

**TO: Brenna Goggin**  
**FROM: Erika Furlong**  
**DATE: November 16, 2015**  
**RE: LWV Port Forum Notes**

### **The Panel**

**Gene Bailey (GB) –**

**BRIEF BIO:** Current Executive Director of the Diamond State Port Corporation.

**QUESTION:** What will the long-term port study consist of?

**RESPONSE NOTES:**

- The study will examine shipping trends to determine the optimal situation for expansion. Consultants will provide a detailed study of all three proposed sites. The consultants are also allowed to consider other sites that might make sense for expansion. The goal of these expansions would be to increase economic development and employment.
- The consultants will identify land and infrastructure requirements, considering the possibility of future growth.
- There will be analyses on (at least) the following topics: site capacity; strategic gap analysis; funding sources; technical, environmental and legal considerations; and the desirability of investments in these sites.
- The consultants will have numerous meetings with Diamond State Port Corporation board members, as well as others who possess facts that could have a bearing on their study.
- The study is being fast-tracked, and has been cut down to 45 days. The final study is expected in spring 2016.

**Michael Casson (MC) -**

**BRIEF BIO:** Associate Professor of Economic Development, Director of the University Center for Economic Development & International Trade, Delaware State University

**QUESTIONS:**

- What are the key questions an economist needs to answer to compare the relative economic attractiveness of the three site options (and the fourth option of doing nothing)?
- What are some of the less obvious, but important, indirect costs and benefits of developing these sites?

**RESPONSE NOTES:**

- (I believe) Prof. Casson said that first the following things should be considered: the goals of the project, key inputs required, crucial inputs, capital intensity, how long the lifetime of the project will be, what uncertainties are present (e.g., construction, planning), environmental and other impacts.
- To assess the project, one should distinguish between the welfare indicators of local residents, comparing how residents would do with and without the new or expanded port(s). This analysis should consider both direct and indirect economic

- impacts (“direct economic impacts” refer to those that are experienced by the people who are using the port).
- Examples that should be considered include:
    - o Impact on wages
    - o Whether there are increased network effects (e.g., more movement to the area which leads to business growth in the surrounding area).
    - o Social and environmental costs (e.g., congestion, air pollution, noise).
  - The key consideration should be the minimal rate of return on the public part of the investment. Moreover, this should be compared to if the same investment were made on another public project.
  - The factors discussed above must be monetized to be able to assess the overall impact on the city.
  - Finally, a cost-benefit analysis should be done to determine if the port project is the best fit.
  - Key questions:
    - o What is the cost to the government?
    - o What is the return – for both direct and indirect users?
    - o What are the indirect impacts on the community?

**Dave Carter (DC) -**

BRIEF BIO: President of Delaware Audubon and former Senior Environmental Manager for DNREC

QUESTIONS:

- What impact would the Coastal Zone Act have on the port proposals for development and expansion?
- What environmental issues would you expect to arise from implementation in the proposals?

RESPONSE NOTES:

- At least two of the proposals would require a congressional mandate (from the U.S. Congress) to tie the sites in with the channel.
- The existing port is grandfathered under the Coastal Zone Act (CZA). The other two sites would be regulated as light industry and would, therefore, require a permit and offsets.
  - o E.g., wetlands – if they’re used, they are really expensive to offset.
- The projects must also meet all of the CZA’s six goals.
- He expressed concerns about the impact that the projects may have on the surrounding communities. For instance, there are already elevated rates of asthma in the area surrounding the existing port.
- He provided a chart with all of the legal implications of the various sites.
- For the RiverEdge site, he mentioned that there is a real concern about the siltiness of the area, necessitating constant dredging. This is problematic because it would lead to a need to develop extensive new areas for the spoils of the dredging. Such sites are expensive and difficult to find.
- He also mentioned that major dike improvements would be needed. There would also have to be energy and wave modeling.

- The site proposals would be subject, in particular, to NEPA, which requires a different kind of economic analysis, one that considers regional (not just local) impacts. There are currently about 52 ports on the East Coast; only 19 of those get most of the traffic.
- He emphasized that business at the current Port of Wilmington is carried a lot by niche markets and historical relationships.

**Robert Byrd (BB) –**

BRIEF BIO: Former Delaware State House Representative and current CEO of The Byrd Group, an independent government relations consulting firm

QUESTIONS:

- What does the Evraz proposal include?
- What are the anticipated advantages of the Evraz proposal?
- What risks are associated with this development (e.g., economic, environmental, etc.)?
- What is the anticipated funding source?

RESPONSE NOTES:

- He represented Commercial Development Company (CMC), which bought the site approximately a year ago. About 9 months ago they had their first meeting to determine what to do with the site, though cleaning up the site was always part of the plan. Converting the site into a Port was one of the uses considered.
  - o (Not sure I caught all of this.) The site includes deeded rights to 100 acres adjacent to the river and another 100 acres. This is considered enough land for a port.
- CMC has established a strong working relationship with DNREC.
  - o The site is in the process of getting approval for the cleanup, which will be expensive. However, they're in good shape and believe they're ahead of schedule.
- The benefits of the site are that it has river, rail and highway access, along with 400 acres. There is a lot of industry interest in the location. CMC has tried to focus on industry/manufacturing uses for the site, rather than just retail potential.
- CMC is currently talking to the Corps to figure out what it would take to develop a port on the site. Although CMC has 30+ years of experience acquiring contaminated sites and redeveloping them, this would be their first time working on a port.
- When CMC bought the site, the owners committed to building a new railroad station for the area. They set aside 12 acres for this purpose. This project is moving along better than expected. It will cost 50-60 million, but the land donation by CMC makes it more feasible.
- The project is anticipated to be privately funded.

**Bob Marshall (BM) –**

BRIEF BIO: Delaware State Senator for third district – chair of the Senate Labor & Industrial Relations Committee and the Senate Public Safety Committee

QUESTIONS:

- What does the proposal for the current Port of Wilmington entail?

- What are the anticipated advantages of this proposal?
- What are the risks associated with the expansion of the Port of Wilmington?
- What do you anticipate as a source of funding for this project?

RESPONSE NOTES:

- In 1996, the Port of Wilmington was in tough shape and had to ask for financial relief. The State invested \$215 million (primarily for infrastructure and refrigeration). The Diamond State Port Corporation was formed at that time.
- The next round of administrations (e.g., governor, county executive, mayor) will be confronted with the challenge of working through what should be done for the port.
- If an energy company had acquired the current Port of Wilmington back in the day, many of the jobs there might have been automated.
- Whatever site is selected, there needs to be unified governance (between the different levels of government). There cannot be a problem of competing ports.
- We need to encourage expansion. There should be public-private partnerships. This requires a high level of public discussion.
- Union members should be encouraged to show support and interest in these projects.

**Ronald “Kimoko” Harris (KH) –**

BRIEF BIO: Business Agent for ILA Local 1883 and Executive Board Member of the Delaware Coalition of Black Trade Unionists

QUESTIONS:

- What does the RiverEdge proposal include?
- What are the anticipated advantages of the RiverEdge proposal?
- What are the risks associated with the development of this site?
- What do you anticipate as a source of funding?

RESPONSE NOTES:

- Until recently Diamond State Port Corporation was really asleep at the wheel in the face of new shipping trends (e.g., Panama/Suez), which provide new opportunities for ports on the East Coast.
- The ILA was constantly seeing other states investing millions to increase capacity for the anticipated new movement/larger vessels.
- The ILA started trying to push Delaware to follow suit but didn’t get anywhere until Tom Gordon got on board.
- Since 2000, Delaware has lost 15,000 manufacturing and 20,000 goods jobs. Since 2000, 30,000 Delawareans have been in foreclosure.
- More blue collar jobs are necessary for the State. Longshoremen/shipping industry creates more direct/indirect jobs than any other industry. There are 14-16,000 jobs created by the Port of Wilmington.
- The plans for RiverEdge would include a larger facility, which could support even more jobs.
- They’ve met with DNREC, EPA, etc. – and all support the plan.
- Dave Carter did not mention that the CZA considers the balance between jobs/economic development and environmental concerns.

- The RiverEdge proposal could easily create 15-20,000 jobs, as well as trucking and rail jobs.
- The focus of the proposed port would be consumer goods, so it would not compete with the existing Port of Wilmington.
- The GM plant is the perfect site for a distribution center. Another 2-3,000 jobs could be created for those centers.

### The Questions

(1) Why is RiverEdge a superior site?

**KH:** These sites don't need to compete.

(2) What would you ask politicians about these proposals?

**BM:** Everyone is looking to expand. This will come down to the new administrations in 2016.

**MC:** It's important to look at the impact across all sections. What is the alternative investment? Are they really looking at the community to determine job growth/economic development etc?

(3) Given trends toward automation of container shipping and distribution, how can we be assured that projected jobs are at all accurate?

**MC:** .... [answered the preceding question]...

(4) What are the alternate uses for Evraz?

**BB:** CMC is also considering other proposals (e.g., light manufacturing, retail, distribution). Decision will be determined by what the market will bear, innovation, and county approval. They will consider what gets jobs on the site.

(5) Could a study show that no Port development/expansion is the logical outcome?

**GB:** Currently there are 5,700 family sustaining jobs created by the Port of Wilmington. We hired the consultants to make the determination (of what the right course is).

(6) Not all of these proposals can be built simultaneously. What should the priority be?

**KH:** RiverEdge should be the priority because it is the closest to being ready. A feasibility study has already been done. It's also south of the Delaware Memorial Bridge, which saves shipping expenses and toll money. Potential investors have already been contacted, and KH expects them to visit in the next month or so. KH and ILA have been working on this for a year, far more than anyone else. They're just a few permits away from securing investors. After that, the existing Port of Wilmington should be expanded. However, there are only 40 acres left there.

(7) What is the best estimate for the amount of time that would be needed to get the necessary permits?

**DC:** This could vary enormously. For example, he saw a project take 20 years to get approved, whereas some never get approval. So it really depends on the complexity of the projects. Just expanding the existing port might take two to four years. For the other proposals, it would probably take a minimum of four years but probably more like ten years – maybe longer.

(8) Will the study consider the cost of annual dredging paid by the Corp?

**GB:** Yes, it will be considered as an ongoing expense. The Corp would be responsible for the channel. However, the owner of the site is responsible for the areas adjacent to the port. For example, the current port uses self-scouring to address some of that.

**DC:** There hasn't been sedimentation modeling to determine the rates and impact of dredging. So currently, the only accurate numbers that we have are for the Port of Wilmington.

**BM:** [I think this response was still part of this question] The State of Delaware has committed millions through the bond bill this year and will continue to commit what seems reasonable. It's not like past years when the State had tons of cash. But it's a guarantee that politicians will do everything that they can to support a reasonable project.

(9) What makes the RiverEdge project different?

**KH:** It's located south of the bridge. Right now ships have to pass right by us to get to Philadelphia. But both 95/495 are just one minute from RiverEdge. If ships go up to Philadelphia or NJ it can sometimes take one hour to get from the dock to the highway. So shippers would save a lot of cost. Also RiverEdge is a greenfield with about 178 acres. There's not believed to be any contamination there.

(10) In light of your position, why do you think there's resistance to developing RiverEdge?

**KH:** Politics...

(11) Are all of the stakeholders adequately involved such that things won't get hung up later?

**DC:** It has been difficult to get notice concerning meetings until recently. There seems to have been some suppression of information. However, an environmental impact statement (EIS) will eventually have to be done, and EISs have stringent public participation requirements. These participation requirements are the first thing courts test. So far all of the discussion related to an EIS has been conceptual. He recommended getting a dialogue started now to avoid environmental conflict early on. This would save public money and make things smoother. Better to work things out now, than litigate later...

(12) Panelists were invited to offer a summation of their comments. They were also allowed to respond to a final question about whether they support RiverEdge (and if not, why).

**GB:** We haven't even concluded an agreement for the consultants to perform their study. So no studies have been completed yet. We're still in the process of defining the scope/payment for the study. GB supports whatever is best for the State.

**MC:** How will we address the economic needs of the community? If it's not via developing/expanding the Port, what is the next best option? What would provide the best economic development and job growth?

**DC:** He's not for any project; he's for protecting the environment. But he'll tolerate a project that has the best outcome. He also emphasized that just

because DNREC may be present for some of the decision-making does not mean that all of the environmental community is adequately represented. Through his comments and visuals, he tried to emphasize the biggest environmental impacts. He'll work to make sure those are addressed.

**BB:** He's most concerned about jobs for Delaware. There were 400 jobs lost in Claymont, with the closing of Evraz. He never saw the RiverEdge proposal as a competitor. He agrees that it is a big deal that RiverEdge is south of the bridge. They're going to do whatever they can to bring jobs to Delaware.

**BM:** He supports developing the 40 acres at the Port of Wilmington... and RiverEdge... and any other site that can deliver jobs.

**KH:** He's an environmentalist too... He's concerned about environments that are burdened with bullets and foreclosures. That's his concern.