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STATE OF NEW JERSEY

REPORT AND RECOMMENDATIONS,

New Jersey, OF THE
LEGISLATIVE COMMISSION TO STUDY THE PRACTICABILITY
OF THE CONSOLIDATION OF THE SOUTH JERSEY PORT COMMISSION
AND THE
DELAWARE RIVER PORT AUTHORITY,

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March 6, 1967

MEMBERS OF THE COMMISSION

Senator A. Donald Bigley, Chairman
Assemblyman John L. White, Vice Chairman
Senator Edwin B. Forsythe
Assemblyman Richard S. Hyland
Joseph Wm. Cowgill
Paul J. Sherwin
James A. Cannon
Paul MacMurray

Arthur S. Applebaum, Secretary
J. Mark Reifer, Research Assistant

COMMISSION TO STUDY THE PRACTICABILITY OF
THE CONSOLIDATION OF THE SOUTH JERSEY PORT COMMISSION AND
THE DELAWARE RIVER PORT AUTHORITY

Letter of Transmittal

March 6, 1967

TO: THE HONORABLE MEMBERS OF THE SENATE AND GENERAL ASSEMBLY OF
THE STATE OF NEW JERSEY

Pursuant to the directions of Senate Concurrent Resolution
Number 18, May 23, 1966, establishing a commission to study the
practicability of the consolidation of the South Jersey Port
Commission and the Delaware River Port Authority, the Commission
herewith submits its report, with supplemental statements, reports
and recommendations of individual members of the Commission.

Respectfully submitted,

A. Donald Bigley
Chairman

John L. White
Vice Chairman

Edwin B. Forsythe

Joseph Wm. Cowgill

Richard S. Hyland

Paul J. Sherwin

James A. Cannon

Paul MacMurray

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PROCEDURE OF THE COMMISSION

Under Senate Concurrent Resolution No. 18, the Commission was authorized to study the respective jurisdictions of the South Jersey Port Commission and the Delaware River Port Authority " to determine the extent of duplications in effort for the purpose of making recommendations to the Legislature as to the practicability of consolidation of the South Jersey Port Commission and the Delaware River Port Authority." In the course of its study the Commission inspected the facilities of the South Jersey Port Commission and observed the development of port facilities on the Pennsylvania side of the Delaware River. The port development programs in Newark, Elizabeth and New York were reviewed and the members of the Commission inspected the port facilities in operation and under construction in these areas.

Three public hearings were held by the Commission on July 28, 1966, August 11, 1966, and November 20, 1966, to which representatives from various agencies and organizations interested in port development were invited to give the Commission the benefit of their advice. These hearings stressed the complexity of the issues and raised pertinent questions relating to the economic and political aspects of the problem.

The Commission soon became aware that "duplications in effort" was only one of the factors which would have to be considered in determining the practicability of consolidation of the South Jersey Port Commission and the Delaware River Port Authority. Overall economic conditions, the financial stability of the agencies involved, legal obligations and responsibility for providing adequate

port facilities which would benefit all the people of the State of New Jersey would, have to be considered.

The Commission believes it has a responsibility to the Legislature and the citizens of this State to weigh all the views and opinions presented, and to offer its recommendations concerning the questions and issues raised in the testimony it received, in addition to answering the single question of the "practicability of consolidation" contained in Senate Concurrent Resolution No. 18 of 1966.

ACKNOWLEDGEMENTS

The Commission would like to acknowledge the valuable assistance rendered to it by the many persons who appeared before the Commission and to Mr. James R. Kelly, Assistant Director, Delaware River Port Authority, for assistance in organizing the work of the Commission and providing facilities for the conduct of the public hearings held by the Commission; Arthur S. Applebaum, and J. Mark Reifer of the Law Revision and Legislative Services Agency for their services as Secretary and Research Assistant to the Commission; and the clerks and stenographers who transcribed the hearings.

The Commission especially wishes to acknowledge the achievements of the members of the South Jersey Port Commission and Mr. Michael J. Conroy, Port Director, in their operation of the Camden Marine Terminals. During Mr. Conroy's tenure as Port Director the net income of the Camden Marine Terminals has risen from \$122,000 in 1963; \$203,000 in 1964; to \$271,000 in 1965. During this same period, total tonnage movements through the Camden Marine Terminals increased from 872,918 tons in 1963, to 931,468 tons in 1965. The Commission wishes to place on record its recognition that these outstanding statistics were achieved through the efforts of Mr. Conroy and the South Jersey Port Commissioners in the face of strong competition from other East Coast ports, and despite the handicaps imposed on the development of facilities at the Camden Marine Terminals as a result of adverse conditions.

BACKGROUND

Senate Concurrent Resolution No. 18 of 1966 was not the first manifestation of legislative interest in a study of the practicability of the consolidation of the South Jersey Port Commission and the Delaware River Port Authority. Assembly Resolution No. 2 of 1960, directed the Committee on Federal and Interstate Relations of the General Assembly to undertake a study identical in scope to that provided for by the 1966 resolution. No specific recommendations concerning consolidation emerged from that study, and the one public hearing held by the Committee, on March 7, 1960, led to no action by the Legislature on this matter.

It will be useful to outline, briefly, the history of the South Jersey Port Commission, in order to provide background to the question of the practicability of consolidation of this agency of the State of New Jersey and the bi-state, Delaware River Port Authority.

The South Jersey Port District, comprising the counties of Burlington, Cape May, Camden, Cumberland, Gloucester, Mercer and Salem, was created by P.L. 1926, Chapter 336, N.J.S.A. 12:11-1 et seq., and thereby declared a public corporation and awarded the usual corporate powers. A Port Commission was also created to serve as the governing body of the district and was given the power to "determine upon the location, type, size and construction of requisite port facilities" as well as the power to "lease, * * * construct, make, equip, and maintain port facilities in the district."

The act set up a plan for the payment of construction charges. Whenever the Port Commission should determine to construct any port or transportation facilities the cost should be estimated on the basis of definite plans and specifications. The Commission should determine and report the proportionate benefit which would accrue from such improvements to each county or municipality within the district. After public hearings on these findings the respective counties and municipalities were to be advised of their proportionate share, which would then be raised by a tax on all of the taxable property in such county or municipality, but not to exceed in any one year 10 cents on each \$100 of taxable property in such county or municipality. The several counties or municipalities were thereupon required to submit the question of the levy of the tax to a referendum.

In 1927, the Port Commission decided to construct its own pier and warehouse at Beckett Street on lands adjoining a pier already owned and operated by the City of Camden at Spruce Street. It determined that the construction cost of the Beckett Street pier would be \$2,000,000, and that all the benefits of that facility would accrue to the City of Camden. The question of levying a tax to support this project was submitted to the voters of Camden at the general election in November, 1927, and a majority voted in its favor.

Apparently because of questions raised by the bond attorneys with respect to the legality of the financing procedure under the 1926 Act, an alternative method of financing the proposed pier and warehouse was set up in P.L. 1928, Chapter 64, R.S. 12:11-26 to

39. Under this new statute the Port Commission was authorized to enter into contracts with any county or municipality in the district, under which the municipality would lend to the Port Commission agreed sums of money for the purpose of financing the project. The Port Commission, however, had the power to issue bonds from time to time in anticipation of the payments to be made to it under any such contract, but these bonds would not be an indebtedness of the contracting county or municipality. The moneys loaned by any such contracting county or municipality were to be repaid by the Port Commission, together with interest at the rate of 4% annually.

Instead of proceeding further under the provisions of the 1926 statute, the City of Camden and the Port Commission, on June 6, 1928, entered into an agreement under the provisions of the 1928 statute. Under the agreement the City agreed to appropriate and pay to the Port Commission, for the purpose of financing the project, \$65,000 on the first days of March and September in each of the years 1929 to 1933, both inclusive, and \$45,000 on the first day of March and \$145,000 on the first day of September of each of the years 1934 to 1973, both inclusive. Under the provisions of the agreement the Port Commission was required on or before December 31st of each year to pay to the City all moneys which, in the uncontrolled discretion of the Port Commission, are then in its hands and not required for purposes specified in the agreement. Until the total amount paid by the City to the Port Commission should be repaid with interest thereon at the rate of 4% per annum, the amounts so paid were to be applied first to the payment of interest and the balance to the payment of principal. As of December 31,

1965, the Port Commission owed to the City of Camden \$6,375,889.75 in principal and \$2,836,829.08 in interest, for a total of \$9,212,718.83.

FINDINGS AND RECOMMENDATIONS

At the present time there are four agencies possessing overlapping responsibilities for port development in the Delaware River area (Vol. I, pp 39ff.)*. The Delaware River Joint Toll Bridge Commission has been given responsibility for port development in New Jersey and Pennsylvania, in an area which includes Mercer County and part of Burlington County. The South Jersey Port District includes the seven counties from Mercer to Cape May. The Port District of the Delaware River Port Authority comprises the six counties from Burlington to Cape May and Atlantic and Ocean Counties. The Delaware River and Bay Authority has among its purposes port development in Salem, Cumberland and Cape May Counties. There is, therefore, a substantial duplication in jurisdiction not only of the South Jersey Port Commission and the Delaware River Port Authority, but of all the agencies with port development responsibilities in the Delaware River area. However, the Commission received testimony which indicated that despite this jurisdictional duplication there are few, if any, "duplications in effort" by the South Jersey Port Commission and the Delaware River Port Authority.

The Camden Marine Terminals, operated by the South Jersey Port Commission, comprise just one of the public general cargo facilities situated in the estuary of the Delaware River. These facilities are all direct beneficiaries of the cargo solicitation and general promotional effort of the Delaware River Port Authority, both in the United States and abroad. Far from duplication, this

*All Volume references apply to transcripts of public hearings.

promotional program of the Port Authority fulfills a necessary and otherwise costly function for the South Jersey Port Commission.

"Mr. Thomas (Chairman, Port Affairs Committee, Camden County Chamber of Commerce)'without giving it too much thought, I see relatively little duplication in effort. The Delaware River Port Authority has a port development group which has a budget, I think, in the neighborhood of three-quarters of a million dollars a year. The Camden Marine Terminal does some advertising, some port promotion, how much I don't know. This I would consider some duplication. However, I think the Delaware River Port Authority probably does promote to some extent the Camden Marine Terminal. However, it can't be very extensive because the Camden Marine Terminal in effect needs no promoting. They can't handle the business they can get. We need more facilities rather than promoting what we have that can't take care of existing business.'" [Volume I, pp 34-35]

The South Jersey Port Commission is an agency of the State of New Jersey. It possesses statutory authority to construct, maintain, lease and supervise port facilities within the 7 county South Jersey Port District. The powers of the Delaware River Port Authority (a bi-state agency, created by compact between New Jersey and Pennsylvania) are comparable, but they may be exercised only upon the approval of specific feasibility studies and financing proposals by the Legislatures of both New Jersey and Pennsylvania.

The Commission finds, therefore, that the activities and efforts of the Delaware River Port Authority supplement and enlarge, rather than duplicate, the activities and efforts of the South Jersey Port Commission. The duplications which may exist are, in the

opinion of the Commission, insufficient in themselves to justify the consolidation of these agencies.

The most significant conclusion to emerge from the testimony given in all three public hearings held by the Commission concerned the necessity for an immediate development of port facilities in the South Jersey area. The Commission was urged to recommend this immediate development to the Legislature regardless of whatever recommendations it might make concerning the consolidation of the South Jersey Port Commission and the Delaware River Port Authority.

Mr. Hal H. Holker, Vice President, Greater Camden Movement. "Port development on the Delaware River has been the object of a number of recent studies. These include the General Cargo Situation in the Port of Philadelphia - 1964, a report to the City of Philadelphia which anticipated the creation of the Philadelphia Port Corporation; Port Development Requirements, a report made by Arthur D. Little, Inc. to the Delaware River Port Authority in April 1965; and The Delaware River Port, a report made to the Pennsylvania State Planning Board and State Department of Commerce by Hammer, Greene, Siler Associates and W. B. Saunders and Company in December 1965.

Each of these studies was made for a different purpose. Their conclusions and recommendations also differ. Nevertheless, they are entirely in accord in one important respect--that there is a clear and pressing need for new general cargo facilities on the Delaware River. If new facilities are not provided, the Delaware River Ports will not be able to share in the growth in volume of water-borne general cargo anticipated for the North Atlantic ports in the next several decades and they may also suffer the loss of general cargo traffic which they handle today as existing port facilities become more and more outmoded." [Volume I, pp 38-39.]

* * *

Mr. Thomas "It is believed that the study being made by this Commission of the practicability of consolidating the South Jersey Port Commission with the Delaware River Port Authority should encompass consideration of ways and means to provide at an early date, the urgent need for additional port facilities in South Jersey." [Volume I, pp 28-29]

In addressing itself to the matter of providing adequate port facilities immediately for the South Jersey area, the Commission was faced with problems whose solution was essential but which carried the work of the Commission beyond that anticipated by Senate Concurrent Resolutuion Number 18, which established it.

The Commission wishes to place itself on record as approving a "regional approach" to port development in the Delaware River area. Such an approach would transcend the borders of New Jersey and Pennsylvania in order to provide port facilities which will utilize and develop, to the fullest extent possible, the resources and potential of the entire Delaware River. However, it wishes to emphasize that regionalization of port development is a long range answer, not an immediate solution to the problem of presently inadequate facilities. The Commission believes that a consolidation of the South Jersey Port Commission and the Delaware River Port Authority would not expedite or facilitate port expansion in New Jersey at this time. Information received by the Commission indicates that, because the Delaware River Port Authority requires the approval of the Legislatures of both New Jersey and Pennsylvania prior to undertaking any project, it might be too much to expect that body to undertake extensive port development on the New Jersey side of the Delaware, necessitating the expenditure of huge sums of money without undertaking equally extensive and equally expensive development on the Pennsylvania side of the river. Such vast expenditures are presently beyond the financial capacity of the Delaware River Port Authority, committed as it is to expensive bridge and rapid construction projects.

Senator Frederick J. Scholz: "As a practical matter, we must face the facts of life: If New Jersey is to get 20 to 25 millions of Port Authority funds, Pennsylvania would expect the expenditure of a like amount of funds on its special projects. At this time the Port Authority has committed itself on projects aggregating approximately 200 million dollars. It is doubtful, in my opinion, that the Port Authority can commit itself to an additional expenditure of 50 million dollars based upon its present and projected revenues." [Volume I, p 6.]

In order, therefore, to further the best interests of the people of New Jersey, the Commission feels that it is necessary for New Jersey to develop port facilities on its own.

Senator Bigley: "I am still trying to arrive at a philosophical viewpoint. Do you think regionalization expansion is better than individual expansion?"

Mr. Rogers (Executive Director, Delaware Valley Council): "Yes, it is very important. But I think we have to step forward on our own at this time in New Jersey to get started." [Volume II, p 31.]

Senator Scholz: "The important thing is that we get ahead with our own project at this time and get something done, ultimately perhaps bringing about a consolidation of this commission which I envision with the Delaware River Port Authority or some other agency on a very large regional basis perhaps. That might be contemplated and considered." [Volume I, p 8.]

The Commission believes that it will be impossible for the existing port facilities in South Jersey to be expanded, or for new facilities to be constructed and maintained, until the 1928 agreement between the City of Camden and the South Jersey Port Commission is terminated and the financial obligations of the Commission are discharged. The existence of the 1928 agreement and the financial obligations of the Commission are the main obstacles to port development in southern New Jersey. They preclude expansion of the present facilities at the Camden Marine Terminals by the South Jersey Port Commission and make consolidation with an interstate agency for the purpose of "regionalization" extremely difficult.

The Commission, therefore, strongly urges the Governor of the State of New Jersey to meet with representatives of the City of Camden in order to terminate the 1928 agreement and find a means to immediately discharge the financial obligations of the South Jersey Port Commission to the City.

In his testimony at the public hearing on July 28, 1966, Senator Frederick J. Scholz, of Camden County, commented as follows on the need for expansion of the existing facilities at the Camden Marine Terminals:

"For example, the Terminal needs more space for the storage of cargo; lumber shipments are running high at this time. The City-owned Spruce Street Pier has eight acres of vacant land adjacent to the Marine Terminal. At one time the Terminal used this land for storage purposes. I know that the Terminal could use this land now." [Volume I, p 4]

The Commission recommends that the discussions between the Governor and the City of Camden negotiate the acquisition, and preparation for immediate use by the South Jersey Port Commission, of the Spruce Street pier in Camden, for the purpose of providing additional port facilities in Southern New Jersey. The Commission further recommends that the contemplated development of an expanded port program in this area should proceed from the existing Camden Marine Terminals and Spruce Street pier facilities.

The Commission feels that the State has a continuing obligation in the development of publicly owned port facilities, and it concurs in the following testimony of Mr. Leroy S. Thomas and Senator

Frederick J. Scholz at the public hearing on July 28, 1966:

Mr. Thomas: "The State certainly, I would feel, has a responsibility in this indebtedness of the South Jersey Port Commission, it being a State-created agency." [Volume I, p 29]

Senator Scholz: "So it is going to take some aid from outside and I believe the State of New Jersey has that responsibility and should be willing to assume the responsibility of helping this area develop a very important economic asset." [Volume I, p 8]

The Commission recommends, therefore, that the Legislature appropriate the funds necessary to implement the contemplated agreement between the State of New Jersey and the City of Camden.

In the course of the three public hearings the Commission received several proposals for the development of port facilities in New Jersey. These proposals ranged from a direct appropriation by the Legislature to the South Jersey Port Commission, to the creation of an entirely new State agency to undertake port development, to be funded by a State-wide bond issue (Volumes I, II, III). The Commission also notes the following resolution which was unanimously passed by the Delaware River Port Authority at its meeting of January 18, 1967:

"That the Delaware River Port Authority adopt a resolution, calling upon the Legislature of the States of Pennsylvania and New Jersey for their approval of port development projects, by authorizing the Delaware River Port Authority to purchase and acquire all the facilities of the South Jersey Port Commission and to provide for the operation of the same and, further to authorize that the Delaware River Port Authority cause to be built, constructed and maintained two berths within the limits of the City of Chester, Pennsylvania, and to provide for the operation of same."

"That the Authority earmark \$10,000,000 of general funded monies for the furtherance of port projects, when the actions of the Legislatures of the two states provide the necessary authorizations."

While the Commission does not wish to endorse any one of these specific proposals, it does endorse the philosophy that underlies them all, namely, the need for New Jersey to undertake immediate and extensive development of the Camden Marine Terminals and provide additional port facilities, leading to eventual consolidation of the South Jersey Port Commission and the Delaware River Port Authority, or another regional agency, and eventual "regionalization", whenever the appropriate regional agency is prepared to undertake this responsibility.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. The Commission finds that the activities and efforts of the Delaware River Port Authority supplement and enlarge, rather than duplicate the activities and efforts of the South Jersey Port Commission. The duplications which may exist are, in the opinion of the Commission, insufficient in themselves to justify the consolidation of these agencies.

2. The Commission recommends a "regional approach" to port development as a long range solution to the problem of providing adequate port facilities in the Delaware River area. However, as an immediate objective, the Commission recommends that New Jersey should develop its own port program and provide for its own port facilities as much as practicable.

3. The Commission strongly urges the Governor of the State of New Jersey to meet with representatives of the City of Camden in order to terminate the 1928 agreement between the City and the South Jersey Port Commission and to find a means to immediately discharge the financial obligations of the Commission.

4. The Commission recommends that the discussion between the Governor and the City of Camden include negotiation of the acquisition, and preparation for immediate use, of the Spruce Street pier in Camden, for the purpose of providing additional port facilities in southern New Jersey.

The Commission further recommends that the contemplated development of an expanded port program in this area should proceed from the existing Camden Marine Terminals and Spruce Street pier facilities.

5. The Commission recommends that the Legislature of the State of New Jersey appropriate the funds necessary to implement the contemplated agreement between the State and the City of Camden.

SUPPLEMENTAL STATEMENT
AND
RECOMMENDATIONS OF
SENATORS A. DONALD BIGLEY, EDWIN B. FORSYTHE
ASSEMBLYMAN JOHN L. WHITE, AND MR. PAUL SHERWIN

We wish to emphasize that the members of the South Jersey Port Commission cannot be held in any way responsible for the lack of adequate port facilities in South Jersey. In each of the hearings, testimony was offered which praised the work of the commissioners and stressed the burdens under which they have been forced to operate. The financial obligations of the Commission -- not any lack of interest or initiative -- have been primary causes of the lack of port development. In the course of its study this Commission has had numerous occasions to observe the dedication of the South Jersey Port Commissioners and their employees.

Nevertheless, after the efforts of the South Jersey Port Commission have been acknowledged, and after the impediments and obstacles to their development and expansion proposals have been considered, the fact remains that neither the "image" of the South Jersey Port Commission nor the 40 years of frustration in port development since 1926 are conducive to the immediate adoption of a port development program so necessary in South Jersey. Not only must this development be "immediate", it must also be extensive; it

will also be expensive. The large financial obligations of the South Jersey Port Commission preclude its undertaking such an extensive and expensive program immediately. The resolution of these financial obligations will take time and the necessity for immediate development does not permit this time. In addition, even if the credit of the South Jersey Port Commission can be re-established, it is doubtful if it could inspire the confidence of investors and attract sufficient capital to effectively administer the type of port development program this study commission envisions for South Jersey.

We recommend, therefore, the dissolution of the South Jersey Port Commission and the creation of a new agency called the South Jersey Port Corporation. The new corporation will have powers and responsibilities identical to those of the old commission; it may even have the same membership. The difference will lie in the purpose and emphasis of the corporation. The primary function of the new agency will be to construct port facilities for the purpose of leasing them to private terminal operator interests. The Commission notes the fact that in leasing its facilities to private enterprise in limiting its authority to administration of the lease contracts, the new South Jersey Port Corporation will be following the practice of the New York Port Authority, the Philadelphia Port Corporation and major port agencies throughout the United States. The Commission strongly urges the Legislature to make every effort to protect the present employees of the South

Jersey Port Commission, either by retaining them in employment in the new corporation, wherever possible, or by helping them to find other employment.

Respectfully submitted,

Senator A. Donald Bigley, Chairman
Senator Edwin B. Forsythe
Assemblyman John L. White, Vice Chairman
Paul J. Sherwin

DISSENTING REPORT OF PAUL MAC MURRAY, EXECUTIVE DIRECTOR
OF THE DELAWARE RIVER PORT AUTHORITY

To The Honorable Members of the Senate and General Assembly of the State of New Jersey:

Pursuant to the directions of Senate Concurrent Resolution No. 18, May 23, 1966, establishing a commission to study the practicability of the consolidation of the South Jersey Port Commission and the Delaware River Port Authority, I submit herewith my findings and recommendations.

I cannot agree to any recommendations of this Commission which are in conflict with legislative proposals for regional port development now in preparation by the Delaware River Port Authority.

The Commissioners of the Delaware River Port Authority at the January 18, 1967 meeting, unanimously passed the following motion:

"That the Delaware River Port Authority adopt a resolution, calling upon the Legislatures of the States of Pennsylvania and New Jersey for their approval of port development projects, by authorizing the Delaware River Port Authority to purchase and acquire all the facilities of the South Jersey Port Commission and to provide for the operation of the same and, further, to authorize that the Delaware River Port Authority cause to be built, constructed and maintained two berths within the limits of the City of Chester, Pennsylvania, and to provide for the operation of same.

That the Authority earmark \$10,000,000 of General Fund monies for the furtherance of port projects, when the actions of the Legislatures of the two States provide the necessary authorizations."

As Executive Director of the Delaware River Port Authority, I advised this Commission in my statement dated February 21, 1967, of the adopted policy of the Delaware River Port Authority, that port development should be regional in its application.

I, further, advised this Commission in my statement, that the Delaware River Port Authority is already organized and merely needs the approval of the Legislatures to undertake specific projects.

In view of the cited actions and adopted policy of the Delaware River Port Authority, I urged this Commission to support the acquisition of facilities of the South Jersey Port Commission by the Delaware River Port Authority. The Delaware River Port Authority, already, has in process the earmarking of funds, the preparation of comprehensive expansion plans, and has proposed to obtain the necessary legislative approvals in support of regional port development.

Therefore, in lieu of Commission findings to the contrary, it is my recommendation as a member of this Joint Legislative Commission to the Senate and General Assembly of New Jersey that,

The merger of the South Jersey Port Commission and the Delaware River Port Authority be accomplished now, so that regional port development can proceed.

Respectfully submitted,

DELAWARE RIVER PORT AUTHORITY
OF
PENNSYLVANIA AND NEW JERSEY
ADMINISTRATION BUILDING
BENJAMIN FRANKLIN BRIDGE PLAZA
CAMDEN, NEW JERSEY 08101

PAUL MACMURRAY
EXECUTIVE DIRECTOR

February 21, 1967

New Jersey Joint Legislative Commission
The Honorable A. Donald Bigley, Chairman
309 Market Street
Camden, New Jersey

Gentlemen:


As the Executive Director of the Delaware River Port Authority, it is my responsibility to follow the policy of the Commissioners of the Commonwealth of Pennsylvania and the State of New Jersey. That policy has been determined with regard to port development to be regional in its application. Our Commissioners have clearly accepted the view that the State boundary lines are physical lines, primarily because the Philadelphia-Camden area constitutes with all of its environs a single economic area. Our decisions must be based upon our ability to serve the needs of that joint economic area.

The Delaware River Port Authority is already organized and merely needs the approval of the Legislatures to undertake specific port projects. The fastest, most immediate means to provide proper port development in this economic area is through the Delaware River Port Authority. The problem in the past has been the apparent unwillingness of the Authority as a policy matter to enter the field of port development. This thinking has been changed to the point that the Commissioners of both States have publicly committed themselves to a program of port development.

I therefore support the merger of the South Jersey Port Commission now with the Delaware River Port Authority. I specifically call attention to my fellow committee members that as early as 1948 a professional engineering firm, specifically retained to develop a port plan, proposed, 18 years ago, that the facilities of the South Jersey Port Commission be obtained by the Delaware River Port Authority. That opinion, gentlemen, was a professional one; it was backed up by an extensive professional survey. I can find no evidence to indicate to me that I should not now follow that recommendation.

Therefore, I recommend that we advise the Legislature that the merger should be accomplished as quickly as possible so that port development can proceed.

Respectfully submitted,


PAUL MacMURRAY
Executive Director

REPORT AND FINDINGS OF JOSEPH WM. COWGILL

To The Honorable Members of the Senate and General Assembly of the State of New Jersey:

Pursuant to the directions of Senate Concurrent Resolution No. 18, May 23, 1966, establishing a commission to study the practicability of the consolidation of the South Jersey Port Commission and the Delaware River Port Authority, I submit herewith my findings and recommendations.

I agree with recommendation one that the South Jersey Port Commission supplements rather than duplicates the work of the Delaware River Port Authority. The South Jersey Port Commission is actively engaged as a ship loading and unloading facility at its two berths at the Camden Marine Terminals.

On the other hand, the Delaware River Port Authority operates no marine terminals or berths. Its more than \$1 million port development budget for 1967 is limited to the promotion of the port, on both sides of the river, through its offices in this country and Europe.

I am also convinced that the South Jersey Port Commission, under the leadership of Port Director Michael J. Conroy, has proven that a government operated port facility can be both successful and profitable. It has made money for the taxpayers and at the same time performs a valuable service for Delaware Valley industries.

In 1961, the South Jersey Port Commission had a net income of \$12,000. It will have a net income for 1966 of more than

\$350,000. In 1961, the total tonnage movements was 766,389 tons, and it was more than one million tons in 1966.

I think it also should be noted that the Port Commission has received little financial support from the state since it became operational in 1928, although the state, the City of Camden and the seven South Jersey counties affected by its operation have all derived substantial benefit from its operation.

This was particularly manifested to the study commission by the delivery of a letter by the executive director of the Port Authority, Paul MacMurray, to the members of the study commission on the final day of our deliberations.

This amounted to a statement by the Delaware River Port Authority that if given the opportunity they would immediately move to take over, operate and expand the Camden Marine Terminals.

In view of this positive statement by the Port Authority, I feel that upon the settlement of the city debt, the Port Authority should be the agency to develop our port facilities.

However, this does not rule out the establishment of a tri-state port development agency whose activities would encompass the Delaware River Valley.

I agree with recommendation two that the long-range solution to the problem of providing adequate port facilities in the Delaware River area should be through a "regional approach."

I strongly dissent from the suggestion and recommendation of Mr. Sherwin, Senators Bigley and Forsythe and Assemblyman White concerning dissolution of the South Jersey Port Commission

One portion of the findings of the commission is extremely commendatory of the work and efforts of the South Jersey Port Commission and especially the excellent performance of Mr. Michael J. Conroy, the port director. It pointed out that in the past few years during Mr. Conroy's tenure there was a tremendous increase of tonnage handled and the operation of the port commission facilities was highly profitable.

To make such statements and to follow them by a recommendation that the South Jersey Port Commission be ripped out would appear to be a blatant exercise in hypocrisy.

In view of the proposal by the Delaware River Port Authority, the suggestion is also highly impractical.

The proposal for an "interim agency" would give the new agency the same powers as are now held by the South Jersey Port Commission.

I agree with recommendation three. I believe the Governor of New Jersey and representatives of the City of Camden should meet immediately to act to terminate the unfair 1928 agreement between the City and the South Jersey Port Commission. I believe they should also reach a negotiated settlement of the debt.

While the City of Camden has benefited from the operation of the South Jersey Port Commission, and the agreement was ratified by the electorate, I believe this has been an unfair burden on the City and the entire South Jersey area has received a "free ride" by the City accepting the responsibility of the annual payments to the Port Commission.

I would recommend that the agreement reached by the Governor and City officials be transmitted immediately to the New Jersey Legislature for its concurrence in its provisions and the appropriations required be immediately provided.

I would agree with recommendation four. It would appear that it would be highly desirable that the settlement between the State and City representatives would include the conveyance to the South Jersey Port Commission of the Spruce Street area now owned by the City.

I agree with recommendation five.

I feel that the activity of this study commission has stimulated the Delaware River Port Authority and its membership to a better realization of its obligations and opportunity to develop the Delaware River ports.

If the Governor of New Jersey is dissatisfied with the efforts of the members of the South Jersey Port Commission, he can, with the advice and consent of the State Senate, change every one of them. It seems, therefore, to be an exercise in futility to create such an "interim agency."

It should be further pointed out that any such agency would require financing. Discussion with financial authorities on the issuance of bonds will disclose the unsalability of obligations of an agency whose life is to be comparatively short.

It should be further pointed out that there are a large number of employees of the South Jersey Port Commission who are experienced in the operation of the Camden Marine Terminals and who are members of a union which has a contract presently running to August, 1968.

All of these employees would be subject to the tender mercies of this so-called "interim agency" and all of their employment and pension rights would be destroyed. With such a proposition, I cannot in good conscience agree.

The Delaware River Port Authority has long experience and know-how in dealing with the question of rights of public employees and the issuance of bonds. The take over by the Port Authority would preserve the rights of employees and financial stability of the operation.

It is also incomprehensible to me that an operation which it has been disclosed can be highly profitable for the taxpayers should be turned over to private operators who will reap profits and at the same time, because of its public ownership, be subject to no taxation.

Respectfully submitted,

Joseph WM. Cowgill

STATEMENT OF ASSEMBLYMAN RICHARD S. HYLAND

Although I agree with nearly all of the recommendations made by my fellow members of this Commission, there are many problems which are left unresolved and which require me, in good conscience, to submit my own statement at this time. The dissolution of the South Jersey Port Commission and the creation of a new "interim" agency is a recommendation supported by four members of this Commission. Although this recommendation is not a majority of the Commission, I will, for the sake of brevity, refer to their recommendation as the "report". The two basic reasons for my departure from the views expressed in the report are as follows:

1. The creation of a "interim agency" as set forth in the report raises more questions than it answers in regard to future port development in South Jersey.

2. The recent announcement of the Delaware River Port Authority of its intention to proceed with the development of port facilities in South Jersey in the immediate future.

As to the first point, the report sheds little light on many questions raised by the proposed dissolution of the South Jersey Port Commission and the creation by the Legislature of a new state agency. Although this Commission is not bound by the testimony elicited at its public hearings, a review of the transcript will reveal little or no testimony of any substance in regard to the creation of a new state agency. In addition to this paucity of testimony at the hearings, the concept of an interim agency was

most superficially discussed by the members of the Commission in its executive sessions.

A careful analysis of the report will reveal that the only reason cited for the dissolution of the existing Commission and the creation of a new agency is that a new "image" be established to foster port development in South Jersey (page 18 of report). A change in "image" (a nebulous public relations term, at best), or a change in name from the South Jersey Port Commission to the South Jersey Port Corporation is hardly sufficient justification for the dissolution of an existing state agency without further substantial documentation. I believe the lack of proper port facilities in South Jersey is not a question of "image", but the reasons for this inadequacy go to the very structure of the South Jersey Port Commission itself. At the conclusion of this statement, I will make my recommendations as to what steps should be taken.

I am very concerned at the section of the report which states that "the primary function of the new agency will be to construct port facilities for the purpose of leasing them to private terminal operator interests." (page 19) There is little testimony to support the latter proposition in regard to the Camden Marine Terminals. I do not feel that any of the members of this Commission are in a position to make such determination without considerable professional advice in this matter. It would seem to me that the question as to whether port facilities should be operated by a state agency or leased to private terminal operators is essentially a management question for those charged with the responsibility of the port agency. There is

no doubt that the leasing of space and warehouse facilities to water-oriented industries is an integral part of modern port operations. However, this must be distinguished from the outright leasing of the terminals. I do not feel that this legislative Commission should attempt to prematurely make such a recommendation. Admittedly, the interim concept approach, by definition, is a temporary measure and many questions in regard to the nature, terms, and length of the leases, as well as the proposed absorption of the Camden Marine Terminals by the Delaware River Port Authority were not answered by this Commission.

In addition, the report does not comment upon a clear implication of the leasing of publicly owned facilities; namely, whether any payment in lieu of taxes or other arrangement will be an integral part of the new proposal. I am clearly opposed to the proposition that publicly owned and supported facilities should subsidize the profit-making private operations of a terminal operation without due accommodation being made to compensate, in some manner, the municipality in which these facilities are located. I cannot support any legislation which does not give due recognition to this serious problem and spells out the details of payment to the individual municipalities with some degree of certitude.

Another question raised by the report which is not answered, except in a vague and general manner, is the future status of the employees at the Camden Marine Terminals. Approximately 90 to 100 employees are members of the American Federation of Technical Engineers, AFL-CIO. This Union has entered into a "Memorandum of

Understanding", which is essentially a collective bargaining agreement with the South Jersey Port Commission. This agreement clearly spells out typical labor-management problems such as wage rates, overtime, vacation, seniority rights and other matters of mutual interest to the employees. This "Memorandum of Understanding" does not expire until July 31st, 1968. I am gravely concerned about the future of the collective bargaining rights gained by these employees, and in particular because of the fact that they are members of the Public Employees Retirement System and have made substantial contributions to the State in this regard. As a practical matter, legislation creating a new state agency whose primary purpose will be to lease to private terminal operators and which does not give full and complete consideration to the collective bargaining rights achieved by these employees will undoubtedly receive vigorous opposition from the labor movement on a state-wide basis. It is unlikely that such legislation would be enacted by this present Legislature. For example, S-454, introduced by Senator Frank S. Farley during the 1966 Session was not passed by the Assembly because of similar opposition from the labor movement.

As of the date of this statement, it is clear to me that the key to future port development within the next decade for the South Jersey area is the intention and ability of the Delaware River Port Authority to undertake the construction and operation of port facilities on a regional basis. During the course of its public hearings, this Commission had little concrete indication of either the intention or the ability of the Delaware River Port

Authority to proceed with this task. As a result of the efforts of this Commission, I believe that we now have a more definite indication from the Port Authority as to its intentions. I am certain that this intention will be made manifest in the statement which I understand is to be submitted by Paul MacMurray, Executive Director of the Port Authority, in the complete report of this Commission. This recent action by the Port Authority, although coming at the 11th hour in regard to the workings of this Commission, is a most serious proposition and should be carefully analyzed. I do not doubt the sincerity of the members of the Delaware River Port Authority, but feel that the question as to its financial ability to undertake substantial port development has not been resolved. The Port Authority has made commitments for the construction of two major Delaware River crossings, the completion of the high-speed transit line in Camden County and has contemplated the extension of high-speed rail service to Burlington and Gloucester Counties. In light of these vast undertakings, reasonable men cannot help but question the financial ability of the Port Authority to undertake substantial port development in the next few years. Implicit in such an undertaking is the question of the upward revision of the present toll structure. As a general proposition, I am opposed to any further increase of bridge tolls for the purpose of supporting port development in this area. Bridge tolls are, in effect, a tax upon the users of the bridges and since port development will benefit all of the residents of our area, the cost thereof should not be borne exclusively by one segment of the area's population with-

at full consideration of a more equitable distribution of the cost burden.

In conclusion, I agree with recommendations number 1, 2, 3, and 5 and dissent from the recommendation of a new interim agency for the reasons set forth above. As a positive approach, I recommend the complete revision of the structure of the South Jersey Port Commission. The original statute, as well as subsequent amendments, as found in N.J.S.A. 12:11-1 et seq, is outmoded and unsuited for a dynamic port program for South Jersey. In particular, each of the seven constituent counties is entitled solely to one representative on the commission. This is hardly consistent with our present concept of more direct representation on the basis of population. I would urge that the structure be revised to authorize commissioners to be appointed on a more representative basis. In addition, my research indicates that a serious question arises as to whether the present Port Commission has the power to acquire real estate by condemnation. Any amendatory statute should clearly give the Commission the right of eminent domain. I have no real quarrel with changing the name from "Port Commission" to "Port Corporation" for what that is worth; however, the term "interim agency" is self-defeating in my opinion, in terms of the agency's ability to raise revenues, employer-employee relations, and future operation and management of the terminals.

Because of the unresolved issue as to the financial ability of the Delaware River Port Authority to take over the operations of the state agency, I believe the Port Authority should meet with the Governors of the State of New Jersey and Pennsylvania, together with

appropriate legislative leaders from both States to engage in a frank and open discussion as to the intentions and ability of the Port Authority to undertake the scope of port development that is so obviously needed. At this time, there is a definite lack of communication and real understanding as to what will happen. I believe a definitive time-table for development and proper financing should be arrived at in the immediate future and I call upon the above public officials to meet for such a purpose. Until such time as a firm program of development can be formalized and legislated, I believe a revitalized South Jersey Port Commission or Port Corporation can move ahead with port development in South Jersey, provided it receives the full cooperation of the executive and legislative branches of the State of New Jersey in terms of support and appropriations.

Respectfully submitted,

Richard S. Hyland

APPENDIX

1. Senate Concurrent Resolution Number 18
2. List of Witnesses

SENATE CONCURRENT RESOLUTION No. 18

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 14, 1966

By Senators BIGLEY and MUSTO

Referred to Committee on Federal and Interstate Relations

A CONCURRENT RESOLUTION establishing a commission to study the practicability of the consolidation of the South Jersey Port Commission and the Delaware River Port Authority.

1 WHEREAS, The South Jersey Port Commission, was created pursuant to P. L.
2 1926, chapter 336 and continued pursuant to chapter 11 of Title 12 of the
3 Revised Statutes to develop and operate port facilities within the South
4 Jersey Port District; and

5 WHEREAS, The said South Jersey Port Commission has developed, owns and
6 operates the Camden Marine Terminals; and

7 WHEREAS, The Delaware River Port Authority, created by compact between
8 the States of Pennsylvania and New Jersey, is charged, pursuant to a
9 supplement to said compact entered into pursuant to P. L. 1951, chapter
10 288, with the improvement and development of the port district for port
11 purposes and with co-operation with all other bodies interested or con-
12 cerned with development or use of the Delaware river, and the port
13 district; and

14 WHEREAS, The areas, within the State of New Jersey, of the South Jersey
15 Port District, and the Port District of the Delaware River Port Authority,
16 are, in the main, co-extensive with the result that costly duplications in
17 jurisdiction and effort may now exist or be encouraged; now, therefore,

1 BE IT RESOLVED *by the Senate of the State of New Jersey (General Assem-*
2 *bly concurring)*:

1 1. There is hereby created a commission to consist of 8 members, 2 to be
2 appointed from the membership of the Senate by the President thereof, no
3 more than one of whom shall be of the same political party and 2 to be ap-
4 pointed from the membership of the General Assembly by the Speaker thereof,
5 no more than one of whom shall be of the same political party, 2 public mem-
6 bers, one to be appointed by the President of the Senate and one to be ap-
7 pointed by the Speaker of the General Assembly, the chairman of the South
8 Jersey Port Commission or his designated representative and the Executive
9 Director of the Delaware River Port Authority or his designated representa-
10 tive. The members of the commission shall serve without compensation. Va-
11 cancies in the membership of the commission shall be filled in the same man-
12 ner as the original appointments were made.

1 2. The commission shall organize as soon as may be after the appoint-
2 ment of its members and shall select a chairman from among its members and
3 a secretary who need not be a member of the commission.

1 3. It shall be the duty of said commission to study the respective juris-
2 dictions of the existing agencies to determine the extent of duplications in
3 effort for the purpose of making recommendations to the Legislature as to
4 the practicability of consolidation of the South Jersey Port Commission and
5 the Delaware River Port Authority.

1 4. The commission shall be entitled to call to its assistance and avail
2 itself of the services of such employees of any State, county or municipal
3 department, board, bureau, commission or agency as it may require and as
4 may be available to it for said purpose, and to employ such stenographic and
5 clerical assistants and incur such traveling and other miscellaneous expenses
6 as it may deem necessary, in order to perform its duties, and as may be within
7 the limits of funds appropriated or otherwise made available to it for said
8 purposes.

1 5. The commission may meet and hold hearings at such place or places
2 as it shall designate during the sessions or recesses of the Legislature and
3 shall report its findings and recommendations to the Legislature, accompany-
4 ing the same with any legislative bills which it may desire to recommend for
5 adoption by the Legislature.

LIST OF WITNESSES

Representatives of the following organizations and agencies offered comments and suggestions to the Commission:

Camden County Chamber of Commerce
Greater Camden Movement
Edward D. Bowman and Co. Auditors,
South Jersey Port Commission
Delaware Valley Council
Hawkins, Delafield and Wood, Bonding
Attorney
Philadelphia Port Corporation
Southern New Jersey Development Council

In addition, testimony was received from the following individuals:

Senator Frederick J. Scholz
Senator John E. Hunt
Honorable Alfred R. Pierce, Mayor, City of
Camden
Mr. Joseph Dorris, Business Administrator,
City of Camden
Mr. Daniel Rogers, Director, Bureau of Community
Development, Commonwealth of Pennsylvania
Senator Frank S. Farley

