadelphia, Wilmington, Baltimore, or Norfolk," we're stuck. Our hands are tied from getting better job productivity, a better wage structure, or sizes. On some yes, Philadelphia has to stand up on its own and control the unions to the point of proper management and fair return to the working man. That's basic.

On the question of, will unification work, without unification this port will always be what it is classified as, which is an "out" port. We are an out port from New York and from Baltimore. We are stuck in the middle. Unification-- Through sound economic development and return to the taxpayer -- his investment in the port -- you will have a great port. When you visualize an airport, where the bonds are floated by the State and the Federal government, the return comes from the total utilization of the region. But I don't see a State employee pumping gas into these airplanes, or parking them, or washing them. That is what I am trying to tell you. You take unification, which would provide the bridge needed for financing this massive capital investment, and that then being paid back by the private sector on sound economic leases predicated over 30 or 40 years. You can then look to the great ports of this country. The Port of New York/New Jersey-- Every one of them is built that way; owned by the Port Authority, and either leased out to the cargo interest, which would be the steamship companies, or leased out to the operators.

SENATOR RAND: You want a public/private participation?

MR. HOLT: Well, I cannot go into the business of the Delaware River Port Authority and build a bridge, although I think I am paying for one. That is a \$350 million to \$500 million investment. It might be the greatest investment in town today, but you don't see the private people doing it, because they don't have the capability of doing it. It became

a mistake for us to invest the last \$120 million in our marine terminal. Our capital investment budget for 1988 exceeds \$20 million. Do you think I'm making that investment because I think I am going to lose? I have no qualms in having competition. We heard a lot and read a lot about the cargo that has come to South Jersey because of our company and the South Jersey Port Authority stealing it. I have not had a customer that originated in Philadelphia, that did not start at Packer Avenue, then went to Tioga Terminal, and then back to Packer Avenue Terminal. Some went back to Tioga, and said, "I am going to Norfolk," or some of them just said, "I am getting out of town completely," or the operators of those two terminals didn't take them voluntarily to Baltimore or Norfolk.

We looked upon our role in that particular instance as more or less a salvage broker, holding onto the cargo that would have left the port and gone elsewhere. In the meantime, we can point to millions of tons of cargo that our company brought to this port which has gone to the other friendly competitors, on both sides of the river.

You heard about the road shows. Where the road shows are going, we were already there a month ahead of time. There is not a place in this world that our people have not gone to, or don't go to on an average of every 60 to 90 days. I assure you, if there is a piece of cargo that can be generated for the Delaware Valley region, we will go find it. The problem we have is getting the facilities to hold onto it. We're full. We fight everyday to get more facilities, from start to stop.

To summarize, you need unification. You need it with the right rules. If you leave the private industry out of it, it will fall flat on its face.

Gentlemen, I thank you very much.

SENATOR RAND: Tom, thank you very much. Senator McManimon?

SENATOR McMANIMON: No, thank you.

SENATOR RAND: Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: No, thank you.

SENATOR RAND:--Thank you very much, Tom.

Mr. Edward McManimon, Chairman of the South Jersey Port Corporation? Good afternoon.

EDWARD J. McMANIMON, JR.: Good afternoon, Senator.

SENATOR RAND: How are you, Ed?

MR. McMANIMON: Very good.

SENATOR RAND: It's good to see you.

MR. McMANIMON: I trust this will not be--

SENATOR RAND: We thank you for your hospitality.

MR. McMANIMON: We are glad to have you here; finally to have some people see where we are, where we've been. It's nice to have a case where our little brother is watching this time, instead of, you know-- (laughter)

I am very happy to be here. I have a statement I would like to read -- to get on the record -- even though at this point some of it may appear to be redundant.

As you know, I am Edward J. McManimon, Jr., Chairman of the South Jersey Port Corporation. Our agency was created under the Laws of 1968, and was activated in 1969. I have served on the Board from the port's inception, and have been Chairman since 1969. I have, therefore, been able to observe firsthand, and I might add with a degree of pride, the advances the port has made under its mandate to develop marine terminals and commerce in southern New Jersey.

Our Board members, who provide policy direction for the port, are appointed by the Governor, with the advice and consent of the Senate. The minutes of all of our meetings, which incidentally are held under the New Jersey Sunshine Laws, are submitted to the Governor, who has veto power over any and all of our activities.

The purpose of the hearing today is to discuss port unification, and I am prepared to give our views on this subject. But first we must ask why has port unification become such a popular subject at this point in time, and particularly in this area? From the beginnings of our country, foreign trade has always been a major factor in our economic development, and as foreign trade has grown, with it the number of ports nationwide have increased commensurately.

In contrast with many foreign nations, our Federal government, aside from channel dredging and maintenance, has never been a major funding source for the public ports in this country. Traditionally, ports were developed by cities, states, and railroads in the earlier days, and by public authorities of many varieties in more recent years. Ports have always been expensive to create and maintain, but the various political jurisdictions which have developed them, have done so because of the commerce developed with accompanying economic development.

On the marine side, and especially since World War II, ships have grown larger and more expensive to operate. Shipping lines, therefore, have understandably developed technology designed to minimize time in port, which is largely nonproductive time in their business. The result is simple: Shipping lines have tended to minimize the number of ports they are required to call at to load and discharge their vessels. This, in turn, has led to increased competition among public ports.

On the East Coast, publicly supported port authorities up and down the coast, largely with outside financial aid, have expended millions of dollars to develop more competitive port facilities. Close to our area, the State of Maryland has made commitments for a multi-million dollar improvement program to make Baltimore a world class seaport.

The Commonwealth of Virginia is doing the same. Last Sunday's Inquirer stated that over the last four and a half years, the Commonwealth has spent \$214.6 million through June, 1987, and will spend an additional \$250 million over the next two years. In 1987 alone, Virginia state government spent \$60 million. Now, that's a lot of money.

Just 90 miles to the north, the Port Authority of New Jersey and New York invested a total of \$44 million last year in developing marine terminals at Newark, Elizabeth, and Jersey City, bringing the total investment in these facilities I mentioned before to \$559 million. These public expenditures have compounded the competitive situation on the Delaware River, since the Turnpike and the interstate highway system make truck transit time of two hours realistic to both Baltimore and northern New Jersey.

The situation on the Delaware River is very unusual, in that there are three public port agencies in the marine terminal business, along with at least two major privately owned, but largely public, terminals. Delaware River commerce is fragmented to a degree not existing in any other area of the country. Intensive price competition between neighboring ports and certainly within the Delaware River port complex itself, has kept a lid on so-called profit margins, which is a bit of a paradox considering that most ports are not able to cover the full capital costs associated with their own development.

With this as a background, the current situation in South Jersey has to be considered somewhat unique, in that our privately owned neighbor to the south in Gloucester City, Holt Systems, Inc., is by all reports a major success, and has attracted several new major shipping lines to its terminal in the recent past. Just to the north, the privately owned Crowley Marine Terminal in Pennsauken, is also an apparent success, and we think that our own track record to date is extremely impressive.

I refer to two illustrations of this. In the first exhibit (attached to Mr. McManimon's written statement), you will note that since 1969 our tonnage has more than quadrupled, from 542,000 tons to 2.3 million tons last year. Over the next year, we expect to reach 3 million tons. With respect to general cargo tonnage, we think you should know that during the first six months of 1987, South Jersey Port Corporation terminals handled 25% of the port-wide total of over 3.8 million tons.

Our revenues over the same period have risen even faster, an eightfold increase, from \$1.528 million to nearly \$12.9 million last year. We would not have been able to do this, however, without the support and assistance of the State of New Jersey. At present, we have a total of \$42 million of debt outstanding. Each year without exception, we have been able to cover all of our operating expenses, and we were designed under law to do so. With respect to our capital debt, we now pay approximately \$2.6 million annually for debt service on our bonds. This represents 20% of our total income, a far larger percentage than exists in most public ports.

The State of New Jersey, upon our creation, advanced approximately \$5 million toward settlement of a long, outstanding debt of our predecessor agency to the City of Camden. Over the years following our inception in 1968, it has on occasion been necessary to call on the State of New Jersey for assistance in meeting our debt service charges. Since our first bond issue in November, 1970, we called on the State eight times during the 17-year period -- 1972, \$816,615; 1973, \$459,980; 1974, \$482,073; 1975, \$194,231; 1977, \$543,905; 1978, \$127,261; 1983, \$1,261,332; and 1984, \$872,742 -- for a total of \$4,758,139.

There is a final aspect of our operation which is unusual in the world of public operating ports. This is the requirement that our agency pay city and county taxes. With minor exceptions, we have not been able to generate sufficient

revenues to meet this obligation, which each year is met by the State of New Jersey. Since 1971 through 1987, these tax payments have totaled just over \$15 million. Of this amount, just under \$13 million was paid to the City of Camden.

Ports, by their very nature, are economic generators, of which a major component is employment. While our own work force numbers 150 people, a study completed for the port by the New Jersey Institute of Technology determined that our activities generate an additional 1600 jobs in direct employment, and that firms in those industries that use and are dependent upon the shipment of goods through our terminals employ 12,000 people. The former figures, of course, include directly identifiable jobs created by our 25 tenants and the various stevedoring and terminal operations companies whose work force actually moves cargo on and off ships berthed at our wharves and docks.

While our revenues are largely generated from world-wide shipping, our annual purchasing of materials and services is focused on the immediate South Jersey area. Last year, \$7 million in such purchases was made in our legislated port region, and a very large portion of this -- over 50% -- was expended in Camden City and its environs.

Because of funding limits, our track record on port expansion and development is not as large as we would like, but nevertheless, I think it is still impressive. For example, if we exclude the original \$8 million cost of acquiring the New York Shipbuilding property in Camden late in 1970, we have expended a total of \$34.6 million in capital improvements with most of this occurring since 1980, as follows: 1980, \$600,000; 1981, \$8,300,000; 1982, \$4,500,000, 1983, \$2,400,000; 1984, \$300,000; 1985, \$1,000,000; 1986, \$1,200,000; and 1987, \$3,100,000.

In 1988, we intend to expend an additional \$6.8 million on further port improvements, including new sewage

systems at our terminals, demolition of the obsolete shipways at Broadway Terminal, and badly needed land acquisition for port expansion, among others over \$10 million. Of this amount, while quite a bit of what I have just outlined is only indirectly related to port unification, I did want to get some of these facts on the record.

I should also report that over the years, and particularly in the recent past, we have cooperated with the World Trade Division of the Delaware River Port Authority on various port-wide projects, including our continuing support of the DRPA trade statistics data base, port-wide advertising program, and shipper familiarization meetings inside the port district and the major inland cargo generation points. In turn, the DRPA was most helpful in our longstanding and finally successful drive to obtain Federal funds for our 37-foot dredging project at Becket Street Terminal, which has just been completed. In addition, potential new business contacts are furnished to us by the various World Trade offices.

With respect to port unification, we believe the concept of unification is a sound one and must eventually be implemented if the port region is to continue as the major economic generator it has been in the past. The reason is simple. Neighboring ports are making the new investment needed to attract new commerce, and a significant portion of our port region's commerce is vulnerable to diversion.

The problem, as we all recognize, is what should the port unification consist of, and how should it be implemented? This, in turn, directly relates to the questions of what can be agreed upon, how will a plan be implemented, and, perhaps most importantly, to what extent will all parties be treated fairly and equitably?

Last, I trust as we move ahead toward unification, that we will be able to accomplish what we set out to do in 1968, when an earlier attempt at port unification came to

naught due to political differences between New Jersey and Pennsylvania. In fact, it was that failure to agree which prompted our Legislature to create the South Jersey Port Corporation. While quite a bit of what I have just outlined is only correct, My fellow directors and I support the concept of port unification. However, we strongly feel that any plan of port unification must be carefully drawn, so that the interests of the State, the port, southern New Jersey, and our longstanding relationship with the City of Camden are protected.

You can be assured that any unification plan that may be presented to us for our review and/or our action will receive careful, thoughtful consideration and our full support, if the above objectives are met.

Thank you, Mr. Chairman.

SENATOR RAND: Thank you. Senator McManimon?

SENATOR McMANIMON: No, I don't want to ask Big Brother any questions now. (laughter)

SENATOR RAND: Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: No, nothing at all, thank you.

SENATOR RAND: Mr. Chairman, I was just speaking to our staff aide. It seems we have a great agreement on unification, but we just haven't defined it. Some people mean the upgrading of the facilities. Some people think that unification means the Delaware River Port Authority is going to take over all control.

I guess before we go into unification, or the process, we ought to define what we want to do in unification, how far we want to go, and maybe it ought to be a loose confederation, rather than a total unification and total direct control. But I think that is one of the things I certainly will recommend out of this Committee; that we ought to define what we want from unification. What does it mean? How far are we going to go?

MR. McMANIMON: I think, you know, through the witnesses, and with the publicity, there is a concern on our side that we will hear someone say, "Oh, now Philadelphia wasn't interested in us 20 years ago. Now they are in trouble, and they want us to bail them out." I don't think it is that simple. I do think a loosely confederated arrangement in the beginning, with input from-- Now, we heard our great friend here earlier who is against unification. But he did say something that I think is most important. As we move into this, and before we get too far into it, we have to involve people who know the problem of running a port -- operating a marine terminal.

There isn't anything else like it in the world. I think that's why our directors, our attorneys-- It's a whole different world. I think they have to say, "Is it possible to have a super agency setting up guidelines? Is it possible to acquire certain terminals, possibly those that are presently owned by governmental agencies?" where that decision can be made, and then, can we buy and lease back through operators who are successful, or maybe the price is not right to buy at this time? I think we first have to determine why we are here, and can we possibly unify politically? You know, it's like, in the terminal business, studies will tell you that throwing money is not the answer. I think most shippers will say the first thing they want is service, because time, to them, is money, and service is money, and even rates come down to number three. I don't know whether we can determine that in this port.

Then, the other thing is, on our side of the river, we have a lot of support. You know, we are in here to try to help the City of Camden. It's been a long bootstrap deal. But we have had no political interference. In the 18 or 19 years I have been here, we had a little bit with the city, back when there was a problem there, but we have never had the Governor, we have never had the Legislature or any individual Senators or

anyone from the offices in Trenton, coming in here telling us to hire somebody, or to give this guy a sweetheart deal -- if that is what you want to call it. We just don't have that. I think that has helped us to take a bootstrap operation that handled a couple of hundred thousand tons at Becket Street -- and I didn't even know where it was in 1969 -- to where we are a formal operation. I don't think we delay in making deals. Our board members never miss a meeting; have never failed to have a quorum in all the years. We pass pretty promptly on deals that are presented, a la Tom Holt. I know what Tom is alluding to, but if we can't do it that month, it's because we don't have enough information.

SENATOR RAND: I like to think we try harder on this side of the river.

MR. McMANIMON: I think so.

SENATOR RAND: Thank you very much. We are really very appreciative.

MR. McMANIMON: Okay. Thank you.

SENATOR RAND: Mr. William Harrison, Executive Director of the Ports of Philadelphia Maritime Exchange. Good afternoon, sir.

W I L L I A M A. H A R R I S O N: Good afternoon. Mr. Chairman and members of the Committee: My name is William A. Harrison, and I am the Executive Director of the Ports of Philadelphia Maritime Exchange. The Maritime Exchange is a nonprofit trade association representing port-related business and industry in the tristate area. I would like to think that the Maritime Exchange played a significant role in generating this forum today. As you may know, the Maritime Exchange released its study, "The Ports of Philadelphia -- A Business Perspective," just weeks ago. Our study was funded by the Pennsylvania Department of Commerce. The purpose of the study was to inform and educate both the general public and policy makers, like you, as to the significant economic role the

port plays in creating a healthy economy. Therefore, my testimony today will address the major findings of the study.

The transportation industry, including the port and shipping industry, has dramatically changed over the last 15 years. Changes in our industry stem from economic, technological, regulatory, and policy evolutions both domestically and internationally. I am sorry to say that our Delaware River ports have lagged behind most of the other major ports by failing to respond in a timely manner to these changes.

Answering the question of why the Ports of Philadelphia have not kept pace with these various environmental shifts first requires an understanding of the variables outside the control of the port community and the local public policy makers.

Significant economic shifts in our national and international economies have greatly impacted the Ports of Philadelphia. The United States is no longer the world's largest producer of goods. Today, we are the world's largest consumer. The preponderance of goods that are now entering the United States are being produced in Pacific rim countries. Europe no longer dominates to the degree it once did. The shift in trading partners is critical to the ports in the North Atlantic range, since West Coast ports are now strategically better positioned to receive many of these cargoes.

The Northeast and Midwest also do not enjoy the standing they once had as the major manufacturing centers of our nation. While the manufacturing sector of the economy has been growing in other areas of the country, it has been decreasing or remaining stagnant in Pennsylvania, New Jersey, and Delaware. There are fewer available tons of export cargoes being produced in the region which are suitable for export through the Delaware River ports.

The technological revolution in the transportation industry occurred with the advent of containerization.

Containers were first designed to expedite international cargo movements by ship. Once containerization proved to be an effective and cost-efficient means of moving goods and products, other modes of transportation -- truck, rail, barge, and air -- all responded and designed their systems to handle containers. Now, the railroads have introduced double-stack service. This is the stacking of one container on top of another for movement from the West Coast to the East Coast, which significantly reduces both cost and time.

While the container is perhaps the single largest technological breakthrough in the transportation industry in this century, it would not have been economically feasible without a lessening of the regulatory conditions which affect the pricing and service of the transportation industry.

Until recently, ship, rail, and truck modes of transportation were federally regulated industries. General economic conditions, coupled with the technology revolution, spawned three significant changes in Federal public policy. The Federal government, via three separate pieces of legislation, has virtually deregulated the entire freight transportation industry.

The consequences of the general economic environment, the efficiencies brought about by new technologies, and the cost savings generated by deregulating the transportation industry have promoted a concept known as intermodalism. Intermodalism is the reality that all modes of transportation are now dependent on one another for the efficient movement of goods in and out of this country. The freight transportation industry operates most efficiently as a system.

Successful ports, like Baltimore and Hampton Roads, have responded to the changing external environment. Both Maryland and Virginia have made considerable public investment in new terminals and facilities which are reflective of the new environment in which the transportation industry exists.

General cargo facilities at these ports are state of the art. They mirror the needs of the shipping, trucking, rail, and barge industries. Therefore, the ports in Maryland and Virginia are in a better position to provide the necessary facilities and services that promote cargo movements over their facilities. In many instances, cargo moves through the Ports of Baltimore and Hampton Roads that is ultimately destined for the Delaware Valley marketplace.

The decision as to what port a ship will call is decided by the shipping line. The shipping line does not make decisions based on historic or traditional preference. Rather, these decisions are made on the basis of hard-core dollars and cents issues. If a ship can discharge its cargo in Baltimore cheaper, even though its ultimate destination is the Delaware Valley, then it will do so. The shipping industry is a highly competitive industry. There are more ships competing for less cargoes, and conversely there are more ports competing for fewer ships.

Many might ask if cargoes are being better handled at other ports, why don't we just leave well enough alone and allow those states to assume the financial responsibility to maintain and build the necessary marine terminal facilities? If cargo diversions were the only issue, then I imagine there may be some validity to this point of view.

However, strip away the obvious, and what is revealed is the real reason why these states have invested so much, both financially and philosophically, to build a viable port infrastructure. What Maryland and Virginia have discovered is that their ports represent the hub of an overall transportation system. Maryland and Virginia are attracting new economic opportunities to their states because they now have a transportation system which is reflective of the needs of manufacturers.

The Virginia Port Authority maintains that seven of eight new manufacturing companies decided to locate in Virginia directly as a result of the Port of Hampton Roads. These new companies represent thousands of new jobs for Virginia citizens and millions of dollars to the local economies in wages and taxes.

Just as the transportation industry has changed, so, too, has the manufacturing sector. Recently completed research indicates that this country is on the verge of a second industrial revolution. The dank and dirty manufacturing industries of the past are now sleek, efficient, and modern production facilities. They now are dependent on an efficient transportation system to maintain their competitive standing in both the domestic and international marketplace.

It is no longer accepted economic wisdom, that this country is in a transition from a manufacturing economy to a service-based economy. Economic data tells us that as many as 50% of the high value service sector jobs are directly linked to the manufacturing sector. The same research warns that ignoring or downplaying the significance of these linkages by discouraging manufacturing may well threaten the long-term economic foundation of this country.

While the road that lays before us appears fraught with adversity and uncertainty, there is a clear challenge which we cannot afford to ignore. Much of the economic foundation of this country was built on the transportation and manufacturing industries in Pennsylvania, New Jersey, and Delaware.

Our tradition and history suggest to us that we can't afford to give up the battle to other countries or other regions in this country. We must fight to regain the competitive standing of our ports and our industries. We must commit our resources to building a transportation infrastructure which will be the catalyst that attracts new

opportunities and allows the region to move boldly into the future. The Ports of Philadelphia offer untold opportunities for the economies of Pennsylvania, New Jersey, and Delaware. The Ports of Philadelphia Maritime Exchange believes that both private and public interests must work together to probe the issues which will ultimately result in a new vision -- a vision which sees the port as the centerpiece of a vibrant and thriving regional economy. Together, not independently, the private and public sectors can work together in addressing the myriad of issues which impact future port and industrial development. The Ports of Philadelphia Maritime Exchange is committed to the formation of a public/private partnership to bring together the collective wisdom, experience, and dedication needed to define a new and productive direction for all ports on the Delaware River.

With the direction provided by the public/private partnership, in tandem with the commitment and dedication of tristate public policymakers, like yourselves, problems will become challenges; lethargy, action; and despair, hope.

Thank you for the opportunity of sharing my thoughts with the Committee today.

SENATOR RAND: Mr. Harrison, thank you very much. You repeated one concern which has been the underlying theme of all this testimony today; that is the upgrading of the port facilities. But you touched on another subject which has been alluded to time and time again -- and I am going to ask you a question -- and that is transportation. I always thought that New Jersey had one of the finest transportation systems in the country. We committed \$3.2 billion, and we just committed another -- \$5.7?

SENATOR McMANIMON: Yes.

SENATOR RAND: Which is a total almost of \$9 billion for rebuilding our infrastructure. Now, I don't know about the

Pennsylvania side -- although it seems to me when I cross that Delaware River bridge-- The Ben Franklin is doing a lot of building. Has your maritime group defined the areas -- and I will get to the rail in a moment -- defined the road areas we are lacking for the development of our ports? If they have, I would certainly like to have that submitted to our Committee. If there is not a study, and we find there is a shortcoming of the infrastructure to direct truck traffic, it would be no problem for me to introduce a resolution to have the DOT study that. I would, of course, speak to Senator Salvatore, or someone over on the other side, to do the same thing. But, is that one of the lacking qualities -- the road infrastructure? We'll get to the rail in a moment, but I want to get to this point.

MR. HARRISON: Senator, as far as the highways are concerned, New Jersey, I agree, does have a fine, fine system, and that is not a problem on this side of the river. Highways on the other side of the river do happen to be a problem, if you consider the Pennsylvania Turnpike as a toll road, and cargo coming from the Midwest is attracted to go to Baltimore, not only because it is closer, but they can avoid tolls by going there.

SENATOR RAND: Well, we will certainly make Senator Salvatore aware of that, because I have been working with him. We will make that recommendation.

Now, let's get to the rail. Of course, I have had my ongoing problems with Conrail, but are you telling me that our rail facilities are now inadequate in both ports -- on the Pennsylvania side and on the New Jersey side?

MR. HARRISON: They are inadequate in terms of having intermodal facilities. We're talking, of course, this region, not Big Brother up in North Jersey.

SENATOR RAND: That's correct.

MR. HARRISON: Here, of course, your rail facilities, to a degree perhaps--  
SENATOR RAND: They're negligible, the cross--  
MR. HARRISON: --are inadequate. On the other side, there is not sufficient backed up space as we see it within Philadelphia.

SENATOR RAND: Is there any study available to your group which we could address to Conrail? Again, I would address that to the Pennsylvania Legislature. We have moved in the direction of a bond issue -- a \$200 million bond issue -- with \$50 million of that for rail banking. We are going to buy rights of way which rail is located on, so we can preserve it and, of course, maybe begin to institute some type of rail service, whether it be passenger or freight. Is there any possibility we can get some type of a study detailing the shortcomings on both sides of the river? If that is not possible, I certainly will direct DOT and New Jersey Transit on our side to look into that and, in conjunction with that, I will certainly write to Conrail. But again, I would have to request that same action from the Pennsylvania Legislature.

MR. HARRISON: I think, Senator, the port has certainly been studied to death. A study has been undertaken to review the rail situation.

SENATOR RAND: Is it available?

MR. HARRISON: I know the South Jersey Port Corporation participated in it. It is the Booze-Allen study, which was completed several years ago.

SENATOR RAND: We can get that?

MR. HARRISON: Yes, you can get that. If you can't, I can get it for you.

SENATOR RAND: All right. Senator McManimon?

SENATOR McMANIMON: I have no questions.

SENATOR RAND: Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: No, thank you.

SENATOR RAND: Mr. Harrison, we thank you very much.

MR. HARRISON: Thank you.

SENATOR RAND: Again, the underlying theme is not so much the point of unification, but rather what we lack to help the port.

Can we get a copy of your report, Mr. Harrison?

MR. HARRISON: Oh, absolutely.

SENATOR RAND: Will you please make it available to our staff? We understand there is a lot in the private sector which addresses that, as to what they can do.

MR. HARRISON: I will see that you get it.

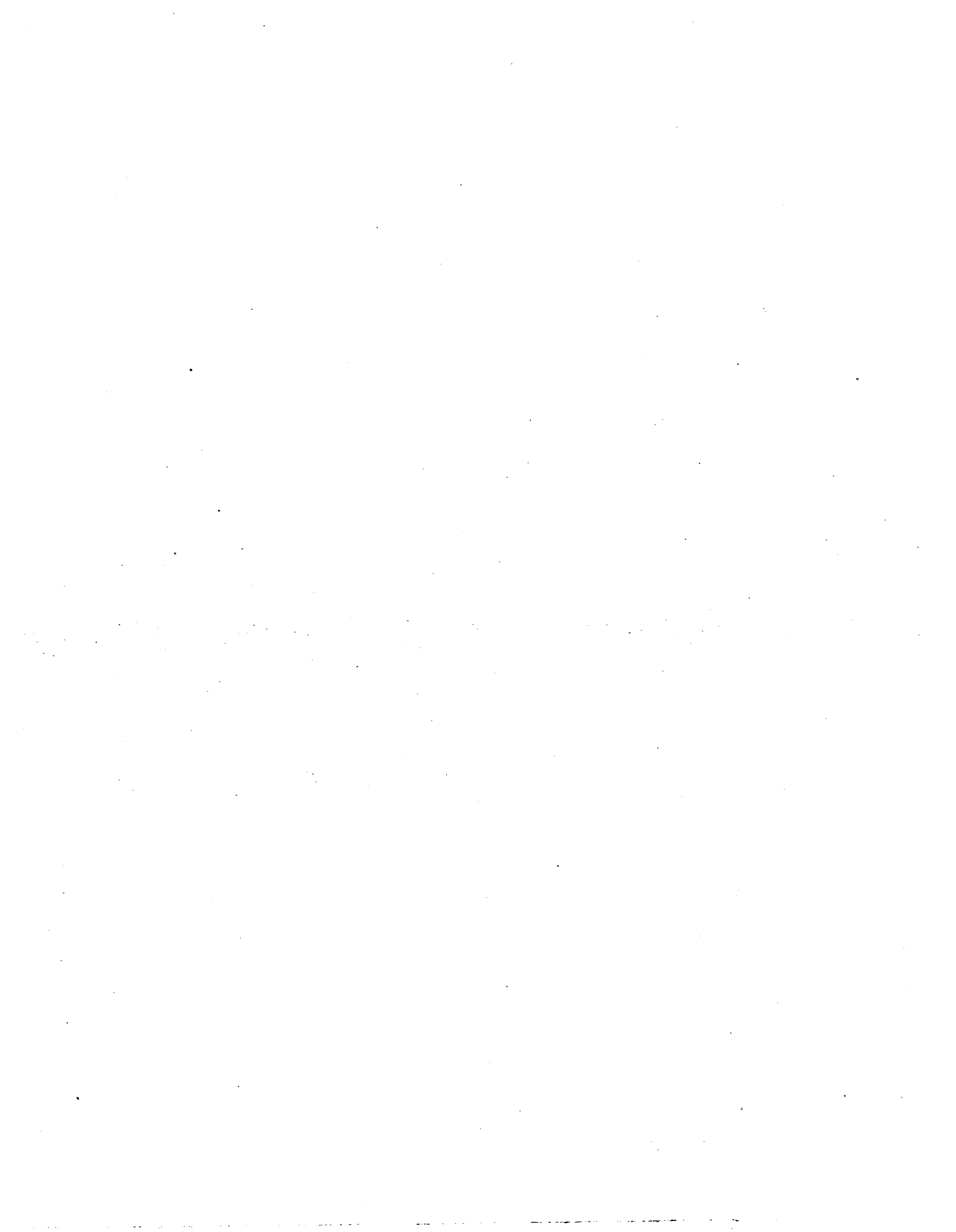
SENATOR RAND: We are very appreciative of that. Thank you very much.

The last speaker will be Mr. Michael Giangiardano, Director, Camden County Economic Development Commission. (Mr. Giangiardano not present) Is there anyone else who would like to testify? Anyone else? (no response)

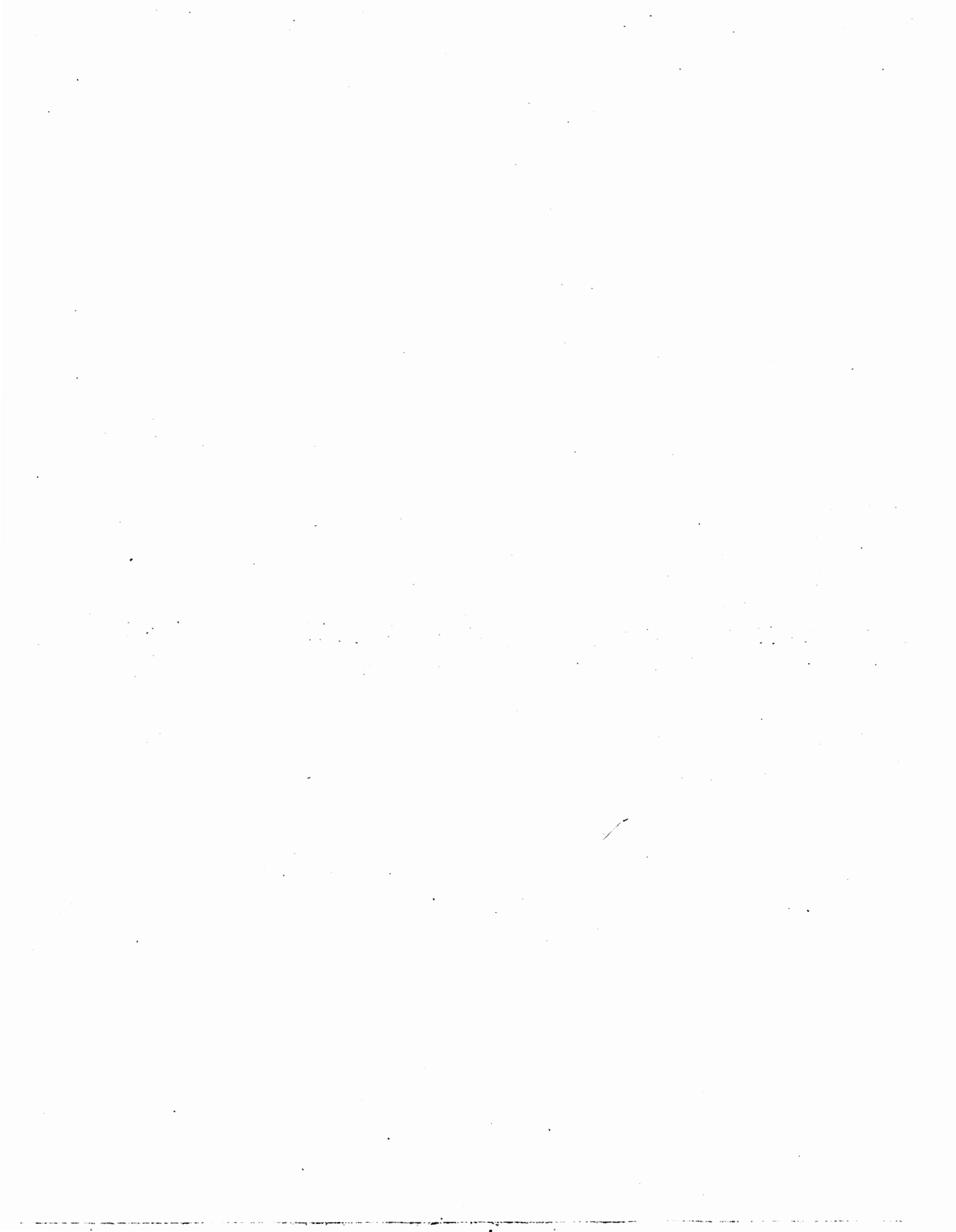
That being the case, I want to thank everybody very, very much. I have a statement of my own. It is too long to read, but it certainly conveys my thoughts. I will enter that into the record. If anyone wants a copy of that, we will be very happy to give it to them. It is five pages long.

I thank everyone very much. We will continue on this road to perhaps get unification. This hearing is adjourned.

(HEARING CONCLUDED)



**APPENDIX**



I A. ORECHIO  
an  
R. STOCKMAN  
Chairman



New Jersey State Legislature

SENATE INDEPENDENT AUTHORITIES COMMITTEE

STATE HOUSE ANNEX, CN-068  
TRENTON, NEW JERSEY 08625  
TELEPHONE: (609) 984-7381

is F. Cowan  
topher J. Jackman  
is J. McManimon  
r Rand  
nce S. Weiss  
omas Gagliano  
R. Hurley  
McNamara  
rd A. Zimmer

STATEMENT OF SENATOR WALTER RAND

CONCERNING THE UNIFICATION OF THE DELAWARE RIVER PORTS

In recent weeks events related to the proposed unification of the Port of Camden-Philadelphia have reached such a stage, particularly on the Philadelphia side of the Delaware River, that some comment is necessary from the New Jersey perspective. I hasten to add that I do not intend this to be parochial in nature but there are certain matters of concern to New Jersey citizens and toll payers which should be highlighted in any discussion on this matter.

It has, for example, come to my attention that much of the interest in port unification comes from the Pennsylvania side of the Delaware River rather than from the New Jersey side. I am aware that much of this interest comes from a real concern on the part of Pennsylvania residents over the development of the Delaware Valley Region as a whole, but I would be less than candid if I did not feel some trepidation about the situation in which we currently find ourselves. The New Jersey side of the Delaware seems to be doing well in the area of shipping tonnage, while the Philadelphia side faces major declines. Will New Jersey taxpayers or tollpayers be expected to make an unequal contribution to the development of the Philadelphia port system? Will the proposed reorganization of the

DRPA deal adequately with the many and varied problems of the Philadelphia Port Corporation? Is it too much to ask that the Philadelphians begin to put their own house in order before they attempt to join with New Jersey in this proposed common endeavor? I will not dwell on these particular matters at this time, but I do at least raise some questions of concern to me and to many other New Jerseyans.

In general, there are three basic concerns which must be addressed in the discussion on Port unification: Port governance, Port facilities development, and funding.

#### I. Port Governance

The present system of Port governance is fragmented, with various different corporations and groups playing a role, often competing, in operating the Port. The proposal to unify the Port under one organization, the Delaware River Port Authority, has merit conceptually. The problem lies in the "details," namely, what role would the DRPA play relative to the existing Port corporations and organizations? Would they be disbanded and the DRPA be the supreme authority on Port matters or would the DRPA have a general guiding direction? No clear cut blueprint of Port governance has been forthcoming from the DRPA or the various groups concerned with this matter.

## II. Port Facilities Development

Under a plan of unification, what is to be the fate of the warehouses, wharves, piers and terminals which comprise the Port facilities? Are they to be acquired by the DRPA? If so, at what cost? Are they to be operated by private owners, leased to them, or operated by the suggested Delaware River Ports Operating Company? Would fees charged to the users be sufficient to pay the expenses of operating the Port?

## III. Funding

It is evident that the Port unification proposals made so far will require substantial funding. It is also evident to New Jersey citizens and toll payers that this funding should not be detrimental to the interests of the users of the DRPA facilities--the PATCO high speed line and the Delaware River bridges. Any revenues which the DRPA has should be first applied to the maintenance of the existing facilities and to reserves for future maintenance and reconstruction, and to keep the fares on the PATCO high-speed line at reasonable levels. Once these matters are provided for, DRPA revenues could be used for Port unification purposes. It should be noted, however, that substantial outside funding would be required, particularly from the State of New Jersey and the Commonwealth of Pennsylvania to fully fund these proposals.

As a prerequisite to any such funding and to ensure the confidence of the citizens and the Legislature in the soundness of any unification proposals, it will be necessary for a more thorough study and blueprint to be prepared. Such a study should contain at a minimum:

1. An evaluation of the experiences of other ports in the nation in regard to governance, facilities and funding and the possible application of those relevant experiences to the Delaware River Ports. Different alternatives or scenarios should be developed. It would appear that the Port Authority of New York and New Jersey, a bi-state agency, is a more appropriate model than the ports of Baltimore or Norfolk, for example, in that the latter have one guiding direction by virtue of their being located in one state rather than two.

2. Based upon an analysis of the alternatives or scenarios as well as any new proposals appropriate to the Delaware River area, a detailed blueprint of Port governance should be developed, spelling out the proposed roles and responsibilities of the various public and private bodies and groups in the unified Port.

3. A detailed operational plan should also be developed and if possible, a Master Plan for Port Facilities Development. This plan would provide for the acquisition, if necessary, and projected use for the various facilities in the Port and the status (public or private) of the terminals and piers. The cost factor should be specifically addressed.

4. Finally, the projected costs of the various probable alternatives should be specified and possible means of raising revenues, including state subsidies, should be explored.

A start on dealing with these matters could be initiated by responding fully to the 17 detailed questions posed at the public hearing of the subcommittee of the New Jersey Senate Independent Authorities Committee held on September 16, 1986. Although some of these questions are no longer strictly relevant because of changed circumstances, particularly those dealing with the matter of the bond issue and redecking, the matters raised by these questions are still relevant. Of particular concern are the questions in the first or general section dealing with the nature of the port unification plan and the relation of the DRPA to other port bodies, such as the South Jersey Port Corporation and the Philadelphia Port Corporation, as well as plans for port facilities acquisition and the financing of any such acquisitions (Questions 1 through 10). It is of no small interest to see how the DRPA's thinking has evolved on these matters over the past year. As far as questions 11 through 17 are concerned under the heading of Financial Considerations, the matter of the financing of any unification projects by DRPA revenues, the projected levels of these revenues in future years, and the meshing of the revenues and capital requirements with the unification proposals, as covered in questions 14 through 17, still require fuller and more updated answers.

It is my opinion that in order for Port unification to succeed we must have a clear vision of the process of unification and its final result.



**Testimony of  
The Honorable James J. Florio,  
Chairman  
Subcommittee on Commerce, Consumer  
Protection, and Competitiveness  
U.S. House of Representatives  
before  
New Jersey State Senate  
Subcommittee of the Senate  
Independent Authorities Committee  
to Study the Port of  
Camden-Philadelphia and its  
Relation to the  
Delaware River Port Authority**

**Friday, March 4, 1988**



Mr. Chairman and Members of the Subcommittee, it is my pleasure to testify before you today on the problems facing our region's port facilities.

Our ports are a crucial part of the region's transportation system. But they are more than just that. As someone who has been heavily involved in issues involving competitiveness, I can attest to the importance that a sound - and well integrated - transportation system has to the ability to compete in domestic and foreign markets. If you can't get your goods from here to here quickly, cheaply, and efficiently, you can't compete. It's as simple as that.

Unfortunately, our region's port facilities, despite some spectacular individual success stories, are not operating as an integrated system. And our region is in danger of losing the race to other ports.

The ports of the Delaware River Valley actually compete for cargo with the ports in Baltimore and Norfolk. Yet, there is one crucial difference between our ports and their ports. Their ports operate as an integrated whole, under the direction of a unified port authority. In contrast, our ports operate almost as independent fiefdoms, with each facility seemingly more concerned with taking traffic away from the facility across the river than competing with the port over a hundred miles away. At a time when we should be facing up to the challenges and tough new realities of survival in a global economy, it is unwise in the long term for Camden to see Philadelphia as its rival, and vice versa.

The result is that the individual port facilities are competing with each other for declining cargoes, and not with the real competition in Baltimore and Norfolk. This internal competition and the lack of a unifying agency makes it harder to plan and make necessary improvements that could benefit the entire port and region.

This is not to say that some of the individual facilities have not been tremendously successful. We have all heard of the success of Holt Cargo Systems, for example, and particularly its ability to provide a total transportation service to its customers. But, at the same time, we have heard about the awful disarray across the river at the Philadelphia Port Corporation. Indeed, in a recent survey of businesses conducted by the Ports of Philadelphia Maritime Exchange, 51 percent rated the Philadelphia Port Corporation "poor" overall in performance.

Now, maybe the easy thing for us in South Jersey would be to declare victory. Our port facilities are doing better than Philadelphia's. Let them fend for themselves.

That would be the easy thing to do, but it would be

shortsighted. The South Jersey facilities are doing well today partly because we have succeeded in attracting cargo from the Philadelphia terminals. Several years down the road, Philadelphia may return the favor. And, in any event, we are fighting Philadelphia for a declining share of cargo. But we should have a longer range vision and seek to attract more total cargo to the region's ports. We can't do that if we are fighting with each other.

And, while South Jersey's facilities have had the upper hand recently, the negative publicity regarding the Philadelphia Port Corporation will undoubtedly affect all the ports of the Philadelphia region. Shippers and steamship lines used to dealing with strong, unified port authorities may not want to take the time to make nice distinctions between the Gloucester City or Camden facilities and the Philadelphia facilities.

So, I urge the Subcommittee to take the more difficult but longer range view that port unification is a necessity. A unified port authority could give this region's port facilities the ability to compete against the Baltimores and Norfolks and other ports. Indeed, since the Virginia ports were unified in 1983, they have enjoyed an 80 percent increase in general cargo. A unified port authority could provide the planning that is essential for maximizing each facility's inherent advantages and for making the infrastructure improvements necessary to compete.

A unified port authority could also provide other benefits to aid the region's economic development. Such an entity could provide the resource base to achieve other important goals. We need only look north to the Port Authority of New York-New Jersey as an example of the economic development benefits of such a unified regional port authority.

Of course, there will be many difficult transition problems in going from here to there. I believe there is much support for port unification as a concept, but translating that concept into reality will not be easy.

One of the most difficult questions will be the extent of financial commitment expected from each state and its taxpayers. The recent survey by the Maritime Exchange asked if the states of Pennsylvania, New Jersey, and Delaware were to make a financial commitment, how should that commitment be allocated. Interestingly, the first two choices indicated a belief that Pennsylvania should commit more than New Jersey, with Delaware's expected commitment being the lowest of the three states. Equal participation by all three states was only the third choice of the respondents.

Thus, the role of this Subcommittee will be particularly difficult. While I hope you will choose the long term benefits of unification, you must ensure that the interests of New Jersey - including its port facilities, its taxpayers, and its commuters

- are protected in the process. But, I believe those interests will best be protected in the long run by the long term cooperation for the benefit of the region which is inherent in unification.

Unification will require not only cooperation between two and maybe three states, but also cooperation among the states and the Federal government. For example, if the Delaware River Port Authority is assigned the necessary additional functions, a change in the governing interstate compact between New Jersey and Pennsylvania may be necessary. And, if Delaware is brought into the compact, such a change will clearly be necessary. Such a change would require not only the approval of the relevant state legislatures, but also the Congress.

To facilitate Congressional cooperation, the Subcommittee I chair will hold a hearing on this issue shortly. In particular, the Subcommittee will examine how unification could improve the competitiveness of our region's ports in interstate and foreign commerce.

I look forward to working with this Subcommittee as both the state and federal governments search for ways to make our region's port facilities more competitive.



	Estimated Cost	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Construction Fund (C-3)</b>														
Betsy Ross Bridge														
# I-95 Participation	\$ 6,500	\$ 2,000	\$ 2,000	\$ 2,500	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Walt Whitman Bridge														
# I-76 Ramps	11,000	1,000	4,500	5,500										
<b>Total Construction Fund</b>	<b>17,500</b>	<b>3,000</b>	<b>6,500</b>	<b>8,000</b>										

**General Fund (C-3/C-27)**

**Bridges**

**Ben Franklin (C-3)**

1. # Bridge Deck Replacement	200	200												
2. # Rehab. Toll Tunnel	1,000	1,000												
3. # Substructure Repairs	1,000			1,000										
4. # Replace Power Feeders	1,800		1,800											
5. # Rehab. Approach Structures	7,000										4,000	3,000		
6. # I-95 Vine Street	500	500												
7. # Replace Pedestrian Walk	2,000	800	1,200											
8. Disposal of Bridge Deck	2,000	2,000												

**Walt Whitman (C-4)**

9. # Roadway/Deck Replacement	108,500	1,000				14,000	15,000	30,000	30,000	18,500				
Suspender Span	22,500													
Phila. 28th St. Bridge	15,500													
Phila. Bridge/Anchorage	31,000													
N.J. Anchorage	11,800													
N.J. Pier GI to BHP	27,700													
	<u>108,500</u>													
10. # Roadway Improvements	2,000	500	500	500	500									
11. # Replace Concrete Toll Lanes	1,000				1,000									
12. Suspender Rope Construction	1,850	1,850												
13. # Suspender Rope Replacement	2,000													
14. # Substructure Repairs	900			900										
15. # Repave Service Rds.&Prkg.Lots	1,100												1,100	

C-1

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(1) DELAWARE RIVER PORT AUTHORITY-- REVENUE, EXPENSES, DEBT SERVICE & CAPITAL BUDGET--  
 PROJECTIONS TO THE YEAR 2000

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
TOLL REVENUES	\$67,307	\$79,609	\$81,997	\$84,456	\$86,990	\$98,559	\$101,515	\$104,559	\$107,696	\$110,926	\$114,254	\$117,681	\$118,496	\$121,352	\$124,278
INVESTMENT INCOME	\$8,316	\$6,226	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
OPERATING EXPENSES	\$34,961	\$36,602	\$39,568	\$41,546	\$43,623	\$45,804	\$48,094	\$50,499	\$53,024	\$55,675	\$58,459	\$61,382	\$64,451	\$67,674	\$71,068
NET REVENUES	\$40,662	\$49,233	\$48,929	\$49,410	\$49,867	\$59,255	\$59,921	\$60,560	\$61,172	\$61,751	\$62,295	\$62,799	\$60,545	\$60,178	\$59,710
BOND SERVICE	\$20,186	\$20,511	\$23,883	\$23,727	\$24,136	\$24,183	\$24,209	\$24,231	\$24,268	\$24,292	\$24,317	\$24,363	\$24,413	\$24,443	\$24,477
REQUIRED ADD'L RES.	\$800	\$821	\$915	\$960	\$1,009	\$1,059	\$1,112	\$1,168	\$1,226	\$1,287	\$1,352	\$1,419	\$1,490	\$1,565	\$1,643
PATCO DEFICIT	\$3,629	\$4,541	\$4,695	\$5,428	\$4,623	\$5,422	\$6,270	\$5,298	\$6,222	\$7,202	\$6,109	\$7,178	\$8,313	\$7,051	\$6,289
WORLD TRADE	\$2,663	\$2,788	\$3,002	\$3,152	\$3,309	\$3,474	\$3,647	\$3,829	\$4,020	\$4,221	\$4,432	\$4,653	\$4,885	\$5,129	\$5,385
NET INCOME	\$13,384	\$20,572	\$16,434	\$16,143	\$16,790	\$25,117	\$24,683	\$26,034	\$25,436	\$24,749	\$26,085	\$25,186	\$21,444	\$21,990	\$19,917
CAPITAL BUDGET-DRPA/PATCO	\$25,129	\$19,283	\$22,408	\$14,320	\$17,565	\$10,750	\$18,050	\$18,900	\$32,900	\$32,900	\$21,400	\$8,100	\$7,900	\$7,400	\$4,900
YEAR CHANGE TO RESERVE	(\$11,745)	\$1,289	(\$5,974)	\$1,823	(\$775)	\$14,367	\$6,633	\$7,134	(\$7,464)	(\$8,151)	\$4,685	\$17,086	\$13,544	\$14,590	\$15,017
RESERVE BALANCE 1/1	\$23,456	\$11,711	\$13,000	\$7,026	\$8,849	\$8,074	\$22,441	\$29,074	\$36,208	\$28,744	\$20,593	\$25,278	\$42,364	\$55,908	\$70,498
RESERVE BALANCE 12/31	\$11,711	\$13,000	\$7,026	\$8,849	\$8,074	\$22,441	\$29,074	\$36,208	\$28,744	\$20,593	\$25,278	\$42,364	\$55,908	\$70,498	\$85,515

(1) PATCO FARE INCREASE - 15%  
 (2) DRPA TOLL INCREASE - 10%

(1)

(2)

(1)

(1)

(1)

12X



GENERAL CARGO VESSEL TRAFFIC

ON DELAWARE RIVER BY STATE

1987 vs 1986

	<u>Number of</u> <u>Vessels</u>	<u>1986</u> <u>Market</u> <u>Share</u>	<u>Number of</u> <u>Vessels</u>	<u>1987</u> <u>Market</u> <u>Share</u>
New Jersey Terminals	482	31%	586	35%
Pennsylvania Terminals	704	45%	701	41%
Delaware Terminals	<u>366</u>	24%	<u>404</u>	24%
Total	1,552		1,691	

Source: Ports of Philadelphia Maritime Exchange

NEW JERSEY: THE MARITIME STATE  
INTERNATIONAL GENERAL CARGO: 1986

	<u>000's TONS</u>
New Jersey	22,135
Pennsylvania	2,640
New York	1,725
Maryland	5,677
Virginia	4,742
Delaware	1,382

1983-1986  
General Cargo Tonnage

	<u>1983</u>		<u>1984</u>		<u>1985</u>		<u>1986</u>		<u>% Change in</u> <u>Market Share</u>
	<u>Tonnage</u> 1000's tons	<u>Mkt. Share</u> %	<u>Tonnage</u> 1000's tons	<u>Mkt. Share</u> %	<u>Tonnage</u> 1000's tons	<u>Mkt. Share</u> %	<u>Tonnage</u> 1000's tons	<u>Mkt. Share</u> %	<u>1983-1986</u> %
<u>IMPORTS</u>									
Delaware River	3,946	21.5	5,603	21.3	5,983	20.5	5,543	19.1	(11.2%)
New York Port	10,440	56.7	14,884	56.7	16,384	56.0	16,253	56.1	( 1.1%)
Baltimore Port	2,640	14.3	4,067	15.5	4,104	14.0	4,135	14.3	-
Virginia Port	1,376	7.5	1,696	6.5	2,775	9.5	3,015	10.4	38.7%
<u>EXPORTS</u>									
Delaware River	1,210	13.8	1,182	13.5	1,310	14.3	1,515	15.0	8.7%
New York Port	4,256	48.5	4,456	52.1	4,947	54.0	5,318	52.6	8.5%
Baltimore Port	2,034	23.2	1,695	19.3	1,478	16.2	1,542	15.3	(34.1%)
Virginia Port	1,271	14.5	1,330	15.2	1,422	15.5	1,726	17.1	17.9%
<u>TOTALS</u>									
Delaware River	5,156	19.0	6,785	19.4	7,294	19.0	7,058	18.1	(5%)
New York Port	14,696	54.1	19,440	55.5	21,331	55.5	21,571	55.2	2%
Baltimore Port	4,674	17.2	5,762	16.5	5,582	14.6	5,677	14.5	(15.7%)
Virginia Port	2,647	9.7	3,027	8.6	4,196	10.9	4,742	12.1	24.7%

Source: U. S. Dept. of Commerce

**PORTS OF PHILADELPHIA  
REGIONAL MARKET SHARE ANALYSIS  
1983-1986**

	<u>1983</u>		<u>1984</u>		<u>1985</u>		<u>1986</u>		<u>% Change in Market Share</u>
	<u>Tonnage</u> 1,000's tons	<u>Mkt. Share</u> %	<u>Tonnage</u> 1,000's tons	<u>Mkt. Share</u> %	<u>Tonnage</u> 1,000's tons	<u>Mkt. Share</u> %	<u>Tonnage</u> 1,000's tons	<u>Mkt. Share</u> %	<u>1983-1986</u> %
<b>IMPORTS</b>									
S.Jers.Terminals	777	21.5	1,093	21.9	1,315	27.6	1,459	28.6	+33%
Phila. Terminals	1,727	47.8	2,461	49.3	2,576	54.1	2,388	46.7	-2.3%
Wilm. Terminal	1,109	30.7	1,437	28.8	873	18.3	1,260	24.7	-19.5%
<b>EXPORTS</b>									
S.Jers.Terminals	504	39.2	661	63.0	752	68.1	831	68.9	+75.6%
Phila. Terminals	674	52.4	344	32.8	281	25.4	252	20.9	-60.1%
Wilm. Terminal	108	8.4	45	4.2	71	6.4	123	10.2	+21.4%
<b>TOTAL</b>									
S.Jers.Terminals	1,281	26.1	1,754	29.0	2,067	35.2	2,290	36.3	+39.1%
Phila. Terminals	2,401	49.1	2,805	46.4	2,857	48.7	2,640	41.8	-14.9%
Wilm. Terminal	1,217	24.8	1,482	24.6	944	16.1	1,383	21.9	-11.8%

Source: U. S. Dept. of Commerce

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SAME PERIOD 1986

GENERAL CARGO TONNAGENORTH ATLANTIC PORTSMarket Share

1986                  1987

IMPORTS

Delaware River	19%	23%
New York Port	57%	50%
Baltimore Port	14%	15%
Virginia Port	10%	13%

EXPORTS

Delaware River	15%	17%
New York Port	53%	50%
Baltimore Port	15%	15%
Virginia Port	10%	10%

TOTAL

Delaware River	18%	21%
New York Port	56%	50%
Baltimore Port	14%	15%
Virginia Port	12%	14%

PORTS OF PHILADELPHIARegional Market Share

1986                  1987

IMPORTS

South Jersey Terminals	26%	31%
Philadelphia Terminals	49%	48%
Wilmington Terminal	24%	22%

EXPORTS

South Jersey Terminals	69%	65%
Philadelphia Terminals	22%	21%
Wilmington Terminal	9%	13%

TOTAL

South Jersey Terminals	35%	38%
Philadelphia Terminals	44%	42%
Wilmington Terminal	21%	20%

Source: U.S. Department of Commerce

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**IMONY DELIVERED TO THE SENATE INDEPENDENT AUTHORITIES COMMITTEE  
THE NEW JERSEY STATE LEGISLATURE BY ROBERT E. ANDREWS, FREEHOLD  
CTOR OF CAMDEN COUNTY, NEW JERSEY, MARCH 4, 1988, CONCERNING THE  
NT PROPOSALS TO UNIFY THE DELAWARE RIVER PORTS.**

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I would like to thank Senator Walter Rand, Chairman of the sub-  
mittee of the Senate Independent Authorities Committee, and Congressman  
s J. Florio, representing the First District, for encouraging today's  
ing on the proposed unification of the Delaware River's ports.

The economic benefits to the people of Camden County are great. Port  
fication has been proven to reduce shipping costs, increase the amount  
shipping traffic and create a positive environment for regional manu-  
urers. Because of deregulation, shipping lines are no longer required  
call on Philadelphia. At present, it is much cheaper to stop in Hampton  
s, Virginia or Baltimore, Maryland. Jim Asher's recent article in the  
"Philadelphia Inquirer" points out some of the positive attributes of port  
fication.

The Virginia Port Authority (VPA), Hampton Roads, Virginia, consoli-  
ed in 1983. Virginia's lease arrangements prior to consolidation were  
sing intra-port competition, similar to Philadelphia's current situation.  
ll consolidation, VPA owned all of the general cargo facilities, and  
sed them to private industry. General cargo, mostly manufactured goods,  
fallen from 3.26 million tons to 2.56 million tons annually, a drop of  
5 percent.

Since consolidation, cargo amounts have doubled. Community effects in  
6 included 120,617 jobs, \$2.2 billion in wages and \$270 million in local  
es. Eight new manufacturing companies, including Canon's first copier  
nt in the United States, have moved into Hampton Roads since consolidation,  
at least in part because of VPA's changes.

Mr. James Kelly, President of the Delaware River Port Authority reports  
following as current economic inputs for the region:

Liquid bulk (oil): 52 million tons, \$15/ton market impact, generating  
\$780 million annually.

Dry bulk (ore, grain, coal): 9.5 million tons, \$21/ton market impact,  
generating \$199.5 million annually.

Containerized Cargo: 3.1 million tons, \$80/ton market impact, generating  
\$248 million annually.

Break bulk (palletized): 3.8 million tons, \$106/ton market impact,  
generating \$402.8 million yearly.

Automobiles: 161,000 tons, \$146/ton market impact, generating  
\$23,506,000 yearly.

Direct and indirect employment figures total just under 100,000 jobs,  
ch generate approximately \$2.5 billion in wages. Area governments receive  
to \$92 million in tax revenues directly related to cargo movement. If

Port of Philadelphia generates the same revitalization as did VPA, the  
a impact of port unification could double those totals, to 200,000 jobs,  
billion in wages and close to \$200 million in additional tax revenues.

For port unification to be effective, the following three criteria  
t be met:

The port unification entity must have some real authority to make decisions  
and it must be comprised of representatives from each of the duly elected  
governments in the area.

**PAGE TWO OF TESTIMONY DELIVERED TO THE SENATE INDEPENDENT AUTHORITIES  
COMMITTEE OF THE NEW JERSEY STATE SENATE, BY ROBERT E. ANDREWS, FREEHOLDER  
DIRECTOR OF CAMDEN COUNTY, NEW JERSEY, MARCH 4, 1988.**

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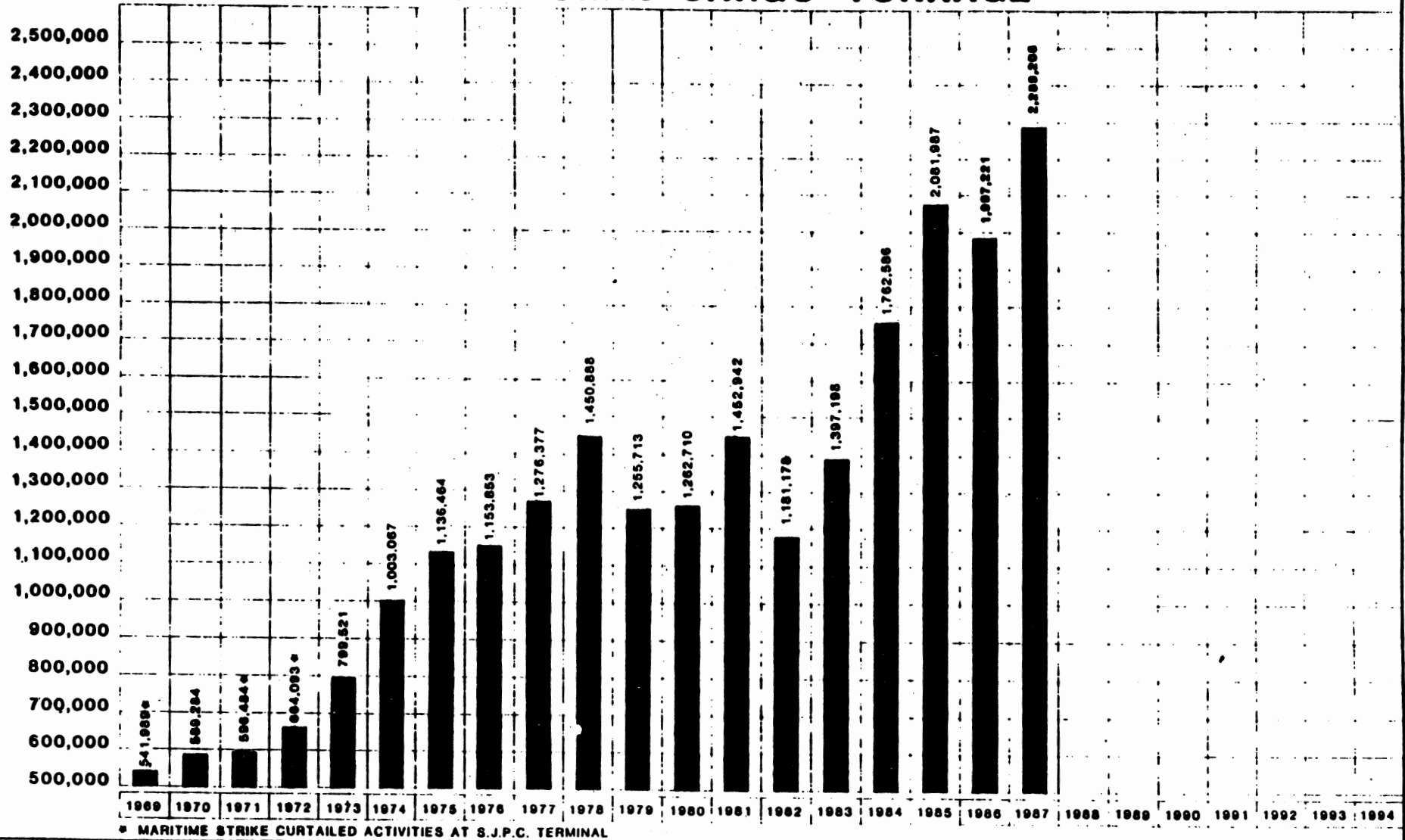
1. The independent entity must have sufficient public control so that it not degenerate into a patronage haven.
2. The port unification entity must be given a self-funding formula, so it would not be a burden to taxpayers, to the extent possible.

If the given criteria are met, the citizens of both Philadelphia and New Jersey, including my constituents in Camden County, will benefit. I urge continued discussion, leading to bill submission and eventual implementation of port unification for the Delaware River ports.

Submitted by,

Robert E. Andrews  
Freeholder Director, Camden County

# SOUTH JERSEY PORT CORPORATION WATERBORNE CARGO TONNAGE



X02

CHART III

# SOUTH JERSEY PORT CORPORATION REVENUE

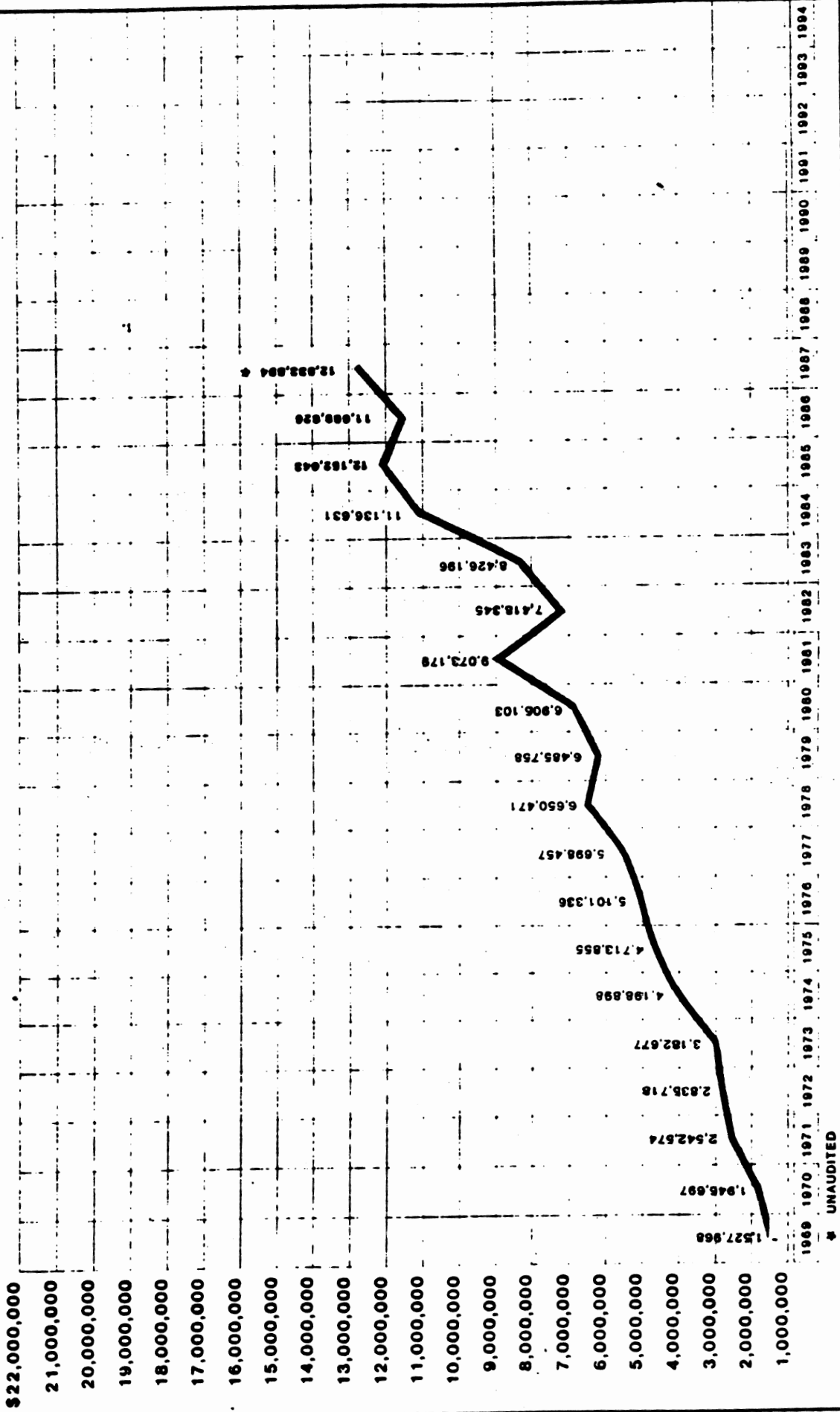


CHART IV

