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PUBLIC HEARING

before

SUBCOMMITTEE OF THE SENATE INDEPENDENT AUTHORITIES COMMITTEE

Progress which has been made to date on the unification of the Delaware River ports, proposals for further unification, recent changes in the internal organization of the Delaware River Port Authority (including proposed personnel changes), and other related matters

February 7, 1989  
Campus Center of  
Rutgers University  
Camden, New Jersey

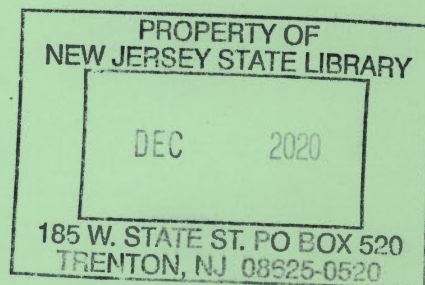
MEMBER OF COMMITTEE PRESENT:

Senator Walter Rand, Chairman

ALSO PRESENT:

Assemblyman Joseph J. Roberts, Jr.  
District 5

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



\* \* \* \* \*

Hearing Recorded and Transcribed by  
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## New Jersey State Legislature

### SENATE INDEPENDENT AUTHORITIES COMMITTEE

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

January 24, 1989

## 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 February 7, 1989 at 10:00 A.M. The subject of the hearing will be progress which has been made to date on the unification of the Delaware River ports, proposals for further unification, recent changes in the internal organization of the Delaware River Port Authority (including proposed personnel changes), and other related matters. The chairman of the subcommittee is Senator Walter Rand.

The public hearing will be held in the Multi-Purpose Room on the Main Level of the Campus Center of Rutgers University, Camden Campus, located at 326 Penn Street, Camden, New Jersey.

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.

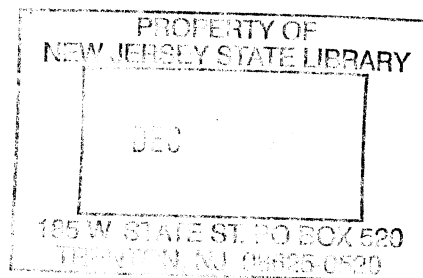




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SENATOR WALTER RAND (Chairman): Ladies and gentlemen: My name is Walter Rand, and I am Chairman of the Subcommittee of the Senate Independent Authorities Committee, created to study the Port of Camden-Philadelphia and its relation to the Delaware River 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, and I'm sure that later on we will be joined by some others. On my right is Dr. Peter Manoogian, who is the Staff Aide to this Committee from Legislative Services, and on my left is Pat Jones, who is my Administrative Aide.

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

I call this public hearing to order for the purpose of hearing testimony concerning the progress which has been made to date on the unification of the Delaware River ports, proposals for further unification, recent changes in the internal organization of the Delaware River Port Authority, including proposed personnel changes, and other related matters. There are many changes in the Port of Camden-Philadelphia and the DRPA which are either currently being made or proposed.

The Legislature, as the overseeing body, has the right, as well as the duty, to be kept fully informed as to the progress of events related to the Port and Port organizations. That is fundamentally the purpose of these hearings, that we be fully informed of all points of view -- good as well as bad -- on Port matters.

I look forward to the testimony to be presented here today.

Before we call our first person, let me read a letter which was sent to this Committee. It is from the State of New Jersey, Department of Commerce and Economic Development, South Jersey Port Corporation. It is addressed to me, and it says:

"Dear Senator Rand: Thank you for inviting me to attend a public hearing on February 7, 1989 regarding the progress of the Delaware River Ports' proposals for port unification. I do not believe I could add anything meaningful to the testimony I presented at the last public hearing.

"We at the South Jersey Port Corporation have not received any official information, nor have we been consulted on the proposed plans for unification or reorganization of the Delaware River Port Authority. We know only what we have read in the press.

"We feel we have an obligation to our tenants and some 1000 employees at our facilities to be more involved in such a major issue affecting us. Also, more than 100 vendors and suppliers of services to our various operations are concerned.

"Please let me know your feelings on the foregoing. Sincerely, Edward J. McManimon, Jr., Chairman." We will enter that into the record.

We have been joined, on our left, by Assemblyman Joseph Roberts, representing the Fifth Legislative District. Welcome, Joe.

ASSEMBLYMAN ROBERTS: Thank you, Senator.

SENATOR RAND: Now that we have started off on the right foot with this letter, let's proceed. Is Robert Andrews here?

DR. MANOOGIAN: I don't see him.

SENATOR RAND: Okay. The Honorable Melvin R. Primas, Mayor of the City of Camden. Good morning, Mayor.

**M A Y O R M E L V I N R. P R I M A S, J R.:** Good morning, Senator. My name is Melvin R. Primas, Jr. I am the Mayor of the City of Camden. I would like to thank this Committee, its Chairman, and the Assemblyman for being here today and allowing me the opportunity to testify on behalf of the Port Unification Bill that is the subject of these hearings.

The first point I would like to discuss today, Mr. Chairman, would be to express my strong support for that portion of the legislation which would authorize the Delaware Port Authority to develop an International Trade Center as part of the Cooper's Ferry Project on the Camden waterfront. Having the capability of being another anchor development on our waterfront similar to the New Jersey State Aquarium and the Campbell Soup World Headquarters, any new major office building anywhere in the city is, of course, very good. But this project goes far beyond being a major office building, because it will be the home of an expanded Delaware River Port Authority.

We believe the International Trade Center will bring to the Camden waterfront the kind of business and trade-related activity that is necessary for a vibrant city. Likewise, I believe this project will be an economically successful one, which will pay a handsome return to the Delaware River Port Authority. In short, Mr. Chairman, I believe the International Trade Center is the right project, at the right time, and in the right location.

Next I would like to speak about the benefits I see from the creation and the use of the proposed Port Enhancement and Development Fund. I believe this Fund can be a major stimulus to the growth that should be occurring around the facilities of the South Jersey Port Corporation, particularly at that agency's Becket Street Terminal. Although the Becket Street Terminal has been going well in recent years in terms of total tonnage, the economic benefits that should come to a city such as ours from a successful and growing port operation, have not occurred. This is due mainly, in my opinion, to the lack of access that the South Jersey Port Corporation has had to investment capital and to the peculiarities of the bond covenants which established the Corporation many years ago.

Because of these restrictions and the lack of capital, the South Jersey Port Corporation has been unable to undertake projects at, or near the Becket Street Terminal, that would provide them with the necessary space, warehousing, processing, and other transshipment facilities. I believe the funds available through the Port Enhancement and Development Fund can be used to undertake such projects, either by the South Jersey Port Corporation itself and/or by the proposed Division of Economic Development that would be established as a part of the unified ports.

The loans that would be made for the purpose of developing the necessary support facilities on the Camden side of the River would be economically viable ones that would repay, in full, both principal and interest to the Fund, as well as create new tax ratables for the City of Camden; and even more important, new jobs for the residents of South Jersey.

Mr. Chairman, in recent months, the tremendous strides that have been made in developing the Camden waterfront have received much deserved attention. The success of this waterfront project, as you know, is crucial to the economic rebirth of our city. Equally important, however, is the revitalization of Camden's economic base. And the most single and important aspect of that revitalization effort must be the development and creation of modern facilities that will support an expanded port operation in Camden.

Finally, Mr. Chairman, I would like to put this proposed legislation for a unified port into the context of regional cooperation, which really has begun to occur. As you know, many aspects of the Cooper's Ferry Waterfront Project already show a marked degree of cooperation with our sister city across the river. The operation of the State of New Jersey Aquarium by the Philadelphia Zoological Society is a very tangible example of regional cooperation, and the Philadelphia-Camden Ferry, whose reinstatement was announced

last August by Mayor Goode and myself, is yet one more way in which the cities of Philadelphia and Camden will be both symbolically and physically linked together.

These initiatives, Mr. Chairman, as important as they are, are modest in comparison to the goals of true regional economic integration that are embodied in the legislation before this Committee today. I have often said that to prosper, the City of Philadelphia and the City of Camden, as well as South Jersey, can only progress as a region, rather than as separate entities. I know this belief is shared by Mayor Goode of Philadelphia, and I would like, at this point, to commend both Governor Kean of New Jersey, and Governor Casey of Pennsylvania for having the foresight and the vision to aggressively propose this legislation. I believe that a unified Port of Philadelphia and Camden would have far-reaching economic benefits for all of southeastern Pennsylvania, southern New Jersey, and Delaware.

In conclusion, Mr. Chairman, I would like to thank you for the opportunity of testifying today on this subject. This bill and its passage are crucial to the importance of all our hopes and plans for the revitalization of Camden, an effort which you, yourself, and the Assemblyman, have played a major role in.

Thank you very much.

SENATOR RAND: Thank you, Mayor Primas. Mayor, will you please stay there for a moment? Assemblyman Roberts, do you have anything to ask the Mayor?

ASSEMBLYMAN ROBERTS: I would just offer the observation, Mayor, that I agree with what you said; that this is a real situation where the sum is greater than the individual parts. I think you have acknowledged, as has Mayor Goode, that Camden and Philadelphia, by themselves, are great cities, but together can really provide the kind of basis for regional cooperation that is going to be in everybody's interest.

So, I just congratulate you for what you've done, and for your testimony here today.

MAYOR PRIMAS: Thank you.

SENATOR RAND: Mayor, I am going to ask you some questions. We have spoken about this many times, and I guess this is the place to air it out. I would rather let the sunlight in on our concerns, than have them whispered about in back rooms.

Mayor, how long has it been -- if you know -- since Camden City has not had a representative on the South Jersey Port Corporation or the Delaware River Port Authority?

MAYOR PRIMAS: It's been a long time; I don't know exactly when that last situation occurred.

SENATOR RAND: Would you want to state your position on that particular subject? The reason I bring that up, Mayor, is not in any way to get you on a controversial subject--

MAYOR PRIMAS: Sure.

SENATOR RAND: --but the Legislature is going to be faced with some activity that has to do with the furtherance of this port unification, and I think if we are going to address our concerns, even in a provincial manner-- Camden is affected very greatly. Fifty percent of its waterfront is taken up on the South Jersey Port Corporation, and I don't have to tell you that the Delaware River Port Authority is a major artery into the City of Camden. I think the last time I remember, Commissioner McComb, some five or six years ago, or seven years ago--

MAYOR PRIMAS: It's longer than that, I believe.

SENATOR RAND: Do you want to comment on that?

MAYOR PRIMAS: Surely. You and I have talked about this. Because of the fact that both the South Jersey Port Corporation and the Delaware River Port Authority are integral players in Camden, and the land that is under their jurisdiction is a significant part of our waterfront, I do

believe it would be appropriate to have representation from the city on those boards. You and I have talked in the past as to whether or not the Mayor of the City of Camden, whomever that individual might be, or a designee, ought to have a voice at that table as they are discussing the operations of that facility, since it takes up so much of our very valuable waterfront. Again, I think it is only appropriate that if an institution is going to have that kind of influence on the economic vitality of a city, then that city ought to be represented around that policy-making table.

SENATOR RAND: Well, when that type of legislation is proposed, Mayor, I would hope that you would have the time, and certainly the desire, to testify before the committee that is hearing that type of proposed legislation, because that legislation is on its way. It will be coming, if not very shortly, in not too long a time. I think we have a great many concerns with the competency of the Delaware River Port Authority, with the representation of the Delaware River Port Authority, and with what position the Governor should be involved in. I would hope that certainly your concerns would be well-noted.

MAYOR PRIMAS: I look forward to that.

SENATOR RAND: Anything else, Assemblyman?

ASSEMBLYMAN ROBERTS: No, thank you.

SENATOR RAND: Thank you very much, Mayor.

MAYOR PRIMAS: Thank you, Senator.

SENATOR RAND: Is Robert Andrews here?

DR. MANOOGIAN: He is not here yet.

SENATOR RAND: Okay. James Kelly, President, Delaware River Port Authority. Is Father Rashford here? (affirmative response from audience) Father, do you want to be heard quickly, or do you want to hear some of the testimony? (indiscernible response from Father Rashford from audience) Okay, thanks.

J A M E S R. K E L L Y: Good morning.

SENATOR RAND: Good morning, Mr. Kelly.

MR. KELLY: Shall I just proceed with my remarks?

SENATOR RAND: You may make any opening comments, any closing comments, and any testimony you wish, Mr. Kelly. We have had a long history of knowing each other, so you have carte blanche.

MR. KELLY: Thank you very much, Senator, Assemblyman Roberts.

My name is James R. Kelly. I was formerly the President of the Delaware River Port Authority. My current capacity with the Authority is as a consultant, pending the appointment of a new chief executive officer for the Authority.

The material I have given the Committee today is a draft legislative report regarding the three major elements of the Governors' initiative; namely the development of an International Trade Center in Camden, New Jersey, the development of a regional intermodal container transfer facility in Philadelphia, and the establishment of a Port Enhancement and Development Fund.

I must make this disclaimer: We have made this report to our committees of the Delaware River Port Authority. It has not yet been adopted. We expect that perhaps it will be adopted at the full Commission meeting on Wednesday, a week from now. But it is as best we can develop at this time, the particulars of the three projects.

In the case of the International Trade Center, this is a project that mirrors many of the major ports of the world which have developed what is known as a "World Trade Center," for the purpose of unifying the development of commerce and international trade through their port areas, be it airports or seaports, and it is the interaction of the international communities within a port district.

This element has been missing in the Ports of Philadelphia, and it is very timely now, particularly as we look toward regional cooperation, that this type of project be built.

As we visualize it, the site of the project would be in the Cooper's Ferry Association Development Project, adjacent to the Aquarium development, and adjacent to the Campbell Soup World Headquarters. As we view it, the site is absolutely ideal. We couldn't pick a better site. We are very convinced that this will bring about an ideal development, as we move forward.

Our development plan is being addressed by the Commission, by the engaging of real estate experts who will evaluate a building plan and a business plan for the development of the Center. We want to examine the profile of the users, and design our building around the users so that the building will be exactly what we would expect a world trade headquarters to look like, and an international center. We want it to have all of the amenities that all of the other World Trade Centers around the world have, and we want it to be a first-class development. Therefore, we are looking for some expertise in that regard.

The development may be a joint venture with private enterprise, or it can be developed exclusively by the Port Authority. That is another answer we were looking for in the engagement of experts to assist us in this project.

We also expect to produce a pro forma evaluation of the revenue flow that this Center will bring to the Port Authority, and also the cost of its operation, so that we will have a bottom line that will indicate that the project is, indeed, self-sufficient and, if it is bonded, that the bonds achieve the proper coverage to be self-supporting.

SENATOR RAND: Do you want to touch on that just a little more? What do you mean by self-supporting, sir?

MR. KELLY: Senator, at the end of my presentation, I would like to go totally on the finances of all of the projects, if you don't mind, sir.

SENATOR RAND: Fine, okay, thank you.

MR. KELLY: The project schedule and the project itself, as we envision it right now, is a 300,000 square foot building. We are looking to the State of New Jersey to occupy approximately one-third of that space, or 100,000 square feet; we are looking to the Port Authority to occupy one-third of the building, which would be another 100,000 square feet; and we are looking to the private sector to occupy the final third of the building. That would be the International Trade, port users, and the like.

As we move on down with the use of the building, we would hope that the Port Authority and the State of New Jersey could eventually move out and make space available for the private sector, as the building becomes much more popular and reaches its full-bloom development. So we would look toward the private sector in the long run to occupy the building completely, or as much as possible. In doing this, it would enable the State, and perhaps the Port Authority itself, to move into other areas of the Cooper's Ferry Development to assist in the future development of the area itself.

As I said, I will be glad to talk a little bit more about financing at the end.

The second major project is one that will be conducted in Pennsylvania -- in South Philadelphia. If you look, sir, at your papers under Tab No. 3, at the very back of the tab there is a drawing of the facility, which is the regional intermodal container transfer facility. The specific site is in what is known as the Greenwich Yard of Conrail. Conrail's Greenwich Yard is a rail terminal of several hundred acres of ground. At the present time, the site is being used primarily as a bulk movement area. It moves the export coal out of Philadelphia

through the marine facilities of Conrail at the Greenwich Yard. It also accommodates a new bulk handling situation there which also uses marine facilities by Agway and Conrail for the importation and exportation of fertilizers. The yard is also used as a rail transfer for import oil for the steel industry in Pennsylvania and on the river itself. That is the southern section of the Greenwich Yard.

The northern section is not intensely used, and can very readily be developed for this regional intermodal container transfer facility. We are looking, in the full phase of the development, to having about 8500 feet of track availability in an area that will contain four such tracks, and also will contain a large container parking area between two of the tracks which will be on each side of this development, which will be state of the art in terms of rail transfer facilities anywhere in the world. We are in the process of engaging a company by the name of Vickerman, Zachary, and Miller, who are specialists in the development of intermodal rail yards. So we are looking to have this as a state-of-the-art facility.

All of the recent studies that have been made in the Port, including our own -- the Delaware River Port Authority's -- have indicated that this is one of the major resources that the Port needs in order to unify its ability to handle cargoes that come from a distance of more than 300 or 400 miles away from the port area. We don't have such a facility. Most other ports do have such a facility and, as a result, have been able to capture the large segment of Midwest container traffic, both import and export. This type of traffic moves on what is known as unit trains; trains of 60 to 100 cars -- flatcars -- carrying containers. We cannot handle that here and, therefore, our hands are tied in attracting major container cargo. We need to move forward on that type of development as quickly as we possibly can.

Our development plan-- As I mentioned, we have the Vickerman Company. We are also engaging Booz, Allen and Hamilton, an economics consulting firm, to perform our development plan in a three-phase fashion.

First of all, we are looking for a feasibility study: How much cargo is available to us? Where will it come from? How will it move through the Port? And what will be the revenue production of this rail terminal, to see that it is self-sustaining?

Secondly, if the feasibility is a plus, then we will go forward with the design of this terminal. And assuming that the design is also feasible, then we will go into the construction phase and be ready with documents to go out on the market to get contractors to build the facility.

The final project deals with the Port Enhancement and Development Fund, that Mayor Primas mentioned to you. This fund, I believe, is a real keystone of Port unification and Port development. Over the years of my experience in the Port area, I have always noted, and certainly have recommended, that a financial base for this Port must be established before it can ever hope to be a prominent, world-class port; not that it is not today a prominent world-class port, but as we move forward and try to keep up with the technological advances in port development and in marine technology, we must move quickly. These technological advances are extremely expensive and require a considerable amount of very sophisticated funding.

This Port Development Fund is the answer to that missing link, that these ports over the years have had. The idea of the Fund is to create a \$100 million Port Enhancement and Development Fund that will be self-sustaining; that will be revolving, in essence, producing moneys for public purposes, public port development projects, that can be financed on a tax-exempt basis. It does not exclude-- In our imagination as we look at this Fund, it does not exclude private operations

using the Fund for their purposes. There can be tax-exempt types of funding in it; there can be cash funding in it; there can be partial tax-exempt funding that may be subject to alternate minimum taxes. But nevertheless, a whole mix of a variety of funding to fund a wide variety of needed port projects on both sides of the river.

In achieving this, our plan is again to use the expertise of the Vickerman organization and the Booz, Allen organization in developing a master plan type of report that will give us a needs assessment -- what are the needs, the most crying needs of the Port, of the South Jersey Port Corporation, of the Philadelphia operation, of our private operators? -- and set a priority listing of projects that may be funded under this Fund to guide our Commission and to guide the legislatures in authorizing this type of development.

In terms, Senator, of financing and how we look upon it, we have-- At the present time, we are using the services of Cliff Goldman. I'm sure you are aware of Cliff's operation in the financial arena, particularly public financing. We are also evaluating, at the present time, the advantages of doing some advance refunding of our existing debts.

In the course of doing that, we have asked our underwriters to evaluate the capital program of the Delaware River Port Authority and our ability to fund that capital program, and to give us an analysis of our financial capacity. In responding to that, our capital program, from the year 1989 through the year 2000, is roughly \$250 million in capital projects. Dealing with our bridges and dealing with our high speed line, the primary capital project we are facing is, of course, the redecking of the Walt Whitman Bridge. Having just completed the redecking of the Ben Franklin, we are now in the process of evaluating the redecking needs of the Walt Whitman Bridge, and that project alone will be about 50% of our capital program. Perhaps \$125 million is what we are talking about, in terms of that.

Our financial consultants tell us that we have a capacity -- a bonding capacity -- of about \$270 million. That is with a revenue flow that is the same as exists today, with the announced -- or with the projected need for a toll increase of 10 cents on July 1, 1990, I believe it is. Certain fare increases of the PATCO line, as the operating deficit of PATCO reaches a level of \$5 million, in terms of 1987 dollars, and adjusted for inflation-- As the operating deficit of the PATCO system exceeds that, we are recommending to the board that they consider some fare adjustments to that, but they would not be very significant, and they would occur, perhaps as we projected, in increments of three to four years apart during this term '89 through the year 2000.

This program -- this financial program that I mentioned to you, is simply a capacity analysis, and under the capacity analysis we can fund our capital program through bonding, or we can fund our capital program strictly through cash. Over this period of time, our projections indicate that our cash flow will be sufficient to cover our complete capital program. We also have the capacity to bond in the range of \$270 million at the same time. So, the Port Authority, I submit, is in excellent financial condition.

Now, none of what I have just told you has anything to do with the three projects I mentioned. These projects, we hope, would stand on their own, independent of our present financial condition. We would look at the International Trade Center as somewhat unique in a financing vein, in that we anticipate that we may be joint venturing with private enterprise. In the event that we do joint venture with private enterprise, the funding would require a different approach. We would not be able to fund on a tax-exempt basis; certainly not the entire project. We might be able to tax-exempt that portion of the project that is strictly Port Authority or State of New Jersey, but it would require, perhaps a cash type of financing.

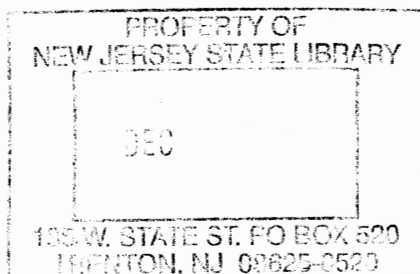
In the event that we did have to go to cash, it would give us an opportunity to tax-exempt on certain of our capital projects, so that we would be, perhaps, bonding some of our capital projects to free up the cash that we would otherwise spend on those projects, in order to invest in the International Trade Center. If you recall, I said that we can either bond our entire capital program, or we can fund it by cash. So we do have that alternative.

That is what we will be looking at for the International Trade Center itself -- a cash flow type of funding or, if we develop the project strictly on our own as a public project, we can then fund the project with tax-exempt bonds. But in either case, we are looking to the project to be self-sustaining, to give us all of the proper cash flow that we will need to amortize the investment in the project.

The regional intermodal container transfer facility can be fully funded through tax-exempt bonding, since it is a public-purpose project. The likelihood is that it will be operated by the Delaware River Port Authority -- a public agency. So we have little doubt that we can go tax-exempt on that.

Now once again, we are looking to that project to be self-sustaining. Our feasibility studies up-front by Vickerman and Booz, Allen will hopefully establish that we will be able to generate sufficient cash to obtain a 1.2 coverage of our debt on that project, and also to cover our operating costs.

On the Port Enhancement and Development Fund, we would expect that also to be a self-sustaining operation. We would expect that most of the projects that would be funded by the Port Enhancement and Development Fund would be public-purpose projects, and could be funded through tax-exempt bonding, or at the minimum, tax-exempt bonding that may be subject to alternate minimum tax consequences by the purchasers of the bonds.



We would also look to the possibility of some of the projects in this that may be contained in our needs assessment for this fund, which may require some cash funding, in which case, again, we would be able to access tax-exempt bonding for our regular capital program to free up the cash for use in the Port Enhancement and Development Fund.

In all of these cases, we are looking toward a very specific, sophisticated feasibility study that will indicate to us the cash flow, where it is coming from, and how we arrive at the amount of it, so we can keep all of these projects self-sustaining, particularly the Development Fund, because we want that to be revolving. We want always to have \$100 million available within the Fund. I must say that we do not intend-- It does not appear as though we would fund the \$100 million immediately. We would certainly fund it project by project by project. Each individual project would have its own type of funding that would be tailor-made to it. The maximum amount overall that we would fund by this Fund, would be in the range of \$100 million.

I think that is where we stand, Senator. As I indicated to you at the outset, all of this is being proposed to our board by staff at the present time. We have every hope that it will be approved by the Commission, whether in this exact form or very close to this form.

Thank you very much.

SENATOR RAND: Thank you, Mr. Kelly. Joe?

ASSEMBLYMAN ROBERTS: Mr. Kelly, thank you for your testimony. I just have a question or two.

MR. KELLY: Yes, sir?

ASSEMBLYMAN ROBERTS: What you have described in terms of the menu that is on the board now for DRPA and for the region seems to me, on its face, to be eminently fair. The project, the International Trade Center, has regional benefit, but direct benefit to the City of Camden and South Jersey. The

container facility has regional benefit as well, but particularly focuses on Philadelphia. And then the Port Development Fund, which seems to serve everyone's needs and interests. As I said, I think that is a fair configuration.

I guess I am a little bit troubled by what has occurred in Philadelphia with Mr. Rouse's departure as their Penn's Landing development person, and some comments I have heard that among the things that are being looked at by individuals, authorized or unauthorized by the city, is the potential for a World Trade Center to be located there. It would occur to me that that would be unfair, to say the least, to the City of Camden and South Jersey, if we end up, in a sense, cutting up the pie, and then the City of Philadelphia takes another course with its development.

I would appreciate your thoughts about what assurances, or what sense you have about where the City of Philadelphia is going with regard to the development of a Trade Center as a part of its Penn's Landing development -- if you know anything about that.

MR. KELLY: Assemblyman Roberts, I really don't know a great deal about it. We are aware of all of the initiatives for a World Trade Center. There is a private operation that is proposing a very substantial development of a World Trade Center north of the Ben Franklin Bridge. I don't know of any specific plans for Penn's Landing to have a World Trade Center at this point, since Rouse has now exited, and I don't think that within his plans there was a World Trade Center contemplated, per se.

We are trying to work closely with anyone who does look upon a World Trade Center as a need in the region, and hopefully whatever those developments are, they will be done in cooperation with what we are doing here in Camden. As we all know, a World Trade Center is not a new concept. We have been trying to build one in this region now for the last 20 years,

to my knowledge, and Philadelphia hasn't come up with one yet. So I think maybe we are on the threshold here of scooping everybody, because we are within a very short period of time of getting moving.

There is one thing, Assemblyman, that I would like to correct. The regional intermodal container transfer facility is regional. I see Mr. Holt here. I think perhaps Mr. Holt will testify to the fact that it will be beneficial to his interests in New Jersey. And I see Max Rudoller here. I'm sure Max will indicate to you that it will have a regional impact, and will support New Jersey Ports, as well as Philadelphia Ports.

ASSEMBLYMAN ROBERTS: I'm sure that is the case. My point was simply that the geographical location of those two facilities, you know, has a specific focus, as well as a general one.

I am particularly sensitive to the potential for any duplication of a World Trade Center. I don't know that two or three are out of the question. My point is, if we are talking about building one, and building it in South Jersey, and having two-thirds of the interests being governmental interests, at least initially, we have to do everything, I think, to continue our dialogue with the City of Philadelphia, and to ensure that the financial viability of the DRPA facility is protected. We don't want to unnecessarily duplicate our efforts.

I think the Mayor did a good job of describing how far we have come by having a coordinated game plan thus far. I would simply ask you to focus on continuing that dialogue with the City of Philadelphia, to ensure that the Penn's Landing developer -- whomever that may be -- goes forward in a way that is coordinated with what you have done thus far.

MR. KELLY: Thank you very much. We will certainly do that.

ASSEMBLYMAN ROBERTS: I have one other question about the Port Development Fund. I know your experience in port management is legendary. You have a good sense of what other port authorities around the nation have done. Could you give me some thoughts about what funding vehicles they use, and how many of them use a structure like the Port Development Fund that is being proposed here?

MR. KELLY: I think we are unique in this particular type of Fund; unique because we have the bistate port region here, which is rare in the country. The only other one of prominence, of course, is at the other end of our State in the New York-New Jersey Port Authority. If we talk about a regional fund, I guess the New York Port Authority is the regional fund for port development in the northern part of our State. Otherwise, throughout the country, it is mostly tax money that is used, basically, in the development of port facilities. It certainly is the case in Maryland for Baltimore; it certainly is the case in Norfolk, and just about anywhere in the country. The major investment for infrastructure of port facilities comes from the tax base. Most of the port authorities of the major ports are producing profits -- excess revenues -- which also go into the development of their infrastructure. So it is kind of a partnership -- tax base/operational revenues coming out of the ports themselves.

ASSEMBLYMAN ROBERTS: Thank you. That's all.

SENATOR RAND: Just a few quick moments before I call Father Rashford-- The \$100 million you have already set in motion, from what I understand, to prepare for that bond issue. Is that correct? The machinery is already set in motion? All that has to be done is to trigger it off?

MR. KELLY: That is correct. We have the firm on hand to do the feasibility for that Fund, yes, sir.

SENATOR RAND: Do you need any authority, or can you automatically do that yourself within the parameters of the Delaware River Port Authority today -- the \$100 million?

MR. KELLY: No, sir, we cannot. It is within our authorized purposes to do such a thing, but we do need legislative consent -- concurrent legislative consent from the legislatures of Pennsylvania and New Jersey. We seek your help in doing this one.

SENATOR RAND: Okay. I understand that the authorization of the \$100 million doesn't mean that you will go out and float a \$100 million bond. You will do it piecemeal, as needed. Is that correct?

MR. KELLY: Yes, sir, that is correct.

SENATOR RAND: And if I continue to follow you on your development of this Port Enhancement and Development Fund, the money that will be provided to build the various facilities will be a revolving account. That means you will pay back the \$100 million, or it will carry just a debt service?

MR. KELLY: We plan to continually refresh the \$100 million through amortizing the investment in the project that we have funded.

SENATOR RAND: Okay. Now, the money you are spending for capital and that bond issue-- You tell me that you project no more than the 10-cent toll increase on July 1, 1990, and you will have a cash flow of money that will take care of the capital and that \$100 million within the framework of your bond limitations. Is that correct?

MR. KELLY: I am looking at the \$100 million and the Trade Center and the regional transfer facility separate and distinct from our normal capital program, which includes improvements to our bridges and so forth.

SENATOR RAND: All right. Then let us separate that for a minute.

MR. KELLY: They are separate.

SENATOR RAND: If there is not enough money on a return basis for that \$100 million, and it is not a public/private venture, it is a public venture, how do you replenish that \$100 million? Is there a method of borrowing more money, or do you go to the tollpayers to increase that deficit, which becomes incumbent upon the Delaware River Port Authority?

MR. KELLY: Well, as I look at the Fund, Senator, I would expect that the Fund would be funding a half a dozen, a dozen projects at any one time. Even though one of those projects may fail to meet its test of 1.2 coverage, I would be hopeful that the others would stand instead. If we look at the entire \$100 million Fund, we would look at that just as a Fund that should produce 1.2 -- 20% more than the necessary funds.

SENATOR RAND: Mr. Kelly, we will be looking for reassurances on that.

MR. KELLY: I hope I can give them to you over the years.

SENATOR RAND: I understand that our consumer is going to be paying \$1.00 on July 1, 1990, but I would hope that it would not escalate to \$1.25 or \$1.50. I am a little bit upset, very frankly -- and I know it is a Jersey concern, not a Philadelphia concern -- but I am concerned when you tell me that \$5 million is the limit of the subsidy for PATCO. Could you tell me what the deficit is today?

MR. KELLY: The deficit today is under \$5 million; it's-- Is it \$4.7? (inquiring of gentleman in the audience)

UNIDENTIFIED SPEAKER FROM AUDIENCE: It's \$4.44 million.

MR. KELLY: It's \$4.44 million, so you have a long way to go.

SENATOR RAND: What is the usual amount that it increases by: 3%, 4%, 5%? Can you give me a ball park figure?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Actually, in 1988 it was less than in 1987.

SENATOR RAND: Why was that -- through you, Mr. Kelly?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Increased ridership and generally-- (remainder of comment indiscernible; speaker not in front of microphone)

SENATOR RAND: We are very pleased to hear that. I have great concerns on that, also, as you know.

MR. KELLY: I understand that you do, Senator. I wanted to make sure that you were aware of this trigger mechanism. It is not a fixed mechanism to raise the fares. It is a mechanism to give the board a notice that here we have a problem -- a financial problem -- and we must address it somehow or another.

SENATOR RAND: One of my favorite subjects, Mr. Kelly.

MR. KELLY: I understand that very well, Senator.

SENATOR RAND: Is there any consideration -- and I understand this is probably one of the unsettling things about port unification, even though there are 99 things that are very complimentary-- Is there any consideration on the part of the Delaware River Port Authority for the extension of PATCO to Burlington County or Gloucester County? Or, is that not even in the wings?

MR. KELLY: Not at the present time, sir, no. We have reviewed that very carefully, as you know, in the past.

SENATOR RAND: Are there any studies going on by any of your development people or any of your planners? We happen to believe that the three-county area -- Burlington, Camden, and Gloucester -- presents an economic picture in the future which must be united by a mass transit system.

MR. KELLY: Yes, sir. The Port Authority, itself, is not conducting any additional studies. I believe perhaps the New Jersey Department of Transportation may be doing something. I know they were doing some light rail evaluations at one time.

SENATOR RAND: Well, I read Mr. Dickey's plan, and I was very impressed, frankly, when Mr. Dickey came out and said that we ought to take over the Tacony-Palmyra Bridge, because we wouldn't have to build an infrastructure. It wasn't the selfish thing of grabbing the Tacony-Palmyra Bridge, but he utilized a vehicle whereby the money from that could then be used to leverage an extension into Burlington County, which although very controversial, was certainly very, very noteworthy. With no urban mass transit money, it was really a very innovative idea, and certainly a very controversial idea, but it was worthwhile discussing. I complimented Bill Dickey on it.

MR. KELLY: Yes, sir.

SENATOR RAND: We are concerned, very frankly. I just want Father Rashford to know that extension of PATCO, even though it doesn't fit under, I guess, the umbrella of port unification, is a tremendously exciting and necessary thing for the people of this region.

Mr. Kelly, thank you very much.

MR. KELLY: My pleasure, Senator.

SENATOR RAND: Next we will address Father Rashford, and ask him some of the questions.

MR. KELLY: Okay.

SENATOR RAND: I didn't want to step on his toes, but I wanted to clarify that.

MR. KELLY: Thank you.

SENATOR RAND: Thank you very much.

MR. KELLY: My pleasure.

SENATOR RAND: Father Rashford?

ASSEMBLYMAN ROBERTS: Who else do you have testifying?

SENATOR RAND: Oh, we have Mr. Holt; we have Mr. Rudoller; we have Tom Corcoran; we have Rich Crean.

ASSEMBLYMAN ROBERTS: Good.

SENATOR RAND: Yeah, pretty good. Good morning, Father.

F A T H E R N I C H O L A S S . R A S H F O R D: Good morning, Senator.

SENATOR RAND: Thank you very much for appearing here this morning.

FATHER RASHFORD: The people in the back still can't hear. It is very, very difficult, especially when those at the table talk.

SENATOR RAND: Okay, we will try to--

FATHER RASHFORD: My name is Nicholas Rashford. I am President of St. Joseph's University, and Chairman of the Delaware River Port Authority.

SENATOR RAND: Congratulations. You won last night.

FATHER RASHFORD: Thank you.

Do you want to pursue the questions, or would you prefer that--

SENATOR RAND: No, you may make any statement you wish, sir. We will ask you questions, if you don't have anything to say. Whatever you wish; it is an open forum.

FATHER RASHFORD: I think the quickest thing I would like to do, and do it briefly -- and I say that to reassure myself, as well as the august panel -- is, I would like to take a quick minute and look at the history of where we have come in the last year-and-a-half, in particular since that has been my watch.

When I stepped onto the Port Authority as the Commissioner, in the late part of August 1987, at that time you had already engaged in hearings towards unification, and Frank Scanlon, my predecessor, had worked with the Commission and worked with, I think, all of the different regional bodies towards unification. And as it was moving closer and closer to something that could happen, the question was, could we get the states involved in a deeper way? I think the reason for that was that in most of the port authorities, the bonding thing -- the very financial thing that you have been talking about --

can only come to pass, be brought to bear on the port itself, if the states are involved. The city doesn't have the capacity to do it. That was being written out on both sides of the river here, that there were no funds in order to make the operating port, and a renewed port with new infrastructure possible.

It was at that time that we started looking towards the three Governors who had a concise, focused view on the Delaware River, and we brought together the Governors from Delaware, from New Jersey, and from Pennsylvania. I think it was at that point that common interests were thought through the entire Valley and what it means, and the commerce of that Valley. I think all three had an agreement.

By the fall of that year -- six months later -- it was very obvious that the first steps for unification would have to come with the relationship that existed in the Camden-Philadelphia-Gloucester area, and it was to that end that a second gubernatorial summit was held. I think those are the things we are looking at now -- the outcome of them -- which is on the table for the public to see, what we are trying to carry out today.

To that end, I think what we wanted to do -- and I was a part of that as much as anybody else-- The thing we really wanted to do was to bring the Port Authority -- the DRPA itself -- into a position where it could be a vehicle for unification. Its past history -- and it was a welcome and glorious past history -- was that it had operated the PATCO line, it had operated the bridges, and it had a marketing arm.

Vice Chairman Dickey and myself went to New York. We took a hard look at the New York Port Authority and tried to come to an agreement with what they were doing; what were some of the things that we would have to do if we were to come, not to that scale necessarily, but to come to that type of an operation? In doing that, it became obvious that in the New

York Port Authority, in particular, there was an operating arm for the Port itself, and this was separate from the economic development and the World Trade arm. It was obvious that the structure, then, of the transportation was a separate unit, and the bridge operation and the tunnel operation as a separate unit was also there.

In was in that context that we started to look at what it would take to do some of the organizational changes that would occur within the DRPA, to make it a structure that would be comparable to them. In the process of doing that, it was obvious to us that, due to retirement, and to the longevity of the people who had been working at DRPA, many of the top positions -- over 10 -- were going to come up for rotation in that period. That, too, added to the idea that we ought to take a hard look at what we ought to do in order to make it an organizational structure that would take us into the future. And I think that is the process that has begun.

In the Governors' summit, the other thing we wanted to come back to, was before DRPA could become a vehicle for unification -- and there had been attempts in 1963; there had been attempts earlier -- there was within the Philadelphia Port Corporation charter a reversion clause that it would turn over, at unification, to the DRPA. But before any of those clauses could ever be exercised, DRPA had to be envisioned as a vehicle for such a unification.

In the Governor's thing, we were asking: What can we do to bring that about? The World Trade Center and its involvement in the Camden area was one thing that certainly came to mind. What other things could we do to be a port in the full sense of the word, and to be a Delaware operating port? The big need we saw, looking at the overall port, was the long haul rail connections needed for everybody operating in this area. That is why the intermodal thing became a very important piece, not only to Philadelphia, but to the whole

port itself. It is important for us that that intermodal unit be located in such a place that it can have access from South Jersey; it can have access from the Pennsylvania side, because only by bringing all of the cargo that needs to be shipped a longer distance together, concentrated into one spot, will the thing make sense.

And then finally, the overall \$100 million Fund is to maintain the resource of this whole river, this whole valley, and give the port an opportunity to do that.

That is where we are today. We have gone back in-house. We had the Hay (phonetic spelling) people come in and study the exempt jobs, put points on it, and what did we find? We found out that by and large, at the top, or higher level, we were underpaying a bit. In terms of the lower level -- entry level -- we were probably paying higher. If I were going to err, I certainly think that is a healthy way to err. In terms of how we then compared for salaries with other organizations of our size and of our texture and of our type, the Hay people came back to say that we were in a comparable range; that we were probably doing it well.

We feel that the exempt, which is the other level of the organization below -- or the nonexempt -- ought to be studied, and the Hay study is going on to do that.

We were questioned in terms of how we looked at our financial handling procedures. We put out an audit -- an extensive audit -- and that is coming back to us to make sure that our procedures are beyond refute. These are things that have been done in order to give the organization stability, and to make it a place where people can turn, and say, "If unification is going to happen in the Delaware River Valley, it is going to be the DRPA that is going to do it." And that is what we have been about.

I'll stop at this point.

SENATOR RAND: Thank you, Father. Let me just ask you some questions. I'll try not to overstep my bounds, but we certainly have editorials commending and condemning. They really don't bother me, as long as I know I am going to try to do the right thing for my constituents in the State.

Is there a search for an executive director?

FATHER RASHFORD: Yes.

SENATOR RAND: Could you tell me what kind of a search? Could you tell me what some of the parameters are for that person to qualify? Does he have to be an expert in mass transit, port unification, port development, economic development?

FATHER RASHFORD: Yes, yes, yes, yes.

SENATOR RAND: And there is a nationwide search for that individual?

FATHER RASHFORD: Yes.

SENATOR RAND: Are you interviewing those people? The Commissioners-- Are they involved in the process, or is there a screening committee?

FATHER RASHFORD: There is a search committee that is involved in the process of interviewing the candidates, which has not yet begun. It will, though.

SENATOR RAND: Can we be assured that when an executive director is chosen, he will have eminent qualifications in that field of expertise?

FATHER RASHFORD: Yes.

SENATOR RAND: I have had people come to me and tell me all kinds of things. I want you to know when I-- I just want to qualify my next question. I don't want to appear insulting to you, Father, in any way. Have deals been cut as to who will get what? Are they already in position? Is Pennsylvania getting "X" and New Jersey getting "X," and everybody is now fitted into a slot: "My good old boys are going to get something," and then the good old boys on the other side are going to get something?

I find that, very frankly, a little bit distasteful, as far as this Senator is concerned -- if I am accused of being any part of that.

FATHER RASHFORD: And I would agree that that is distasteful to me, as well.

I think the executive director has to be brought in and in place before any other appointments can be made. I think that is the only fitting way to do it, and that is basically what is happening right now. That's why there's interim; that's why there have been no elections of officers, and we're still running on the slate that we have been running on. All of these things, because the executive director has to be a professional, with qualifications.

Then there has to be a confirmation by the Governor of New Jersey, which is the agreement in that whole process. In order to give the Port Authority some stability when that happens, the Chair will remain -- as long as the executive director is in place -- with Pennsylvania, so there will be then a stability.

SENATOR RAND: Before anything is a final decision, we certainly will be privy to those kinds of actions by the Port, whether it is a setup of authority, or whether it is the hiring of an executive director. And that is none of my business. If he is eminently qualified, I've got no problem. I just don't like brigadier generals. But if someone is eminently qualified, with the qualifications you've set up, that's fine with me, because I think we ought to look for an outstanding individual.

FATHER RASHFORD: Senator, the search criteria are for people who have had, and are holding positions with authorities, with others, with a wide breadth of experience, both in the transportation, the maritime, and the other industries that we are concerned with. I am convinced that we will have an individual chosen from this process who will fill those requirements and be outstanding.

SENATOR RAND: I guess one of the things, Father, that leads me to believe, not only from the perspective that port unification is right, but because we have a very outstanding individual who is leading as the Chairman in yourself -- and I'm not trying to butter you up; that's the last thing in the world I want to do-- But, do both sides of the river, the Pennsylvania Commissioners and our Commissioners-- Are they notified of everything that is going on, so that they are truly cognizant of what we're aiming for and what we're trying to get? Is the information that is shared with you shared with them, as well as the information that you share with your fellow delegates over on the Pennsylvania side? We have a little different setup than you, and of course this Committee will be making some recommendations on how we should handle this side of the river, with regard to your side. I just wondered. I sometimes speak to Commissioners, and they don't know what is going on.

FATHER RASHFORD: I think, and I am not trying to be evasive in return--

SENATOR RAND: No.

FATHER RASHFORD: I think information in a complex situation is very hard to communicate. I think in order to keep everyone informed-- For me, as head of the delegation from the Pennsylvania side, to keep my own fellow Commissioners up-to-date on what's happening, has been very difficult. It has not always happened, because there is so much going on, where you are reacting to the day-to-day ongoing business of the Authority at the same time that you are planning, and at the same time, those plans then impact other organizations, other legislatures, other states. It's very difficult just to stay on top of the whole situation.

SENATOR RAND: Is there any way we can begin to open up lines of communication to the Commissioners, at least -- I certainly have no right to interfere with your side of the

river, but I certainly take cognizance of my side -- so they are made aware of that is going on?

FATHER RASHFORD: Senator, I think that anytime anyone has asked any question, the answer has been there. It has been an oversight at times not to sit down and take each step of the way and present it in advance. Oftentimes, that occurs because you are just in the process of responding to something that has occurred, and you haven't had the chance to do it on a longer term basis; you haven't had the chance to sit down. Has there knowingly been any attempt to keep people in the dark? The answer has been, "No, not at all."

SENATOR RAND: Father, I guess you wonder why we are a little skeptical, but we have had some incidents with independent authorities in this State that would make your eyes open, and make you wonder what's going on. So we don't have a very optimistic picture of independent authorities. We don't want to create a situation here where the Legislature then wonders what they've done. We are going to be asked, very shortly I guess, to do something, and I just want to be able to at last stand on the floor and answer the questions that are going to be posed to me. You certainly have been very forthright.

Assemblyman Roberts, any questions for Father Rashford?

ASSEMBLYMAN ROBERTS: No questions, thank you.

SENATOR RAND: One more question, Father: Do you look at the development of the port as a tool for raiding one side or the other? Or, do you honestly believe -- and I'm sure you do, but I want to hear it from you -- that we're going to bring in more cargo, and that we are going to develop more trade to the benefit of both sides?

FATHER RASHFORD: Yes. Let me come back and address that. The thing that surprised me, as someone new and naive coming into the port a year-and-a-half ago, was that when you asked the question, "How do you get cargo from its origin point

all the way to its destination point?" some of the critical linkages were not available in the greater Philadelphia area. The biggest one of those was the intermodal; that there really wasn't the ability, on a timely basis -- on one day's notice -- to have a massive amount of cargo moved through the port. We couldn't offer those options, and that was one of the reasons that ships didn't call.

In terms of the thing we did well, which was bulk, it is my concerted opinion that if you watch what's happening, more and more things like cocoa beans, which are bulk now, could well be containerized in the future, so the handling of those is going to change. Also, the mode of transportation to make that possible is going to change. We have not had the double-stack capacity through the State of Pennsylvania, and the legislature was moving, and has moved, to grant that, and to make that channel available to the railroads that traverse the state. If we don't, on the port, then have a receptacle -- have some intermodal way to connect with this -- it is not going to be to our advantage. In other words, it will be traffic for other ports going through our state, but not our own.

In terms of New Jersey, in terms of Pennsylvania from both sides, our hope was to put a unit that would be close enough, and through the Authority -- in other words, not one side or the other, but through the Authority -- so tolls and other things could be lifted, so the advantage of hauling through an intermodal facility of the RPAs could be such that you could do it just as easily from South Jersey as you could from South Philadelphia. It's only by pulling those things together and providing that, that the whole area will then grow.

To come back, yes, if we can put and refurbish the infrastructure that makes a port work -- piers, docks, cranes -- if we can put tracks in place, which is the electronic transfer of information, and have that available to any user,

if we could come up with a private and public combination, this port could be one of the finest ports on the East Coast, and will be a port that will take us into the next century.

Those are the kinds of things we are putting together, and I think that we will do it. I think there are a lot of ways that the thing could get spoiled. All right? If each project on its own has to have a revenue flow that will pay for that project, I don't think it is going to work. PATCO wouldn't work, if that were the case. I think it is going to be at some point early on, until the cargo is built up and other things. There has to be some support of the bonds that will enable then the trade to occur. When those tolls and tariffs come into play, then it will pay for itself. But it needs some start to get it started in order to do it.

SENATOR RAND: Father, thank you very much for taking time from your very busy schedule. We appreciate your coming over. It was a pleasure hearing you. I'm sure we will see some more of each other.

FATHER RASHFORD: Excellent. Thank you very much.

SENATOR RAND: Again, thank you.

Thomas Holt. Good morning, Mr. Holt.

T H O M A S J. H O L T: Good morning, Senator, Assemblyman Roberts, gentlemen.

SENATOR RAND: According to the papers, you are one of the biggest actors on the waterfront scene. You take a nice picture, too.

MR. HOLT: That was my skinny picture of last year, sir.

SENATOR RAND: Oh, okay. Good morning.

MR. HOLT: Good morning. My name is Thomas J. Holt. I am here to testify and to help shed some light on any questions you may have dealing with our business. Where would you like to begin?

SENATOR RAND: Well, is there anything you would like to state -- anything you would like to say first before we start questioning? You may say anything you would like to say. If you want to speak for a moment or two, then we will ask you questions. I have a few questions I am going to ask you.

MR. HOLT: All right. Let me just begin with a brief synopsis of where we've been. As you are aware, Senator, this is at least the second, if not the third time I have appeared before you and your Committee. The very first time was at the Delaware River Port Authority several years ago -- approximately two-and-a-half years ago. We also went forth into Philadelphia with Congressman Foglietta and his desires with Congressman Florio, to attain what would be the best picture for the port.

We're speaking of a resource -- the port; a resource that will not be duplicated, that will not be enlarged, but is, in essence, what we have in our ability to make work, not only for the jobs it will generate, but also the recreation, hopefully for future generations to come.

When you look at that parameter, and review where the port is in relationship to the other ports of the North Atlantic, you will find that we are at a very strategic disposition, compared to the ports of New York, Baltimore, and Norfolk. Then you look at the regional process that has been in effect for the 23 years that I have been in business, and you will find, at best, that the port has done itself a tremendous disservice through the entities that have been here.

Regrettably, there has been no port leadership in this time frame that I have been in business. Twenty-three years ago, there were 14 companies in the stevedoring business in the Port of Philadelphia. Ships were waiting to come into the port. As the steamship entities of the world have progressed to new technology, companies have been rationalized, unified,

or gone out of business. These steamship companies then have looked for the most economical port to work at, as well as the most efficient to come in and go out of with their vessels.

In 1981, we hit a real low in the world of steamship entities. Through '81 to approximately '85, '86, there was a tremendous recession in the world market of import/export. It has slowly been turning the corner. As this corner has been turned, though, our sister ports were in a position to take advantage of bringing the costs down for the major steamship companies that pioneered the world of containers, as well as break well cargo. Consequently we have not been responsive to the importer/exporter's requirements as a port.

Today, unification, in my humble opinion, is at least 15 years late. Today, unification, as it is so designed on the table, is the first step. It is not what I would consider to be the ultimate step to make this port a success. Until this port recognizes that it must be responsive in infrastructure of facilities, labor, management, proper financing, we will not come into the twenty-first century prepared to be the premier port that we could be in the North Atlantic.

Today, I welcome the communications and cooperation that has been put together between our Governors, Governor Kean and Governor Casey, and certainly I am delighted that we now have some people who have the foresight and the vision -- key word, vision -- to take this port where it belongs, and not just let it languish in the North Atlantic with no direction.

How can I help you?

SENATOR RAND: Well, by answering some questions. Joe, do you have any, or do you want me to start first?

ASSEMBLYMAN ROBERTS: Let me just ask one question.

SENATOR RAND: Go ahead, please.

ASSEMBLYMAN ROBERTS: Mr. Holt, I sometimes think that the best way to unify the port, would be for everybody to encourage you to do it, and then kind of get out of your way.

That is a tribute to what you have done, I think, on the Jersey side, and have the potential to do on the Philadelphia side, as well, in terms of economic development. It has really been meaningful and very beneficial to people throughout this region.

I want to ask you to just expand on the thought you mentioned, that we are really just taking the first step here today through this whole process. Tell me a little bit about your thoughts relative to what kind of governmental structure is in place. In other words, do you think the DRPA has the proper authority to do what needs to be done, or is there a broader role that government either in New Jersey or in Pennsylvania or on both sides could play?

MR. HOLT: Well, that is sort of a dual question, Assemblyman, but basically we have not done anything unusual as a company except subscribe to the very basic elements of a businessman. First of all, we are motivated; we are motivated by greed. There is no doubt about that. From that motivation, we will, and have found that the best way to enjoy a profit and be successful, is to properly manage and work well within the community.

But that is not enough. We could sit back and be very content, enjoying a very nice business. It's a family business. It consists of about 1000 members of my family. But it is not enough if you want this port to go forward. I recognize that until this port unifies, it will only be a matter of time until even this very nice little business that has been engendered here, will eventually start to lose to the other ports.

To my knowledge -- and I am not a professional in this -- the only vehicle you have available to you to unitize -- bring together -- the port, is the Delaware River Port Authority. I have every confidence, recognizing what they have accomplished over the years, and what they have done with PATCO, that they can come forward and give the leadership to

the port that is required. But we're talking about total unification, not just maybe a \$100 million fund. One hundred million dollars doesn't take you too far these days, regrettably. The unification process goes beyond dollars. It is a reaching out to each other. It is the communication that the Senator asked about. It is the ability to put together a cohesive working plan to take this port into the perspective where it belongs in the North Atlantic. We can no longer sit back and spot our friends in Baltimore, in Norfolk, and in New York to the cargoes that are available to the North Atlantic. We are talking about the technology of ships that are not going to even be able to transit the Panama Canal, they are going to be so big. You are going to have to have the ability of your waterways to be down certainly now to a guaranteed 45 feet, maybe in 10 to 15 years, to 50 feet.

See, I can't look at what is best today, and maybe next year, or two years from now. We have to have a five-year program, a 10-year program, and then the grandchildren take over. The objectivity for this port, in order to have it work, is for a total unification, and this is a beginning. I recognize it as such.

ASSEMBLYMAN ROBERTS: Just one other question: If we acknowledge that the proposed \$100 million for the Port Development Fund isn't enough, what do you think of the idea -- of the concept of the Development Fund itself?

MR. HOLT: Oh, I think it's excellent. You will find that this port has lost opportunity after opportunity of bringing new cargoes here, because the entities weren't able to raise the money. Both of the entities are broke, on their own, and it was left to the private businessman to raise his private capital to hold the cargoes here; to build the buildings; to buy the cranes; to put in the intermodal rail yards. Today, we are an intermodal raid yard, right on our own facility in Jersey. I didn't want to be, but I had to be. So you need that ability behind you.

ASSEMBLYMAN ROBERTS: Okay, thank you. Thank you, Senator.

SENATOR RAND: While you are on the subject, can you tell me what the intermodal transportation system over at Packer Street will do to your intermodal -- to your system over here?

MR. HOLT: Well, our system as designed, Senator, is self-supporting, and it costs nothing to the importer or exporter to move his containers to or from our facility. We have excellent rail service. So I feel that Jersey will always be capable of standing on its own for an intermodal facility. But if we just speak of us alone, the problem we have is, what do we do in the future? Sooner or later, I will not be able to stand alone. I must recognize that this port must come together as one entity. That is why we have taken certain steps to try to foster the unification of the port.

Now, if you feel that you are looking to the future, the only physical place to put this intermodal yard, is where they have designed it. Conrail took us 23 miles north to Morrisville, and it cost approximately \$150 to get a container to Conrail. That then is \$150 more expensive -- more cost to the importer or exporter to come to the port. So, where they want to put it, we'll make it the largest intermodal terminal, compared to any on the North Atlantic. There is no one who has the size that they are envisioning over there.

SENATOR RAND: You are going to get free tariff from your facility over to the yard. Is that correct?

MR. HOLT: I have been told that.

SENATOR RAND: Okay. Let me go a step further: Every bit of material that you bring in-- Will it cross that bridge?

MR. HOLT: No, sir, no; definitely not.

SENATOR RAND: That is what I want to -- Then how do we get Conrail to understand that it is physically impossible for you to tariff everything across that bridge, which won't handle some of that machinery? Is that correct?

MR. HOLT: Well, it is a question of how Conrail and the Delaware River Port Authority establish the trade routes. For instance, to be successful as an intermodal yard, you have to have a train going north and south every day. You have to have a train going east and west every day. Consequently, we, in our intermodal yard, could not offer that total service. You are talking about multiple trains. So we will look to take full utilization of the intermodal yard in the South Philadelphia area.

SENATOR RAND: Do you mean that you could then accommodate both facilities?

MR. HOLT: Yes, sir.

SENATOR RAND: Do the people who are talking about unification understand that process, and have they been in touch with Conrail, to your knowledge? Or, don't you know?

MR. HOLT: I do not know, Senator.

SENATOR RAND: It appears to me from the testimony I heard, that everything is going through that particular yard, and that is what is based on the return. Again, what I am trying to do, and I guess it took us all this time to get to where we are-- I certainly want to set up all the rules and all the understandings at the beginning of the process, not at the end of the process, or not during the process. If it is important, and you have 1400 employees, and you are an important economic factor to this side of the river, and to New Jersey-- If it is important and you cannot transport your material to the other side, don't you think that is a basis to begin some negotiations prior to port unification?

MR. HOLT: The very fact that it is going to be a regional yard, and I have been assured that we would not be placed at any detriment for service or cost, tells us that it is obviously good for the region, because we are not talking about the cargoes that are here now, which could utilize that facility. We are talking-- The very theory of what I'm saying

is where you can represent to a world-class steamship company that you would have the ability to: have the draft for his vessels, the unlimited berthing capabilities for his ships, multiple cranes on either side of the river for his ships, no waiting, immediate unloading, plus the ability to go transcontinental in double-stack train capability-- Until you can offer this, you will not attract to this river the world-class, or round-the-world major steamship companies.

SENATOR RAND: Mr. Holt, are you satisfied with the initial plans for the intermodal system?

MR. HOLT: Yes, sir.

SENATOR RAND: I was merely trying to elicit support from you whether it would be good for you, or bad for you, or whether you would be under a handicap. I just want to make sure that from the beginning of this process we understand that we are trying to protect that which we have over here. I understand that there are sacrifices to be made for the total good of everybody, but if you are supportive of that, that answers that question.

MR. HOLT: See, Senator, I cannot overemphasize that this will open the door for cargoes that the port is not able to attract because of the lack of facilities. It will not only service the Philadelphia side, but will also reach into the Pennsauken area, where the other companies are, or even into the South Jersey Port Corporation, if they so utilize it.

SENATOR RAND: You're saying that with the increase in traffic, and the increase of cargo, that it will benefit all, and that is why it--

MR. HOLT: Absolutely. It opens up a whole new window of where you can go for cargo.

SENATOR RAND: Mr. Holt, I guess that is the first time that you really expressed that kind of positive support, and that's fine. I have no problem with that. I am very happy to hear that.

MR. HOLT: This is with the assurances that--

SENATOR RAND: Father Rashford must have talked to you.

MR. HOLT: No, regrettably, he didn't. I'm trying to find out his new diet. (laughter) No, this was put forth to us that it would be total utilization -- both sides.

SENATOR RAND: All right. Let me ask you a couple of other questions, Mr. Holt: South Jersey Port-- What is your position and your cooperation with them? We got a letter today from them. I don't know if you heard me read the letter.

MR. HOLT: I heard you read the letter, sir.

SENATOR RAND: Would you make any comment, or don't you wish to? If you pass, that's okay.

MR. HOLT: I will make the comment that in the 20 years I have known of their existence, they have had a charter to foster the eight counties, and to this extent, they are still in Camden. To the extent that they have a desire to be a profitable corporation, I personally have found them very obstructionist in my trade.

SENATOR RAND: Let me ask you one thing: I see by the papers that you have been interviewed for Packer Avenue.

MR. HOLT: We have been picked as one of three companies to negotiate for the Packer Avenue Terminal.

SENATOR RAND: Yes, right. Of course, I think that's great, because you bring to the Philadelphia side the expertise that you bring to the Jersey side.

MR. HOLT: Thank you, sir.

SENATOR RAND: So I think it is good for both sides, and I hope you get it.

MR. HOLT: Thank you.

SENATOR RAND: The only thing that bothered me that I read in the paper-- Is it true-- Did they say to you that they would have the right of first refusal, and that you could not detour any other cargo anywhere else? Explain to me what exactly they meant.

MR. HOLT: We are in negotiations, so I would not care to elaborate until it is concluded, and that paper will be given to you -- the agreement. But I can tell you that I will not do anything to the detriment of my home, which is the Gloucester facility in Gloucester City, New Jersey. We have over \$140 million invested there, and we are not about to have anything happen to that.

So while I am in negotiations, I can only relate the fact that whatever we do in New Jersey will be well-protected in this agreement.

SENATOR RAND: Are there any other comments you would like to make, Tom?

MR. HOLT: Only to the extent that we've got to get on with this, Senator. It has been talked to death. It has been consulted to death. It has been reported in reviews and reports to no end. Let's get on with it and get this port where it belongs.

SENATOR RAND: I, for one, appreciate your perspective because, to be very honest with you, I welcome the positive support you offer. It certainly influences some of my thinking, to be very honest with you. We appreciate your coming here.

Assemblyman Roberts, do you have anything else to add?

ASSEMBLYMAN ROBERTS: No, just thank you very much, Tom.

MR. HOLT: Thank you very much.

SENATOR RAND: Tom, I know you took some time from visiting elsewhere.

MR. HOLT: Yes, sir.

SENATOR RAND: We do appreciate it.

MR. HOLT: Thank you.

SENATOR RAND: I think it is important that your positive support is forthcoming.

MR. HOLT: Thank you, gentlemen. Have a nice day.

SENATOR RAND: Mr. Corcoran? We're coming to the end. We have about three more gentlemen. Have patience, and we will-- That was quite a surprise, wasn't it? Mr. Kelly, that was one for our side.

Mr. Corcoran, good morning.

**T H O M A S C O R C O R A N:** Good morning, Senator. My name is Thomas Corcoran, and I am the Executive Director of the Cooper's Ferry Development Association, in the City of Camden. I would like to thank this Committee for the opportunity to testify on what I believe to be a most important project for the future of this city, as well as for South Jersey and this region.

The Cooper's Ferry Development Association is a private, nonprofit development corporation that was established in 1984 by the three principal landowners of Camden's downtown waterfront: The City of Camden, Campbell Soup Company, and RCA, now the General Electric Company. Its mission is to plan and coordinate the redevelopment of a 90-acre parcel of land which goes from the Ben Franklin Bridge south to the South Jersey Port Corporation.

Cooper's Ferry is a public/private partnership made up of the heads of all of the private corporations and governmental agencies that have a vested interest in the redevelopment of Camden's downtown waterfront. At the core of the Cooper's Ferry project are two anchor development commitments which are now in the course of being realized. The first is the State of New Jersey Aquarium, a \$42 million facility now under construction that will be completed and open to visitors in 1991. The other commitment is a new World Headquarters for the Campbell Soup Company. The land exchange between Campbell and GE, which is necessary in order for the headquarters project to become a reality, is set to occur by the end of this summer, when the demolition of the old Campbell Soup buildings next to the bridge has been completed, as well as a new 1800 car surface parking facility for GE.

Building on these two anchor commitments, Cooper's Ferry has developed a strategic plan for realizing a large-scale, multi-use redevelopment of all of the remaining waterfront parcels within the next 10 years. These plans include: Additional private office development of approximately one million square feet; a hotel/conference center; a festival retail center; and approximately 1200 units of new waterfront housing. The total estimated investment in this project will be approximately \$500 million.

Mr. Chairman, I have given this background of the Cooper's Ferry project in order to discuss one of the critical elements of the port unification plan, which is the development by the DRPA of an International Trade Center as part of this waterfront development. The construction of this estimated 300,000 square foot facility will, in my opinion, be of great benefit, both to the Cooper's Ferry project, as well as to the Delaware River Port Authority.

In terms of benefits to the Cooper's Ferry project, the development of an International Trade Center within the next three years, more or less simultaneously with the Aquarium project and the Campbell Soup World Headquarters project, will enable us to achieve one of the most important goals of any waterfront development project -- to create, in a first phase, a critical mass of investment and activity from which all other projects can gather momentum.

The development and construction of a prestigious building of this size would help to immediately create a new skyline for the City of Camden. The building would house approximately 1200 employees from the Delaware River Port Authority, the State of New Jersey, and various private-sector tenants, and those 1200 employees will, in time, need places to eat and shop, which will help to stimulate our plans for retail development on the site.

Finally, the activities that DRPA would sponsor in this building -- workshops, seminars, regional trade conferences -- would bring in businesspeople from throughout the Delaware Valley to the Camden waterfront, and help to create the reality of an exciting and vibrant location to do business.

As I have stated, I also strongly believe that this International Trade Center project will be of great benefit to the Delaware River Port Authority. It will house DRPA staff and leadership in a prestigious new building befitting the expanded mission of the port, and it will do so at a site overlooking the Philadelphia skyline, within a redevelopment area that we believe will become a new center of business activity for all of South Jersey and the Delaware Valley.

As other development begins to occur on the waterfront, DRPA's economic return from this project will begin to increase, and the value of this building will appreciate. This project will be a very sound investment which will pay handsome economic dividends to the Delaware River Port Authority.

Next, Mr. Chairman, I would like to add testimony regarding the importance of port unification to the long-term economic benefit of the City of Camden and the combined Ports of Philadelphia and Camden. In my former capacity as business administrator of the City of Camden, which I left at the end of 1983 to begin this task, I was always struck by the fact that the City of Camden, unlike any other of the seven major cities in New Jersey, had no predictable long-term source of investment capital which could be used to foster and stimulate economic development projects. The cities of Newark, Hoboken, and Jersey City have made great strides because of the vitality of the Port Authority of New York and New Jersey, and the willingness of that Authority to invest in economic development projects. The City of Trenton has State government, which has

created a whole new office market in downtown Trenton, and of course, our closest neighbor, Atlantic City, has casino gambling and the Casino Reinvestment Development Authority, to sponsor and invest in projects crucial to that city's redevelopment.

What I see in the plans for port unification, Mr. Chairman, leads me to believe that an expanded and reconfigured Delaware River Port Authority, with economic development projects on both sides of the river as one of its missions, could finally give Camden access to that long-term source of investment capital, which it has never had.

In conclusion, Mr. Chairman, I know that many procedural, legal, and legislative tasks must be performed in order for this very ambitious plan to reach fruition. But I also understand that final legislation must include an investment plan that gives equal consideration to the long-term benefits of both states, both ports, and both cities, and that this is a very complicated undertaking from a political point of view. But I would urge you and other leaders in the New Jersey Legislature to devote your efforts to achieving that balance, so that this project can proceed. It is my impression that the momentum for regional cooperation in general, and port unification in particular, is a cyclical occurrence, and that we have a window of opportunity which, if missed now, might mean that unification might not even be considered for another 10 years. On the other hand, if this opportunity is grasped by both states, I believe we will all begin to see the tangible results of port unification within the next five years.

Thank you.

SENATOR RAND: Mr. Corcoran, thank you very much. Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: No questions, thank you.

SENATOR RAND: Thank you again.

ASSEMBLYMAN ROBERTS: Thank you, Tom.

SENATOR RAND: Mr. Crean, who will be followed by Mr. Rudoller. Richard Crean, Delaware Valley Chapter of New Jersey Motor Truck Association.

R I C H A R D T. C R E A N: I'm here.

SENATOR RAND: Good morning.

MR. CREAN: Good morning, sir. I am also President of McCormick's Express Trucking Company in Camden.

SENATOR RAND: That is even more important.

MR. CREAN: Since 1904. The New Jersey Motor Truck Association also feels, especially we in the Delaware Valley, that there should be port unification. Many of us operate to and from the piers every day. We feel, after coming to some of the hearings, that the Delaware River Port Authority would be the most likely group to head up that port unification.

However, we feel that an increase in tolls to pay for some of their projects, whether it be building an office building or to help establish the rail yard, is detrimental to us, as an industry. When they say a 10-cent toll increase in 1990, that means a 50-cent toll increase for us operating the typical five-axle tractor-trailer across the bridge. We now pay \$6 a crossing; \$12 round trip. It would make it \$13 round trip. In today's marketplace, the competition is very keen, especially on the intermodal containers, and it would be virtually impossible for us to pass on these charges to our customers. If it were, then it would just create what I consider a tax, and the consumer would be paying more money.

We did, in fact, support the Port Authority's toll increase the last time to repave the Ben Franklin Bridge. We feel the bridge is repaved, but we are still not allowed to use it, and if they have to repave the Walt Whitman Bridge, that money we authorized them to raise our tolls to, should be kept at the same level to pay for the bridge, and not any other projects.

That is about all I have to say on that. We do haul containers. If Mr. Holt does, in fact, take over the Packer Avenue Marine Terminal, and runs it like he does his Gloucester City operation, I would gladly pay an extra dollar in tolls.

SENATOR RAND: Rich, we didn't condone the increase. That was voted upon by the Board, by both sides of the river, I think, about a year-and-a-half ago, or two years ago. It was projected at that time -- as Mr. Kelly said -- to be July 1, 1990.

I understand your position. We just merely wanted to enter that in the record, so that it is understood that there was a toll increase projected way before unification came up. We have been in touch with Mr. Kelly. We are going to continue. Pat, have we not been in touch on the Ben Franklin Bridge? (affirmative gesture from Senator Rand's Legislative Aide, Pat Jones) Why? About the truck traffic. We will continue to pursue that, because if they start repaving the Walt Whitman Bridge, they better have an artery open somewhere else, unless they want to take it down to the Commodore Barry, or the Betsy Ross.

MR. CREAN: There's no easy way, Senator, to get on Interstate 95 from the Ben Franklin Bridge.

SENATOR RAND: I understand, Rich. We thank you for taking the time to come down to talk to us. Hopefully, we will double the amount of cargo that is coming in. That will give you double the amount of business. Thank you very much.

Mr. Rudoller -- Max Rudoller, from the HWR Corporation? Good morning.

**M A X R U D O L L E R:** Good morning, Senator. How are you?

SENATOR RAND: It was nice of you to come up from the south to visit with us,

MR. RUDOLLER: I thought it would be worthwhile.

Senator, I thought I would be the only trout going up the river by myself, but I see I have another trout swimming

with me. I have heard nothing here today that has changed my mind about the unification of this port. As you know, I am not for it. I can't see where I will be for it in the future. I hear about a lot of projects that are going to go up -- \$100 million, \$200 million, whatever. I have not heard one word here about how we are going to bring more cargo into this port. All I have heard is that we are going to build a Trade Center, railroad yards, big buildings, and that we are going to support it by renting to the State of New Jersey 100,000 square feet. That means, as Mr. Kelly testified here, that we are going to subsidize this -- Senator, you and I are going to subsidize this -- until we find private industry that will move in, and then we will turn it over to private industry.

I am going to jump back and forth, Senator, if you don't mind. Mr. Holt said that he can go ahead and work on both sides of the river; he has \$140 million tied up in his facility, and I believe him. As a businessman, Senator, if I see more profit on the Philadelphia side, damn it, that is where I am going to go. Make no mistake about it.

I will support this facility over here, so it is not going to cost me any money, and as long as I break even over on the Camden side, I will support that. But I see more profit over in Philadelphia. Senator, make no mistake. Tom Holt is a shrewd and smart businessman, and that is what is going to happen.

We hear a lot of lofty ideas on how this is going to come about, and about how North Jersey did this, but we are not North Jersey. No matter how you slice it, ships are going to have to come up the Delaware River, and we are going to have to give them some incentive to come up here. Like I said before, I have heard nothing-- It has been studied to death, and they are probably going to do more studies. They are going to beat another dead horse. But I have heard nothing today, not from one person who testified here, how they are going to go out in the world and get cargo in here.

Now, Senator, you know, and I know, that is not done by an authority. The Delaware River Port Authority can offer facilities, but it cannot make the customer come here. It is up to myself, people like Tom Holt, and other people, to encourage people to come here, because they are very comfortable in New York and in Baltimore, Norfolk, and so on.

I am not saying that we don't have to have the facilities to be able to handle that traffic, Senator. I agree with that. But what I am afraid of is-- I'll tell you a little story, if you have time: A stranger came into the house. There were two daughters and a daughter-in-law. The mother introduced the two daughters, and then she stopped. All of a sudden, she turned around, and she said, "Oh, by the way, this is my daughter-in-law, also." And that is exactly how I feel about Camden.

Senator, I am not very interested in Philadelphia, because I do my business over here in Camden. We have been the stepchild of the Delaware River Port Authority for a long, long time. Anybody who would like to take this up with me, I would be more than happy to have a discussion with them on that. I believe we are short two seats on the Delaware River Port Authority, so we don't have an equal representation right now.

More traffic is going to go into Philadelphia, Senator. If they are going to build the railroad yards over there, there is no doubt in my mind that more traffic will go over there. I am interested in Camden, Senator, for obvious reasons. Selfish? Yes, I would agree with you, and I agree with Tom Holt. We are. That is what we are in business for.

I am afraid that when this unification comes about, the Port of Camden will definitely suffer under it. We do not have the modern facilities over in Camden. I am interested in New Jersey, and I am especially interested in Camden, as you know, Senator. I have put my capital into Camden. Therefore, I am interested in Camden. I can't see for the life of me how

people can talk about doing unification, knowing beforehand-- Now, maybe it is not politically wise to say so, but I am not a politician, Senator. How can people sit here and say that unification is going to be good for Camden? We have to stand on our own feet over on this side of the river. We always have. Maybe we have suffered under this sometimes, but I believe thoroughly that the unification of this port isn't going to do the City of Camden any good.

You mentioned something about appointees, and so on, Senator. I am afraid that the "good old boys" are still the "good old boys." That will never change.

If you have any questions, Senator, I will be more than happy to answer them.

SENATOR RAND: Thank you, Mr. Rudoller. I take it that you are a skeptic.

MR. RUDOLLER: As you know, I am.

SENATOR RAND: Well, I can understand that, Mr. Rudoller. Your concern for Camden is certainly meritorious. I had hoped that the South Jersey Port Corporation would be here. I think they are a key player in this.

MR. RUDOLLER: I'm sorry that they are not, Senator.

SENATOR RAND: That they chose not to be here is their concern.

MR. RUDOLLER: As you know, I am no big supporter of them.

SENATOR RAND: There is no way we can make them come. This is not a subpoena power organization. The only thing we can do is express our concerns in Trenton, and we will express our concerns to them. I think they certainly have a vital interest in either approving port unification or not, and in saying what is on their minds. What we had hoped to do, very frankly, was get out some of the things that come to me through sub rosa conversations. If they don't choose to do that, I can't punish anybody. That is not in our purview. It is

merely to lay everything out and let the sunlight come in; get everything out on the table. I happen to believe that is the way government should work; that that is the way it ought to be, so the public knows what is going on. I still believe that is the way it should be done. I still believe in that process.

MR. RUDOLLER: May I add one more thing, Senator? The fact that we are going to have an increase, or that it is in the wings to have an increase-- As you know again, South Jersey is going to pay most of the increase, because there are more people going over the bridge from the New Jersey side to the Philadelphia side, than there are people coming over from the Philadelphia side to the Jersey side.

SENATOR RAND: We have always been very cognizant of protecting our consumers, whether they be motorists or whether they be mass transit users. We certainly will be watching very carefully. We are not going to allow-- If I followed Mr. Kelly correctly, there is no intent, except under the conditions about which he spoke. I have known Mr. Kelly to be a very truthful individual, although we do not agree sometimes. But his integrity, I have never questioned, and I certainly am not going to question it now.

I can assure you that we will be watching carefully. If he ever comes up with the idea, as a consultant or as an ex executive director, of \$1.50, and raises PATCO fares to where they are unacceptable, we certainly will holler loud and clear. We are going to attempt to put in some legislative oversight -- maybe that is a new direction the Legislature is taking -- to see that we do have some say, and to see that we have the ability of having somebody on there from State government -- I don't think I am letting any cats out of the bag -- who the Legislature will be able to converse with and be in touch with.

The Pennsylvania side has public officials on the Commission. I don't mean elected officials. I am not

advocating that. But there may have to be a public official, or public officials who are responsive to the Legislature on that Commission. So, we will be watchful, and we will certainly be careful about protecting the consumers on this side.

Max, I thank you very much for coming up 1100 miles to testify. I'm sorry we can't give you your plane fare back.

MR. RUDOLLER: That's one of those things, Senator.

SENATOR RAND: Again, thank you very much.

MR. RUDOLLER: Thank you. Have a good morning.

SENATOR RAND: Is there anyone else who wishes to testify? (affirmative response from audience) My friend, Bill Dickey. Commissioner, it's a pleasure.

C O M M I S S I O N E R W I L L I A M K. D I C K E Y:  
Thank you, Senator, Assemblyman Roberts.

Senator, I have listened very carefully to the testimony today, and until your last comment we didn't really talk about the legislation involved.

SENATOR RAND: That will be handed to us, I guess.

COMMISSIONER DICKEY: As I perceive the legislative process, there will be two particular bills to come before the Legislature. One will be to consider the three projects which were very carefully outlined to you by our former President, now advisor, Jim Kelly. Those three projects must, of course, be approved by the legislatures of the two states and by the Congress of the United States eventually.

The second piece of legislation, as I perceive it, will be to amend the charter of the Delaware River Port Authority. As I understand the proposal to amend the charter, it would provide that at least two of the Commissioners from New Jersey would be ex officio from the State government. I believe it would be the Commissioner of Transportation and the State Treasurer. They, like the State Treasurer of Pennsylvania, and the Auditor General of Pennsylvania, would be

there by virtue of their office, and would be ex officio members. That would be a departure for New Jersey to have State officials on the Delaware River Port Authority, but it might be a good departure, because it would, as you point out, bring State government closer to the activities of the Port Authority.

I also understand that the legislation would provide for veto power over the minutes of the Port Authority by the Governors of the two states. That would be similar to the veto power of the Governors of New York and New Jersey in the New York/New Jersey Port Authority. I think that is a desirable feature, too, because the Governors of New Jersey and Pennsylvania certainly ought to have the right to veto our minutes, if they find that our activities are objectionable from a state standpoint.

The other amendments, as I understand them to be, would be to expand the activities of the Delaware River Port Authority beyond what they are spelled out to be in the current charter. The expanded activities, as I understand them, would be to authorize the Port Authority to operate marine terminals and perhaps other economic activities, such as -- I am trying to think of the word that escapes me at the moment -- but such as an industrial center -- an industrial complex, if you will -- that would be related to the ports of the Delaware River. That expanded authorization to the Port Authority is desirable, because if we are going to be a viable entity in this region, we should be able to help the economy in those areas, particularly if we find that an industrial park would be of service to Camden or Philadelphia, and there was no other entity to sponsor it, it might be worthy of sponsorship by the Port Authority. I understand that the Port Authority of New York and New Jersey is also moving in that direction.

So, as a legislative hearing, I think you are concerned about two pieces of legislation: One is the

authorization of the three projects, and the other is the amendment of the charter of the Delaware River Port Authority.

The three projects have my support, and that has come with some reluctance over some period of time. I had some reservations about the projects when they were initially announced. It was my feeling that the State of Pennsylvania and the City of Philadelphia had to get their act together. What we had seen over the years was that the City of Philadelphia, through the Philadelphia Port Corporation, for years had done nothing to upgrade the terminal facilities that were under their jurisdiction. Perhaps the City of Philadelphia could not afford to do so, and Pennsylvania, up until recently, seemed uninterested, or disinterested in the whole subject.

But more recently, Governor Casey and the legislature of Pennsylvania have committed themselves -- committed the State of Pennsylvania -- to a substantial appropriation -- which I understand to be about \$54 million -- to upgrade the facilities of the Philadelphia Port Corporation. I believe Governor Casey announced earlier this week, or last week, that part of that money was now at hand, and they were going to move ahead with improvements in the Philadelphia port area.

That commitment of the State of Pennsylvania has answered my reservation about these projects. I believe there is a strong commitment now by Pennsylvania to upgrade their facilities in the Philadelphia port region. There is going to be a reorganization of the Philadelphia Port Corporation. I happen to be an ex officio member of that Corporation, by virtue of being Vice Chairman of the Delaware River Port Authority. It has been my observation over the years that the Philadelphia Port Corporation was handicapped by a lack of funds, that there were vast conflicts of interest on the Board of Directors, and that it was a stagnant organization, but I believe the Governor of Pennsylvania and the legislature of

Pennsylvania intend to reorganize that agency, to make it more responsive and a more viable body.

So that has changed my attitude toward these projects considerably. I believe the three projects will be of great value to this port area. However, Mr. Kelly, in presenting his draft to you today, left out any study of the feasibility of these projects, or the costs thereof. Now, that, I think, is an omission which is not his fault, because we have not yet received a report from experts as to the feasibility of these projects or the anticipated costs thereof. The draft report which he gave you leaves that out. Hopefully, the feasibility studies and the cost studies which the Legislature is certainly entitled to have, will be forthcoming. But I would urge the Legislature not to rush into the approval of these projects until you are satisfied as to the feasibility and the cost features of it.

Father Rashford, I think, was very honest with you today when he indicated that early on, funds from the Delaware River Port Authority are going to be required to get these projects moving, and hopefully later on, the projects may become self-supporting from user fees or rents from the International Trade Center. The feasibility study hopefully will spell that out.

I have some reservation about that myself. I think it will be necessary, at least in the early years, to use funds from the Delaware River Port Authority which originate from tolls on our bridges to fund these three projects.

The fourth project which was recommended by the Governors of New Jersey and Pennsylvania -- the so-called "Tract Program" -- the communication system between the Custom House and the docks, has been approved, and will be approved by the Delaware River Port Authority. We perceive that that project is within the scope of our authority, and we are moving ahead in that project.

I think I have stated my position as clearly as I can. I am supportive of the projects, but I also urge the Legislature to very carefully analyze the feasibility studies and the cost studies, because I don't think you should be misinformed that this isn't going to cost money from the Delaware River Port Authority to get it moving initially, and perhaps for a long period of time.

The Senator mentioned that I had some notions about expanding the PATCO high speed line. I certainly would have preferred that as a project, rather than these three projects, but I am committed to them now. Hopefully, not too far in the future, we can move ahead in extending the high speed line into Burlington and Gloucester Counties.

I thank you, Senator Rand, for your good support of that notion.

SENATOR RAND: Commissioner Dickey, thank you very much. Let me just tell you, if anyone knows the legislative process, you certainly do. I can assure you that when the bills are handed to us -- and handed to us they will be-- I am sure that when the committee that they are referred to will certainly want a feasibility study. They will want the impact on the New Jersey side; they will want to know about PATCO; they will want to know about bridge tolls. They will want to know the whole story. The Legislature has gotten more thorough and more thorough in their interrogations. You are on target on everything from what you understand, on the change of the compacts. I did hear there might be a variation; that the Commissioner on Economic Development might be in place of one of the others. I don't know. I am merely telling you what I heard. I haven't seen any bills. I haven't seen any legislation.

There are some other concerns that you heard me speak with the Mayor of Camden about today. We think that representation should be geographically correct; that those

communities on which it has an impact should at least have representation. That does not mean that we are dissatisfied with the Commissioners; quite the contrary. I think you have done a fine job, and I respect each and every one of you. But I think if anything, if we are going to have a Board, it has to be balanced; it has to be representative of both parties; it has to be representative of the communities that it affects. I don't have to tell you that it affects Camden County. We have three bridges out of the four in this county -- the Betsy Ross, the Ben Franklin, and the Walt Whitman.

If any county is affected, it is certainly Camden County. We have found that we have had an erosion of Commissioners. We have always had four; we don't have four today. That doesn't mean that I want to protect my "good old boys." As far as I am concerned, Commissioner, they can appoint anyone they want. It makes no difference to me, as long as they are representative; as long as their intent is there; as long as they have ability. I am not interested in who. I am interested in what they represent, and for what purpose.

I thank you. I didn't think you were going to speak today, but it is always a pleasure to hear from you.

COMMISSIONER DICKEY: Thank you. I am very proud to be one of the Jersey "good old boys." I happen to have lived in Camden County all of my life, so I have a personal interest in this county. The other two Commissioners from Camden County likewise -- Mr. Harry Benn and former Mayor John Gilmour, of Cherry Hill.

Thank you very much, Senator, and Commissioner -- Assemblyman. I should remember that very easily.

SENATOR RAND: Commissioner, thank you very much. Is there anyone else? (no response) If not, this hearing is adjourned. Thank you very much everyone.

(HEARING CONCLUDED)

APPENDIX

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Honorable Walter Rand, Chairman  
Subcommittee of the Senate Independent  
Authorities Committee  
State House Annex  
CN 068  
Trenton, New Jersey 08625

Dear Senator Rand:

Thank you for inviting me to attend a public hearing on February 7, 1989 regarding the progress of the Delaware River Ports proposals for Port Unification. I do not believe I could add anything meaningful to the testimony I presented at the last public hearing.

We at the South Jersey Port Corporation have not received any official information nor have we been consulted on the proposed plans for unification ~~and~~ reorganization of the Delaware River Port Authority. We know only what we have read in the press.

We feel we have an obligation to our tenants and some 1,000 employees at our facilities to be more involved in such a major issue effecting us. Also more than 100 vendors and suppliers of services to our various operations are concerned.

Please let me know your feelings on the foregoing.

Sincerely,

  
Edward J. McManimon, Jr.  
Chairman

EJM/jml

cc: Directors  
J. A. Balzano  
R. L. Pettegrew

D R A F T

Cover Page

REPORT  
of the  
DELAWARE RIVER PORT AUTHORITY  
of  
PENNSYLVANIA AND NEW JERSEY  
to the  
LEGISLATURES  
of the  
COMMONWEALTH OF PENNSYLVANIA  
and the  
STATE OF NEW JERSEY  
to  
IMPLEMENT AUTHORIZED PURPOSES UNDER COMPACT  
PROVISIONS ARTICLE I, (c), (h) and (k), as follows:

- 1) Develop an International Trade Center in Camden,  
New Jersey
- 2) Develop a Regional Intermodal Container Transfer  
Facility in Philadelphia, Pennsylvania
- 3) Establish a Port Enhancement and Development Fund

JANUARY 1989

\* \* \*

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SECTION ONE

DELAWARE RIVER PORT AUTHORITY  
of  
PENNSYLVANIA and NEW JERSEY  
Administration Building  
Bridge Plaza  
Camden, New Jersey

THE HONORABLE: THE LEGISLATURES OF THE COMMONWEALTH OF  
PENNSYLVANIA AND THE STATE OF NEW JERSEY

PREAMBLE

The Governors of New Jersey and Pennsylvania, in a meeting on November 1, 1988 at St. Joseph's University in Philadelphia, Pennsylvania, called upon the Delaware River Port Authority to seek Legislative consent to exercise the authorized purposes of its Compact in carrying out certain projects to improve port facilities for the enhancement of the commerce and economic development of the Port District.

The Compact of the Delaware River Port Authority states that before the Authority shall undertake any of its authorized purposes, it shall make a report to the Legislatures of New Jersey and Pennsylvania setting forth the nature of the project, the cost of the project and the means of financing the project.

Through this report to the Legislatures, the Authority seeks consent to undertake the construction of an International Trade Center in Camden, New Jersey, a Regional Intermodal Container Transfer facility in Philadelphia, Pennsylvania, and the establishment of a one hundred million dollar (\$100,000,000 Port Enhancement and Development Fund.

Set forth herewith are the detailed proposals of the Governors of New Jersey and Pennsylvania for the development of the Port District to be carried out under the authorized purposes of the Delaware River Port Authority with the consent of the Legislatures of each state.

INTERNATIONAL TRADE CENTER

I - The Project

The development of a International Trade Center facility in Camden, New Jersey is a project resulting from an agreement between the Governors of New Jersey and Pennsylvania and endorsed by the Commissioners of the Delaware River Port Authority.

The project is seen as a key element in the major program for the revitalization of the waterfront district of Camden. It is a project designed to generate multiple benefits for Camden, the Authority, the Ports of the Delaware River and the economy of the entire region.

Principle benefits that will result from the creation of the International Trade Center are:

1. It will serve as a keystone project of the Cooper's Ferry Development Authority plan for the Camden waterfront.
2. It will provide a centralized location for international activities generated by the Ports of the Delaware River.
3. It will provide the opportunity for the Delaware River Port Authority to offer increased services to the maritime community of the Ports of the Delaware River.
4. It will provide the opportunity to initiate new programs centering on international trade and thus advance the competitive posture of the Ports of the Delaware River.
5. As part of the Cooper's Ferry Development Authority program, it will create opportunities for economic growth in the Camden area.

These benefits are the basis for the joining together of the public (Cooper's Ferry Development Authority; New Jersey Economic Development Authority; Delaware River Port Authority) and private interests in developing the International Trade Center.

## II - The International Complex - Concept and Reality

The Camden/Philadelphia area is already a well established international community. The port facilities that line both sides of the Delaware River represent an important segment of the economy of the entire region.

Development of an International Trade Center is a natural further step in the enhancement of the international make-up of the area.

World Trade Centers over the past decades have become integral components of most of the major port cities of the world. The World Trade Centers in New York, Baltimore, Norfolk, Houston and other United States trade centers are seen as essential service centers of these ports. Trade Centers, International Exposition Marts and other such facilities are in operation throughout the world.

They serve as focal points for port and trade activities; create efficient communication and operation centers; offer special services to shippers, international business and other users of the port cities they serve.

The Camden International Trade Center project would respond to all these objectives and could be the basis for a range of new and productive international activities benefiting the Ports of the Delaware River.

Because of the proximity of Camden to Philadelphia, the activities spawned by the International Trade Center will be fed by the resources of the two city region. Educational, trade, maritime and commercial associations from both sides of the River become a part of a variety of international programs that development of the Camden Center will make possible.

World Trade Institutes and training centers will take advantage of the resources of such outstanding institutions as Rutgers and the Wharton School. The large financial and commercial centers of the area offer almost unlimited possibilities for developing such projects as International Trade Marts and Expositions.

Not only does the International Trade Center represent a logical further development in the enhancement of the Ports of the Delaware River, but it represents the opportunity to create whole new programs of international activity for the Philadelphia/Camden region.

### III - The Site

The International Trade Center is now proposed as a part of the Cooper's Ferry Development, a dramatic project designed to restructure a significant portion of the waterfront district of Camden.

The project itself has a strong international flavor. Campbell Soup Company's portion of the project is the development of its world headquarters. There is an international food complex in the plan. The use of the Delaware River as a public transportation link between Camden and Philadelphia via ferry service focuses attention on the waterway system. The Aquarium is a world class showcase of aquatic life.

Cooper's Ferry is, indeed, an International Complex. The Trade Center could not find a more appropriate site. The site assures that the Trade Center will be built in a prominent location, surrounded by quality development.

The excellent local and regional transportation system that feeds the site is a strong, positive factor in attracting tenants, employees, visitors and business interests wishing to take advantage of the unique services of the Center itself.

The site presents no limitation to the design or the function of the building. Indeed, every thing about the site adds to the character and efficiency of the structure.

The site is, in summary, ideal (see Figure 1).

### IV - The Development Plan

The Delaware River Port Authority is now proceeding with plans for the development of the International Trade Center. Camden.

Since it has been agreed that the Trade Center will be located within the Cooper's Ferry Project, liaison has already been established with the Cooper's Ferry Development Authority and meetings have already taken place with appropriate representatives of the Cooper's Ferry Development Authority.

The first two essential steps in the development plan are the selection of the specific location for the International Trade Center within the Cooper's Ferry project and the creation of a building program for the facility.

These steps are somewhat interdependent since the Cooper's Ferry Development Authority has entered into agreements with a private developer relating to the site considered pos-

appropriate for the International Trade Center. Further, the Cooper's Ferry Development Authority has suggested that the Delaware River Port Authority consider a joint venture with the private developer. It should also be noted that there are other sites within the Cooper's Ferry project that could be made available to Delaware River Port Authority for the development without a joint venture.

Under the Governors' Agreement, the Delaware River Port Authority and the State of New Jersey will commit to occupancy of two thirds (2/3) of what is now proposed to be a building of approximately 300,000 square feet.

Given all the above factors, the Delaware River Port Authority must first address the question of whether it should be the independent developer of the International Trade Center or whether there is advantage to a joint venture approach. Some of the factors in the equation relate to the financing resources open to the Delaware River Port Authority and others relate to the market for the non-public space in the building.

An essential step in the development plan is a building program. The building program is the guideline on which the actual design of the structure is fashioned.

Good building programs result in good design and assure that what is built will answer the needs of those who will either work in the building or use it for other purposes. Therefore, the program must be as thorough and as realistic to the needs and demands of the building as possible.

Such programs are designed to develop a use profile of the facility and thus dictate space requirements, service specifications and any unique functions that will be part of the day by day life of the building itself.

The key elements of the building program are:

- tenants characteristics i.e. the nature of the business of those who will occupy space in the building.
- tenant population.
- security requirements.
- special communications equipment (computer/teleport/electronic communication etc.) that might be used by tenants.

- public facilities (lobby, observation or exhibit areas, etc.).
- special commercial activities (newsstand, bank, food service, etc.).

Developing an accurate profile of the use of the building based on the above creates the data base for:

- floor layout
- mechanical/electrical requirements
- lobby and public area design
- elevator requirements
- special structural requirements.

It is critical therefore that the building program be developed by experts in this specialized area. The Delaware River Port Authority will, as a first step in the development plan, employ a firm with broad experience in the commercial real estate field to put together a solid building plan that can be used to assure good design.

This step will provide the Delaware River Port Authority with a clear picture of the type of International Trade Center structure that meets the needs of prospective tenants and provide valid forecasts of the marketability of the project.

#### V - Project Schedule

The International Trade Center can proceed on a "fast track" schedule once the basic decision regarding independent or joint venture development is made by the Delaware River Port Authority.

Regardless of which approach Delaware River Port Authority decides on, there are certain elements already in place which allow for speedy development. They are:

1. The decision has been made by the Delaware River Port Authority to proceed with the project.
2. The general site area is known.
3. All the steps outlined in the development plan (IV) can move ahead concurrently.
4. Resources are available within the Delaware River Port Authority and through employment of outside consultants to move the project forward upon legislative approval.

5. Working relations on the project between the Delaware River Port Authority and Cooper's Ferry Development Authority have already been established.

It is possible from the time of: a) legislative approval, and b) decision on the role of developer, that the International Trade Center can be constructed and be ready for occupancy within thirty (30) months.

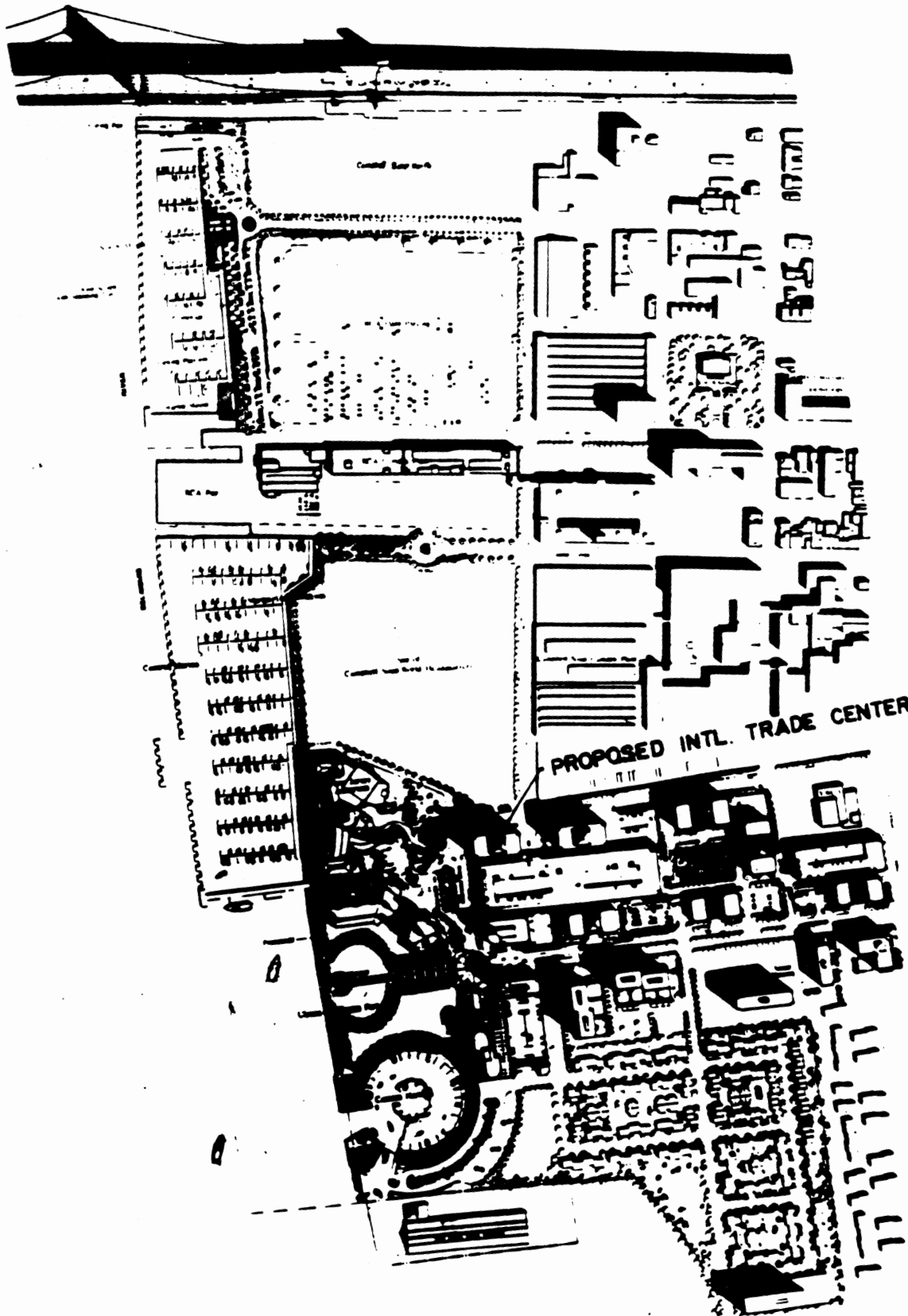
#### VI - Financing the International Trade Center

Funding for the International Trade Center project can be developed through borrowing (revenue bonds) or cash or a combination of both.

Final determination of the method of financing will be greatly influenced on whether the Delaware River Port Authority is an independent developer or whether it enters into a joint venture for development. This imparts the type of funds to be used, the tax status of such funds and the return on investment by the Delaware River Port Authority.

The project cost is estimated at \$30,000,000. The estimate is based upon current area building costs of \$100 per square foot for a 300,000 square foot building. This estimate appears valid for planning purposes.

Rental income can best be determined by the market survey referred to in section IV. Operational costs will be generated in the same manner. These factors will be the base for projecting a pro forma for the project.

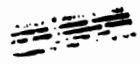


MAP A

PROPOSED INTL. TRADE CENTER  
CAMDEN WATERFRONT

PHASE 2  
THE COOPER'S FERRY DEVELOPMENT ASSOCIATION

11X



REGIONAL INTERMODAL CONTAINER TRANSFER FACILITY

I - The Project

The Delaware River Port Authority proposes to develop a Regional Intermodal Container Transfer Facility that would serve as a center for the transfer of rail borne freight to and from the carriers and the pier facilities within the Delaware River Port District.

The facility will be constructed on a portion of the Greenwich rail complex presently owned and operated by Conrail. It is located in South Philadelphia immediately below the western terminus of the Walt Whitman Bridge.

Delaware River Port Authority proposes through purchase or lease with Conrail to assume control of sufficient property to enable it to develop the project on a phased basis, responding to the traffic demands of the present and future.

II - The Need for the Project

The recent and intense focus on the state of the ports of the Delaware River has generated much public discussion and spawned several published reports.

While there are differences and distinctions among the reports on the most critical port issues and the most needed solutions, there is unanimity on the matter of the need to provide a consolidated rail interchange yard to serve the entire port complex.

The need for the facility was defined in the Delaware River Port Authority's "Assessment of Development Needs;" in the report to the Governor of Pennsylvania by The Economic Development Partnership Committee (The Wendt Report); in the Delaware River Port Authority commissioned report: "Unifying the Ports of the Delaware River," and in the "Strategic Business Plan" report of Booz, Allen & Hamilton to the Philadelphia Port Corporation. These reports identified the consolidated rail yard as an essential missing element in the Port's resources.

The reasons why a consolidated rail yard is given such high priority by all who survey the needs of the ports of the Delaware River are:

- such facilities are considered as a basic to the operation of a modern port system and are found in every such port in the world.
- no such facility exists to serve the ports of the Delaware River.
- lack of such facility requires trailer and container freight to be loaded and off-loaded away from marine terminals resulting in high drayage (trucking) costs, far in excess of those at other ports.
- present loading, off-loading facilities scattered throughout the port complex are small, restricted in land area and are not serviced by modern equipment. Thus, any increase in potential cargo is threatened by the inability of the port to handle more volume in an efficient manner.
- any possibility of developing high volume, express rail service to markets outside the port area is totally dependent on a consolidated, central discharge and pick-up point.

The ports of the Delaware River suffer from the lack of a consolidated rail transfer facility to efficiently and economically handle present cargo volumes and cannot hope to expand the cargo market base without such a facility.

### III - The Site

The Greenwich Yard, owned and operated by Conrail is located on the Philadelphia waterfront adjacent to a major marine terminal (Packer Avenue) and directly linked to the I-95 and Walt Whitman Bridge highway systems. It will provide direct rail links to the major rail systems north, south and west. It is ideally situated to serve port facilities on both sides of the river.

The southern part of the Greenwich Yard is in active use servicing Conrail's port/bulk cargo handling facilities for coal exports and ore and fertilizer imports. The northern section of the yard is less intensely used and can be developed as the Regional Intermodal Container Transfer Facility. The total size and configuration of the Greenwich Yard assures compatibility between the bulk handling capability of the yard with the phased development of the Container Transfer Facility.

Since the yard was designed and used for the same basic rail operation as herein proposed, there are no zoning or environmental obstacles to be overcome.

#### IV - The Development Plan

The basic elements of the Delaware River Port Authority's development plan for the Regional Intermodal Container Transfer Facility are:

- 1) Facility use feasibility study
- 2) Design of facility
- 3) Operational program for the facility
- 4) Acquisition of the property
- 5) Construction of facility

##### 1) Facility Use Feasibility Study

The facility use feasibility study will evaluate the present and future use of a Regional Intermodal Container Transfer facility in terms of volume and type of goods to be handled at the facility. It will evaluate the costs and benefits to be derived from the development of the facility. The study will produce a feasibility report indicating the cargo types and volumes to be handled, the costs of operations and the revenue flow to support the project.

The first stages of the study have been undertaken by the Delaware River Port Authority. Present rail carried cargo flows have been analyzed. Projections of future cargo volume have been developed based on market commodity studies. These studies indicate substantial market potential to improve port commerce through the construction of a Regional Intermodal Container transfer facility. Based upon the base line data developed by the Authority staff, the consulting firms of Vickerman, Casary, Miller and Booz, Allen & Hamilton will provide an indepth use feasibility report.

##### 2) Design of Facility

Under the direction of the Delaware River Port Authority, the engineering and architectural firm of Vickerman, Casary, Miller will provide the design of the transfer facility based on the findings and recommendations contained in the Facility Use Feasibility Study. Similar facilities have recently been designed and constructed in other major ports of the United States (Baltimore, Los Angeles/Long Beach, New York, Oakland, Tacoma, et al) in which the expertise of the Vickerman, Casary organization has been utilized. This same expertise will produce an advance state of the art facility for the Ports of the Delaware River.

##### 3) Operational Program for the Facility

The operational program will be a product of the use feasibility study and the design of the facility. In general terms, the operation of the regional facility shall be

undertaken by the regional agency, the Delaware River Port Authority

4) Acquisition of the Property

The Delaware River Port Authority will acquire full and unconditional use of that portion of the Greenwich Yard needed for the project in order to provide operational control and to protect the financial investment required to develop the facility. This will be accomplished by: a) Purchase, or b) long term lease.

5) Construction of the Project

The Vickerman organization will prepare construction documents for the DRPA to seek bids from qualified construction companies. Construction of the facility will commence upon the successful completion of the facility use study, the design and the property acquisition.

The Regional Intermodal Container Transfer Facility (see Figure 1) will be constructed in phases, on a 75 acre site in the Greenwich Yard in Philadelphia, Pennsylvania. It will be 8500 feet in overall length. Four tracks, two on each side of the facility will permit simultaneous loading and unloading of four unit trains of 60 to 100 cars. Between the two sets of tracks will be a paved container parking area permitting 90 degree parking of 1440 forty-five foot containers. The yard will be equipped with two transtainers, two to four overhead lift vehicles and road/rail transfer equipment for domestic cargo for the Food Distribution Center.

The completion of the project is estimated to take twelve months from the acceptance of the construction bid and the cost is estimated between \$15 and \$20 million.

V - Project Financing

The Consolidated Rail Transfer Facility will be accessible to all port users and operated by a public agency. Therefore it can be financed with tax exempt bonds issued by the Delaware River Port Authority.

VI - Revenue

Revenues generated by the Consolidated Rail Transfer Facility are dependent upon the through put volume and nature of the cargo. The facility use feasibility study will project market potential to produce sufficient revenues to satisfy bond coverage requirements associated with the issuance of bonds.

PORT ENHANCEMENT AND DEVELOPMENT FUND

I - The Project

It has been agreed by the Governors of the States of New Jersey and Pennsylvania that the Authority should undertake to create a fund of up to \$100 million to be invested in the development and enhancement of the Delaware River Ports.

As documented in many studies, the Delaware River Ports require improvement, expansion, and modernization of capital facilities in order to enhance their competitive position in international trade and thereby to bestow upon the region the employment and economic benefits associated with a healthy maritime industry.

II - The Port Enhancement and Development Fund

**Funding**

The Fund will be created at once, or over time as demand and prudence dictate, from available cash or from the sale of Delaware River Port Authority bonds or from a combination of the

**Purpose**

The Fund will invest in port enhancement and development projects either directly or by loans to or joint ventures with port agencies and operators. Such investments may include, but are not limited to, channel dredging and maintenance, the construction and equipping of port facilities, including facilities for the loading and unloading, handling, storage, and shipment of cargo, and the acquisition of real and personal property as required to accomplish said enhancements and developments.

**Self-Supporting**

The investments made by the Fund, whether direct or by loans or joint ventures, will be based on economic, engineering, and financial feasibility studies which demonstrate that they will be self-supporting from projected revenues deriving from the investments, and, in the case of investments made from bond proceeds, that they will return sufficient revenues to satisfy bond coverage requirements associated with the issuance of the bonds.

Excess revenues earned from the investments will be retained in the Fund and used for further investments in port enhancement and development, subject to the same conditions as those described above.

## PORT DEVELOPMENT FUND

### Assumptions

The Fund is to be set up to finance up to \$100 million of port enhancement projects. The Fund may be set up at once or as needed for specific projects. Profits from the operation of the Fund will be retained in the Fund to finance other port projects, that is, the Fund will be revolving.

### Tax-Exempt Bonds

The Fund may be financed with tax-exempt bonds as long as the projects it finances are eligible for tax-exemption. Such projects would include direct investments by the Delaware River Port Authority in port activities, such as channel dredging, loans to public port agencies for eligible, public port projects, and port projects owned by the Delaware River Port Authority or public port agencies and leased by an operating lease to private port operators. An operating lease means that the lessee will not benefit from depreciating the leased property, the lease term will not exceed 80% of the life of the project, and there will be no purchase option at other than fair market value.

Public port projects can be financed with public-purpose tax exempt bonds. Private purpose bonds for eligible port projects, such as in the lease example given above, can also be financed with tax-exempt bonds, but the interest on such bonds will be subject to the Alternative Minimum Tax and the bonds will be subject to different rules than the public purpose port bonds.

### Cash Funding

All or part of the Fund can be established with cash. One advantage of cash funding is that certain types of projects which are not eligible for bond financing could be financed with cash. The main example would be a loan to a private port operator for a privately-owned port improvement.

### Funding at Once or as Needed

For several reasons, it is unlikely that the Port Development Fund will be funded at once. Tax laws and practicalities rule out a tax-exempt bond sale in advance of having a specific list of projects to be financed and a schedule for their construction. A sale of taxable bonds may be feasible, but is uneconomic. And, there is not enough available cash to set up the Fund at once.

Therefore, it seems best to establish the authority for the Fund, and to develop a schedule of investments and a corresponding financing schedule, using some combination of bonds and cash as required. With proper legal authorization, there is an efficient way to finance each of the projects in the package - the World Trade Center, the Regional Intermodal Container Transfer Facility, and the Port Development Fund - assuming their economic feasibility is established.

#### Tax Exemption

It is anticipated that, since the proceeds of bonds issued to support the Fund will be invested in port facilities, the interest on the bonds will be exempt from taxation.

#### III - Operation of the Fund

The Fund will operate as a subsidiary entity of the Delaware River Port Authority under the supervision of the Commission of the Delaware River Port Authority. It will maintain separate accounts and will make periodic reports, not less than annually, to the Governors and Legislatures of the States.

The consulting firms of Vickerman, Zachery, Miller and Booz, Allen, Hamilton have been engaged by the Delaware River Port Authority to develop a "needs assessment" Master Plan to guide the Commission of the Authority in the use of the Port Enhancement & Development Fund.



# Camden County

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## BOARD OF CHOSEN FREEHOLDERS

ROBERT E. ANDREWS  
*Freeholder Director*

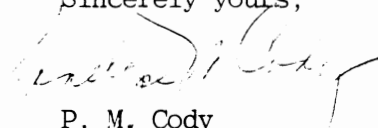
February 10, 1989

Mr. Peter R. Manoogian  
Office of Legislative Services  
Senate Independent Authorities Committee  
State House Annex, CN-068  
Trenton, New Jersey 08625

Dear Mr. Manoogian:

Enclosed please find a copy of the testimony delivered to the Committee regarding the unification of the Delaware River ports by Freeholder Director Robert E. Andrews. Testimony was delivered at the hearing which was held at the Campus Center of Rutgers University, Camden, New Jersey, on February 7, 1989.

Sincerely yours,

  
P. M. Cody

PMC  
Enclosure

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TESTIMONY DELIVERED TO THE SENATE INDEPENDENT AUTHORITIES COMMITTEE OF  
THE NEW JERSEY STATE LEGISLATURE BY ROBERT E. ANDREWS, CAMDEN COUNTY  
FREEHOLDER DIRECTOR, FEBRUARY 7, 1989, CONCERNING PORT UNIFICATION.

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I would like to thank Senator Walter Rand, Chairman of the subcommittee of the Senate Independent Authorities Committee, for encouraging today's hearing on the proposed unification of the Delaware River's ports.

The economic benefits to the people of Camden County are both proven and extensive. Port unification will reduce shipping costs, increase the amount of shipping traffic and create a positive environment for regional manufacturers. Port unification, in some instances, has doubled the amount of cargo received, and has improved regional economies through increased numbers of jobs, higher wages for local employees and greater tax revenues for local governments. Companies making a "port" decision will inevitably select the better priced alternative, leaving a non-unified Camden port at a distinct disadvantage.

The Delaware River Port Authority adds measurably to our region's economy. Oil transport generates \$780 million annually, while the transfer of dry bulk commodities, such as ore, grain or coal, add \$199.5 million. Containerized cargo provides an additional \$248 million, while "break bulk", or palletized commodities bring in \$402.8 million, and automobiles \$23.5 million.

Direct and indirect employment figures total just under 100,000 jobs, which generate approximately \$2.5 billion in wages. Area governments receive up to \$92 million in tax revenues directly related to cargo movement. After unification, these figures could rise to 200,000 jobs, \$5 billion in wages and close to \$200 million in tax revenues.

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

1. The port unification entity must have some real authority to make decisions, and be comprised of representatives from each of the duly elected governments in the area.
2. The independent entity must have sufficient public control so that it will not degenerate into a patronage haven.
3. To the extent possible, the port unification entity must be given a self-funding formula, so that it would not be a burden to taxpayers.

Clearly, port unification is in the best interests of all involved parties. If the governing entity receives a proper start, following the above-listed criteria, Camden County's residents will benefit. I urge the Committee to use its resources to speed the unification of the Delaware River's ports.

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