The Future of the Port of Wilmington

Part III: Organization and Management

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Foreword

THIS is the third and final study of a series of three monographs on the future of the Port of Wilmington, which have been organized and edited at the Center for the Study of Marine Policy at the University of Delaware.

The first study, published in December 1985, provided a history of the port from earliest times to its major development after World War I, describing operations from 1923 to 1938, and concluded with comments about reforms and improvements to the port up to 1975. The second study, published in March 1986, dealt with the current operations of the port and various plans that had been advanced to continue the growth of the port as a vital element in the commerce of the City of Wilmington, the State of Delaware, and the region.

This study examines the management of ports in the United States and the challenges to port operations in the future, particularly for the Port of Wilmington, and it has sampled the opinion of some of the leaders in the city and state about the future development of the port, with a conclusion that may reflect consensus on the policy options available.

The principal investigator and author of these studies has been Mereen (Kim) Slentz, who received her Master of Marine Policy degree from the College of Marine Studies at the University of Delaware. She and the Center wish to acknowledge their appreciation of the assistance of Matthew LaMourie of the U.S. Maritime Administration for data about American ports, and thank the several port, city, county, state, and other agency officials for their cooperation in this research.

Special encouragement and support of these studies came from the Port of Wilmington Maritime Society, the Sea Grant College Program of the University of Delaware, and the Department of Commerce of the City of Wilmington, for which the Center for the Study for Marine Policy is most grateful.

Gerard J. Mangone
Director
1 September 1986

The Port of Wilmington at the Christina and Delaware Rivers.

Looking Back

IN 1917 the Chamber of Commerce and the City Council of Wilmington agreed that the city was in need of expanded harbor facilities. A report by consultant John Meigs cited Wilmington's central location with an extensive tributary region, its large producing and consuming population, its deep and ample water connections, excellent railroad connections, and capable city administration as being ideal qualities for port development. The City Council approved an initial bond issue of $2,500,000 and the first unit of the Wilmington Marine Terminal was completed in 1923.

Under the direction of the Board of Harbor Commissioners, Wilmington's new port enjoyed rapid growth in its early years. During the 1920s many businesses chose to locate around the terminal facilities, an additional dock area was constructed, the depth of the ship channel was increased from 25 to 30 feet, and total terminal acreage was expanded. Yearly tonnage continued to rise so that by 1938 a consultant's report found an "imperative need" for port facility expansion. Despite that urgent call, the Second World War resulted in dwindled commercial activity and the city's attention was temporarily diverted from the port. It was not until 1954 that the overcrowded terminal facilities were awarded funding for new warehouse construction. In the ensuing eight years, more than nine million dollars was spent to further improve and expand port facilities.

During the 1960s and 1970s there were a variety of studies that evaluated port operations and provided direction for management goals. The 1974 Sherman W. Tribbit study, in particular, became the basis for an extensive capital improvement program and an intensified marketing effort. In the late 1970s came loud cries for the need for a container crane, a well-maintained dock area, and more warehouse space. As a result, a new floating berth for automobile imports was constructed in 1976. A new storage and automobile-processing facility were also built. In addition, facilities for off-loading bananas were expanded and modernized in 1978.

The Port of Wilmington entered a new era in the 1980s as it received significant financial assistance from the State of Delaware. The first state funds were made available in 1980 for the construction of a modern container crane, which became operational in 1982. Since then additional funds have been contributed by the state toward expansion of container facilities, the construction of a fruit handling facility, and the purchase of a second container crane. The port also made improvements on its 7.5 mile network of railroad track in 1983. Increasing financial assistance to the port by the State of Delaware demonstrated the state's growing interest and commitment to the port as an important city, state, and regional asset.

The two most comprehensive consultant studies of the port in recent years were the 1982 Booz, Allen & Hamilton Report and the 1984 TAMS Port Master Plan. Both of these reports emphasized the need for continued economic development and marketing strategies. The Booz, Allen report stressed the importance of adequate rail service and healthy cargo flow by rail as well as the desirability of soliciting water-dependent industries to this region. The TAMS report focused on the benefits to be derived from an aggressive marketing plan and the need to maintain adequately the existing facilities in order to accommodate anticipated growth.

The shipping industry of the United States was deregulated in 1984, following the trend set earlier by the railroad and trucking industries. This has led to the necessity for ports throughout the nation to readjust their marketing efforts and tailor both port services and facilities to the needs of carriers as well as shippers. Every port will have to maintain competitive prices to survive.

The Port of Wilmington is a specialty port designed to meet the needs of a certain class of shipper. The port's marketing strategy reflects this specialty status. One important change in 1984 was the designation of over half of the port's acreage as a "Foreign Trade Zone", which allows goods to be imported into the United States without being subjected to customs duties until they leave the zone for American markets.

Operations at the port have been strong. A long and profitable future is envisioned at the Port of Wilmington. In the years since 1976, port revenues have risen 158 percent; annual tonnage has increased by 15.5 percent; and over 1.7 million dollars has been spent on improving the port's capabilities. The port has also enjoyed encouragement by the Port of Wilmington Maritime Society, a non-profit private organization that works to increase the port's business activity by community awareness and by promoting investment in the port.

There are important policy questions about further opportunities for the port's development by expanding its commercial base and by financial or managerial changes that could improve its competitive position in the years ahead.

The Management of U.S. Ports

IN September 1985 Rexford B. Sherman of the American Association of Port Authorities provided an excellent overview of today's ports in the United States in *Public Port Agencies in the United States and Canada.*

According to that report, there were 183 commercial deep draft ports located along the United States Atlantic, Gulf, Pacific and Great Lakes coasts. Of these, 105 were public seaports, run by state, local, county or independent administrations. Unlike other countries, such as Canada, the United States has no national port authority. Authority over ports in the United States is diffused through all levels of government.

Although the U.S. Constitution grants the federal government exclusive jurisdiction over the navigable waters of the United States, a responsibility that has been delegated to the U.S. Coast Guard and the U.S. Army Corps of Engineers, that jurisdiction stops at the water's edge. Port authorities in the United States have been established by grants of authority from individual state legislatures and no federal agency has the power to amend any port authority charter.

Many ports have seen changes in their government authorities over the years. For example, in 1956 the Massachusetts Port Authority took title to the Port of Boston Commission's "lands, piers, and other structures and facilities." In the same year, the city-run Port of Baltimore was replaced by the Maryland Port Authority and was then replaced later by the present Maryland Port Administration. The converse has also occurred. For instance, in 1969 the Port of San Francisco was transferred to city jurisdiction by the State of California.

The term "port authority" does not always apply to totally autonomous public bodies. Some are autonomous and self-sustaining, such as the Massachusetts Port Authority and the Port Authority of New York and New Jersey. Others, however, are subject to certain state controls. One example is the North Carolina State Ports Authority, which must obtain approval by the governor and council of the state prior to engaging in any real property transactions. Other ports are administrative divisions of the state, county, or municipal governments. The Port of Mobile, which is operated by the Alabama State Docks, is an Alabama state department itself. The Maryland Port Administration is an agency of Maryland's Department of Transportation. The ports of Los Angeles, Pensacola, Milwaukee, Providence, and Richmond, California are all municipal port departments. The Port of Miami is managed by the Dade County Seaport Department.

Some port authorities exist simply to provide bonding authority for port facility financing, such as the Maine Port Authority and the Peninsula Port Authority in Hampton Roads, Virginia. Other ports are bi-state or regional agencies, such as the Delaware River Port Authority and the Port Authority of New York and New Jersey. The Philadelphia Port Corporation is an innovative agency that was established to manage terminals in 1965 by the City of Philadelphia, the State of Pennsylvania, and the Philadelphia area Chamber of Commerce.

Despite their differences in organization, public port authorities exist to serve the public interest of a city, state, or region. They are generally invested with power to exercise rights of eminent domain, to conduct studies and develop plans, to set facility charges, issue bonds, apply for federal grants and enter into contracts and agreements. Their activities may also involve the management of airports, bridges, tunnels, rail systems, inland river terminals, industrial parks, foreign trade zones, world trade centers, shipyards, commercial vessels, dredges, and recreation marinas.

The system through which individuals serve on the governing bodies of the 105 U.S. port authorities varies widely. Some 66 boards are appointed; 27 are elected; 9 have no governing bodies whatsoever; and 3 are served by county commissioners. Appointments to a port governing body are sometimes made by a governor, a mayor, or a board of county commissioners. In some cases, boards are comprised of persons appointed by state and local commissioners. Some charters outline specific geographic, professional, or other criteria for the choice of port commissioners. In sum, each U.S. port authority is unique in some respects and in many instances quite different.

New Issues for U.S. Ports

SINCE 1972 a number of federal laws, coupled with innovations in maritime trade, have had an impact on the development of ports, especially their financing. The Ports and Waterways Safety Act of 1972 sought to prevent damage to or loss of vessels, bridges, or other structures on or near U.S. navigable waters as well as to protect those waters from environmental harm by regulating marine vessels and all waterway activity. In the same year the Ocean Dumping Act, the Coastal Zone Management Act, and the Federal Water Pollution Control Act, as amended, all sought to improve the shore and marine environment, directly affecting the design, construction, utility, and management of ships and ports. Another pertinent statute was the Deepwater Port Act of 1974, which provided protection for the marine and coastal environment by minimizing adverse impact caused by deepwater port development and also protected the rights of states and communities to regulate growth and determine land use.

Most noteworthy was the Shipping Act of 1984, which provided that the Federal Maritime Commission (FMC) would continue to have regulatory controls of ports, but altered the regulatory process to permit ports more certainty and timeliness in their plans for terminal leasing, ocean carrier access, stevedoring, and related agreements. The Shipping Act also confirmed the antitrust immunity of ports. In addition, the FMC adopted General Order No. 45 in 1982 to avoid unnecessary environmental impact statements (EIS) for activities that have no significant effect on the environment. Marine terminal agreements that do not involve substantial environmental disturbances no longer automatically require EIS's.

Trends in the ship building industry and the intermodal delivery of cargo pose new challenges for ports. Larger vessels and containerships require timely port response to remain competitive. Ports have to modernize obsolete terminals in order to service the larger vessels and improve their cargo handling capacity. There is need for specialized warehouses, such as refrigerated sheds, more storage areas, greater security precautions, and better connections to hinterland markets.

Moreover, shipping practices have changed radically. Through use of sealed containers and a single bill of lading, cargo can be shipped by one carrier through truck, rail, and vessels directly from one port to an inland city or even from one inland city across the sea to another inland city. No longer can ports enjoy a "captive cargo" of regional goods to be shipped or received. Marketing a port has become more urgent, taking into consideration its carrier connections and its efficiency for facilitating transfers from one transportation mode to another.

There is an overall expectation at all levels of government at this time that ports will become more self-sustaining in their development and operations rather than continue to rely solely on public support. One tactic in response to this challenge is for ports to begin to adopt a compensatory rate structure. A port may be considered self-sufficient under one definition if its current revenue is sufficient to cover administrative and operating expenses, including maintenance and minor improvements of existing facilities. But its revenue may not be great enough to provide for the amortization of capital investments or the major improvements and expansion necessary to remain competitive. Those ports that operate other enterprises, such as bridges, toll roads, or airports tend to use those profits to subsidize operations at the marine terminal facilities.

Ports are under increasing financial pressure to develop expensive computerized cargo clearance systems to remain competitive in response to changes in U.S. Customs procedures. Additionally there is the tendency to change traditional funding of port channel dredging from the budget of the U.S. Army Corps of Engineers to the users of the ports. Where new and frequent dredging schedules are required, ports may be burdened with charges that must then be passed on to the users of the port.

Types of U.S. Public Port Financing

Of the three billion dollars invested in U.S. ports from 1973 to 1982, about 83 percent was allocated for new construction and the remaining 17 percent was for modernization and rehabilitation. There was also a shift in relative use from general obligation bonds to revenue bonds and port earnings.

U.S. ports are increasingly using combinations of financing to undertake capital improvement projects, as shown in Table 1. Innovative financing methods include leasing arrangements, zero coupon bonds, and variable rate bonds for long term financing. Short term financing methods include the use of tax-exempt commercial paper with a maturity ranging from 1 to 270 days, warrants, bond or tax anticipation notes, variable rate demand securities, option tender bonds, and letters of lines of credit.

The methods of financing port development, expansion, rehabilitation, and modernization are

Table 1
Public Port Financing Methods Summary (Top Four)
(Millions of Dollars)

1973 to 1982	Source	North Atlantic	South Atlantic	Gulf	North Pacific	South Pacific	Great Lakes	U.S. Territory	Total
Capital Improvement	Port Revenues	131.0	98.4	57.2	87.3	133.7	1.4	19.8	528.8
	Revenue Bonds	279.8	51.9	868.9	117.4	233.7	152.7	6.3	1710.7
	G.O. Bonds*	59.6	103.8	171.5	63.2	32.3	0.1	0.0	430.5
	Other**	41.7	2.7	22.9	21.1	59.9	0.0	1.9	150.2
	Regional Total	512.1	256.8	1120.5	289.0	459.6	154.2	28.0	2820.2
Mandated Costs	Port Revenues	0.0	0.0	5.1	2.5	10.3	0.1	0.0	18.0
	Revenue Bonds	0.0	0.0	1.7	0.0	1.5	0.0	0.0	3.2
	G.O. Bonds*	0.0	0.0	1.3	0.2	0.0	0.6	0.0	2.1
	Other**	1.4	0.0	5.0	0.0	5.0	0.0	0.0	11.4
	Region Total	1.4	0.0	13.1	2.7	16.8	0.7	0.0	34.7

Source: AAPA Port Expenditure Survey
*General Obligation Bonds
**Includes Methods Other Than Traditional Ones

changing. In general, as government assistance and public subsidies have declined, the dominant source of financing for the U.S. public port has become revenue-type municipal instruments or port earnings.

Management of the Port of Wilmington

THE Port of Wilmington is owned and operated by the City of Wilmington. It is managed by the Director of the City Department of Commerce, who is responsible for promoting commerce through the port under authority granted by the State of Delaware in the City Home Rule Charter, as amended.

The Port Director reports to the City Department of Commerce and is responsible for the operation and administration of all port functions. The City Director of Commerce and the Port Director together set rates, promulgate rules and regulations for the use of port facilities, develop port marketing strategies, plan for the development of the port, and when approved by the City Council, acquire properties and construct facilities. The port is charged a fixed annual fee by the City of Wilmington for use of city services.

Figure 1 outlines the port organizational structure. Although the top port offices have been filled by a succession of political appointments over the past ten years, other officers and supervisors have continued in their appointments, permitting continuity in operations and the development of a coherent working team.

The port is directly responsible for about 400 jobs, making it the 50th largest employer in New Castle County. Port staff on the City of Wilmington payroll total over 100 persons who work in office, management, or marketing positions, or as dockworkers and supervisors. Approximately 135 longshoremen work on the docks each day as well. Facilities at the port are also leased to private firms for their operations, which include import and export of cargoes, stevedoring, and other port-related activities.

The City Charter authorizes the Department of Commerce, with approval of the City Council, to issue bonds for financing port development. These general obligation bonds allow the port to undertake construction projects that may not necessarily show profit but that generate other benefits for the community. Security is provided through the City of Wilmington's taxing authority. Most recently, the bonds floated for the port by the State of Delaware were similarly guaranteed. Revenues from port operations are used to pay the principal and interest on bond indebtedness as well as a portion of the annual overhead of the city, which includes the cost for Commerce Department operations. Port revenues in excess of expenses revert to the City General Fund. During the last budget year (1985) the port generated $1.8 million for the City of Wilmington coffers; profit resulting from a particularly successful year.

Since capital investments must be appropriated through the city's capital budgeting process, decisions on capital investment are necessarily bound to the political process. As a result, port management is somewhat restricted in its ability to earmark monies for maintaining existing port facilities and responding to new opportunities because funding requests must compete against other city projects.

The 1974 Sherman W. Tribbit study investigated possible alternative institutional arrangements for the ownership and control of the port that might enhance the port's performance and more effectively serve the region. The committee examined private ownership and concluded that it was not a viable alternative since the private investor would be unwilling to acquire the port at a price acceptable to the city. A second option considered entailed the participation of the State of Delaware and/or New Castle County in a partnership with the City of Wilmington to assist in capital development for port improvements, possibly implemented through a Board of Commissioners arrangement that reflected city, county, and state interests. A third alternative considered was the "port corporation" concept, with a board of directors, professional management, and authority to issue revenue bonds for capital improvements. The Tribbit study committee concluded that the corporation concept would be most viable both legally and politically, but action was never taken on its recommendation.

Ten years later, the 1984 TAMS report, *Port of Wilmington Master Plan*, concluded that the port should continue to seek to attract private investment in the development of port facilities, but stopped short of advising a change in the institutional structure of the port unless the port was to "experience a significant growth in volumes of cargo throughputs, requiring a major program of capital investment." If that happened, the TAMS report too advised the creation of a port corporation to own and operate the Port of Wilmington.

There are persistent forces at work in Delaware to consider institutional changes at the Port of Wilmington that may better address the increasing competition in marine transportation and the crucial need of ports for modern warehousing, transfer facilities, intermodal linkages, and dynamic international marketing, all supported by sufficient investment capital.

Policy Options for the Future

THERE are clearly any number of ways to manage and finance port operations to capitalize on available resources and ensure a healthy future for the Port of Wilmington. Viewpoints vary, of course, between city, county, and state officials, with a natural tendency to promote their own convictions and their own interests. Their perspectives, nevertheless, are earnest and provide a sound start for legislative considerations.

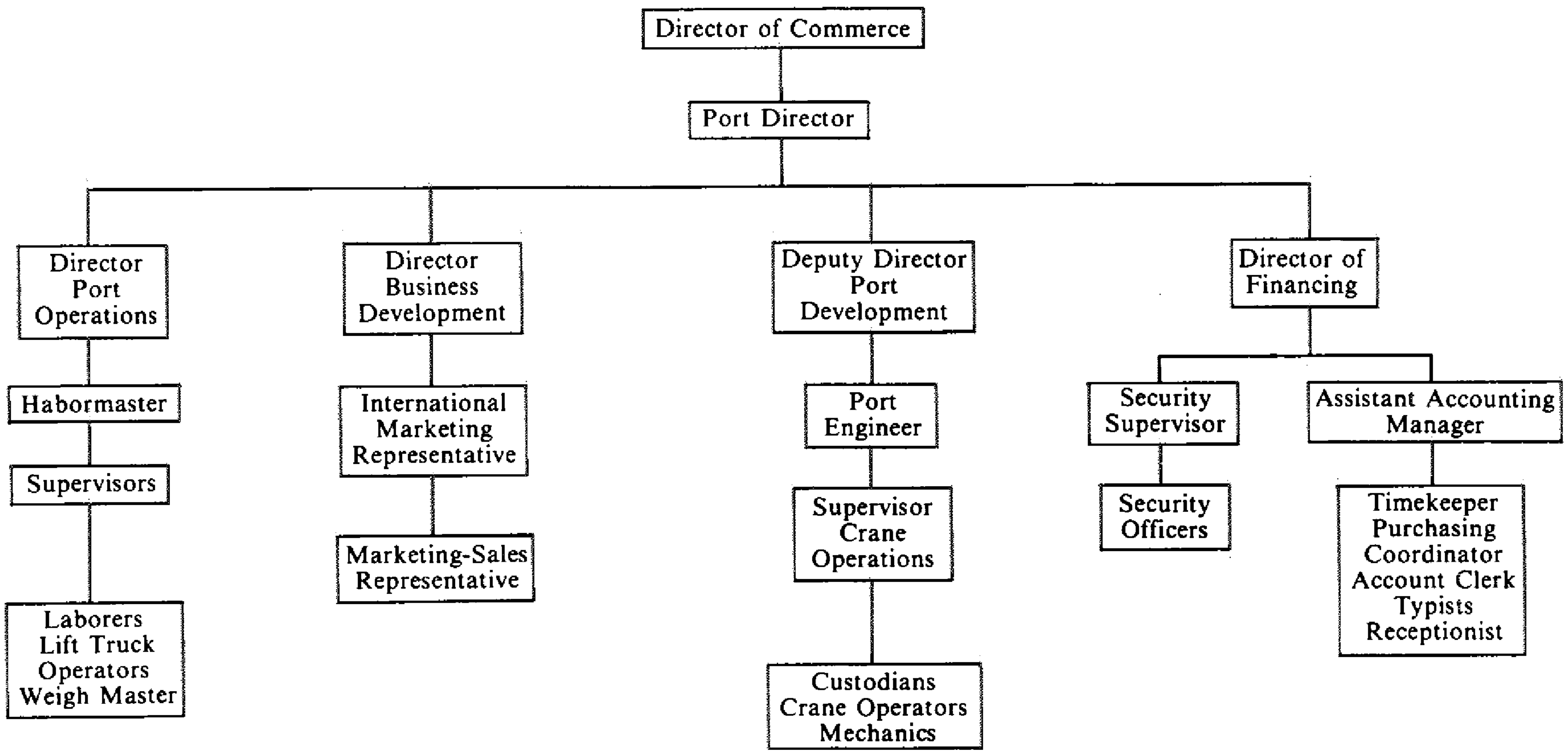
Views of the City of Wilmington

City officials are enthusiastic about the future of the port and believe that it represents a most valuable municipal asset.

In light of the more than 6.5 million dollars that the State of Delaware has contributed to port development since 1980, Mayor Dan Frawley and Commerce Director John Casey were asked to comment on the future role of the state with respect to the port. The Mayor emphasized that state assistance was a critical aspect of the port's continued success. However, since the city manages the daily operations so successfully, the state is relieved from the pressure of having to take further responsibility to ensure the proper use of its investment.

The Commerce Director pointed out that the city's expertise at the port ensures continued profitability. Yearly tonnage statistics have been increasing and the port is the only public terminal operation on the Delaware River that has been making a profit. The city has provided sufficient capital to accommodate each and every new customer where it made business sense to do so. Capital spending decisions have been and will continue to be based on the return from these

Figure 1. Port of Wilmington Organizational Chart.



investments. No advantage was envisioned by the city officials in any scheme for the state to establish greater authority in port management since the operation functions successfully as a city responsibility. However, Mayor Frawley added that his mind was not closed on the subject if there were good reasons and economic incentives for the city to consider other management suggestions. Meanwhile, the city has been pursuing options to expand the physical plant and property of the port.

City officials are dubious about a recent tentative proposal to establish a consolidated port/airport operation with New Castle County. The mayor saw no advantage in combining Port of Wilmington operations with the airport since the commodities serviced in each operation were mutually exclusive. Commodities handled by ships are relatively low value, high mass cargo whereas airplane cargoes are high value and light weight. There would never be an opportunity for a cross over of goods between the port and airport.

The future of the port hinges on a crucial policy choice, according to city officials. Either the port will continue in its efforts to grow at a moderate pace by capitalizing on its strength in providing personal service to customers due to its small size *or* it can attempt to compete as a major port on the Delaware River. The city has commissioned C.E. Maguire of Virginia Beach, Virginia, a marine engineering firm, to address options for expansion.

The first phase of the C.E. Maguire study was to conduct an Environmental Impact Assessment on the plan by the U.S. Army Corps of Engineers to use the Wilmington Harbor South area for dredge spoils disposal, which was discussed in Part II of this series in the *The Future of the Port of Wilmington.* The second phase will be an analysis of four port expansion options with projections on timing and associated costs. Three of those options will involve expansion of port operations out onto the Delaware River; the fourth will examine expansion along the Christina River where the port presently operates. Preliminary data has suggested that it might make the most sense to expand along the Christina, with a projection by Maguire that dredging costs would ultimately be more expensive in the Delaware River than the ongoing costs of dredging the Christina River.

City Council member Joe DiPinto stressed that the future of the Port of Wilmington was particularly good. He applauded the State of Delaware's recent funding commitments as a signal that it has finally recognized the Port of Wilmington as a valuable regional asset. Although greater involvement by the state in port affairs was not precluded by Councilman DiPinto, he expressed satisfaction with the present arrangement. The greatest limitation to the health of the port, in his opinion, had been its lack of ability to raise capital on a time scale that allows timely response to market demands. The city has been limited in its financing capabilities. To increase future bonding capacity, some type of authority or broader based sharing between levels of government may be appropriate. Under any arrangement, DiPinto wanted the city to maintain its fair share of control in the port in light of its historical role and commitment.

Views of New Castle County

Rita Justice, New Castle County Executive, has characterized the Port of Wilmington as a "tremendous window of opportunity". She ordered a study of the feasibility of forming a joint airport/bridge/port authority and in February 1986 the *Report on the Government of New Castle County,* concluded:

> It is an accident of history and geography that the port falls under city jurisdiction while the Greater Wilmington Airport is under county control. Those two facilities represent an asset of incalculable value to all of the people of Delaware, and they can be most effectively used in the economic development efforts of northern Delaware if they are jointly administered.

Ms. Justice has stated that such a joint operation would be best managed by the state, with the city and the county coordinated and organized appropriately to assist in the operations. The County Executive also felt that the port could reach its potential best by making a transition of its terminals to the Delaware River in order to capture business that now heads to Philadelphia.

County Council President Karen Peterson also sees the Port of Wilmington as an asset to the county, but only of secondary benefit in spurring economic development. She did not endorse the plan to develop a joint authority with the county's airport, being at a loss to imagine what incentive the city would have to pursue such an idea. The County Council itself has never discussed the subject of the Port of Wilmington, but Peterson hoped that the port would someday play a greater role in county development. During a recent public dispute over the Chessie Railway System's plans to locate an intermodal yard in Elsmere, Peterson had supported the idea of locating the controversial yard at the port terminal property but received no response from either the city or the Chessie System.

Views of Business and Labor

A strong advocate of changes to help the Port of Wilmington reach its potential has been H. Hickman Rowland, Jr., president of both Wilmington Tug & Launch, Inc. and the Port of Wilmington Maritime Society. He suggests that the problem of running the port under the City of Wilmington Department of Commerce, which has been very competent, is that the city must "wear too many hats". The port has no independent voice to advocate its needs and its requests can often be put aside or overlooked by a city government that is dogged by competing priorities. Although the shipping industry is a highly competitive field, the port cannot be run with business efficiency. Moreover, since the Major and his Director of Commerce have changed with city elections, policy can be erratic and the business of running the port is consequently more difficult.

A second factor in the rationale for change in the governance of the ports is that the City of Wilmington simply cannot provide adequate financial support for a large, dynamic, regional port. The investment capital provided by the State of Delaware to the port in recent years has been a clear indication of the city's need for financial assistance.

The Port of Wilmington has thrived during the past ten years because it has something to offer that the other ports do not. An ideal location, a diligent labor force, and a small-size operation has offered personal service to its customers to give the port its edge in profitability on the Delaware River. To capitalize on these advantages, Rowland believes that some sort of governing body should be formed solely for the port, one that would be a step removed from the political process. One option would be a state-backed authority with its own revenue-producing mechanisms; another option would be to form a board much like the original Board of Harbor Commissioner to oversee the port's operations. Private operation seems most unlikely, for the port is essentially a public asset of benefit to the entire region and should not be operated on the basis of strict profitability.

A long term goal, according to Rowland, would be the expansion of port operations out onto the Delaware River to supplement the present Christina River accommodations. Two additional berths on the Delaware River would permit ships of deeper drafts and greater lengths to be serviced by the port, which is an important capability in an age of the bigger and heavier container ships.

Neff Sebree, General Manager of Citrus Coolstore, Inc., the orange juice concentrate facility located at the port, generally agrees with the sentiments expressed by Rowland. Sebree emphasized that his company has been happy with the port and has had no regrets about locating in Wilmington. The small-town atmosphere, the excellent access to transportation systems, and the low labor costs have been beneficial to Citrus Coolstore. However, he feels strongly that in order to maintain a sound and efficient port, the profits generated by the port must be reinvested in the port to maintain its rail system, expand its dockside facilities, and improve its operations. To spend port profits on other city projects seems counterproductive to Sebree. His choice was a state commission for the port as the best means to achieve more stability and consistency in the operations.

Jay Murphy, president of Wilmington Stevedores, called for port expansion and increased funding to build more refrigerated warehouse space and other storage property. He envisions a strong future for the port if the necessary facilities were to be made available to it when the market was ripe. In his view, the port must be more flexible and be managed more along business lines rather than "like a political football with people jockeying for position". He suggested that the city consider assuming a landlord role with respect to the port, as other American cities with ports have done. He would very much like to see operations along the Delaware River, but in view of the substantial capital investment entailed, unless the state becomes more involved with the port, there is little hope for realizing that goal.

Arthur S. (Skinny) Wilson, president of the local longshoreman's union and vice president of the International Longshoreman's Association, called the present administrative system outdated. Whereas investment capital can now be generated only through formal appropriations by the city or the state, he cited the need for a governing authority that would guarantee the income for expansion and be able to issue bonds for other capital improvements. He suggested an authority combining city, county, and state representation "with the emphasis on the state". One possibility would be to involve the Delaware River and Bay Authority in the port and thus help to provide operating funds.

To tie Wilmington port operations to the Delaware River and Bay Authority, which operates the Delaware Memorial Bridge and the Cape Henlopen Ferry, is a popular idea. Hugh Donnelly, a highly respected individual in the community and the retired Director of Marketing for the Port of Wilmington, believes that the state shouldn't have to bear all the expense of plans for port expansion. In order for the port to continue to be a major participant in foreign trade, Donnelly sees the need for an infusion from a "bottomless well of funds". Other major ports in the United States are heavily subsidized for their expansions. He recommends that the Delaware River and Bay Authority provide that income flow source for the Port of Wilmington.

Views of the State

Legislators and officials of the State of Delaware have been looking seriously at the idea of greater state involvement in the Port of Wilmington. Senator Robert Berndt, an active member of the Port of Wilmington Maritime Society, is a strong advocate for the port and sees a bright future for it. Not only does he mention the port's ideal location for markets, but he points out that the port has advantages in safety. Ships that dock in Wilmington follow an easily navigated course up the Delaware River from the sea, unlike Philadelphia-bound ships that must negotiate dangerous and rocky curves in the Marcus Hook area. Berndt is hopeful that the federal government's imposition of user fees to fund dredging costs in the Delaware and Christina rivers would be made much less burdensome if the Port of Wilmington were able to move its operations from the heavily silted Christina River out onto the Delaware River. Finally, he notes the general integrity of the local longshoreman's union has resulted in crews that work hard, avoid lengthy and costly strikes, and have kept cargo pilferage at a minimum.

In June 1985 Berndt introduced a bill to consider moving port operations out onto the Delaware River. A $5,000 study would also have drawn on local business expertise to assess the feasibility of involving the Delaware River and Bay Authority in an arrangement to ensure a constant income flow for the port by drawing on the Delaware Memorial Bridge tolls. Although the bill passed unanimously in the Senate and was endorsed by the Port of Wilmington Maritime Society, it was stopped in the House for consideration of various amendments. Unfortunately the idea of port operations on the Delaware River began to be perceived by some environmentalists as related to the controversial proposal of a few years ago to construct a huge offshore port in lower Delaware Bay, according to Berndt. Some concerns were expressed about the inevitability of developing of Delaware's wetlands from "Claymont to Lewes" and the bill was blocked. Berndt remains convinced, however, that the port must become regional, perhaps with commissioners from the city, the county, and the state, and he will wait for the study planned by the Delaware Department of Transportation that will address essentially the same issues of his original bill.

Secretary of the Department of Transportation Kermit Justice views the port as a yet untapped resource for the state and region. Turning the corner from the Christina to the Delaware River, according to Justice, would dramatically change port structure and effectively attract much more traffic due to the increased capacity of such an operation. The change would also provide more blue collar jobs, which would improve a sector of employment essential to Delaware.

The Department of Transportation plans to spend $50,000 to conduct a feasibility study of whether the state should take over the Port of Wilmington and upgrade its operation by moving facilities onto the Delaware River. Justice believes that the port has the potential to rank with ports like Philadelphia and Baltimore, given its advantages of freedom from heavy traffic congestion and its excellent access to rail and highway systems.

Views of an Interstate Agency

William Miller Jr., Director of the Delaware River and Bay Authority, agrees that the port would be better served by a financial scheme that could direct its surplus monies to its own use rather than to the city's coffers. Ultimately Miller believes the port should move out onto the Delaware River to escape the high dredging costs associated with the Christina River, but he noted that the Port of Wilmington's future also depends on the future of other ports in the region. Should the Port of Philadelphia do poorly then the Port of Wilmington would suffer as well. Meanwhile, he notes, the Port of Baltimore, has been seeking funds to increase its water depth to 45-50 feet and should it be successful, the effect would be felt by both Philadelphia and Wilmington.

Miller has been candid about the question of the Delaware River and Bay Authority becoming involved in port affairs, for he had been previously approached by the City of Wilmington on the matter. Two factors bear consideration. First, the authority cannot extend its operations to the port without changing the legislative language of its original New Jersey-Delaware compact. When the authority was created in 1962, the charter provided that the agency was to be involved in port operations both in Delaware and New Jersey, but it added that if activities other than those relating to bridge and ferry operations were being considered, both state legislatures must take the issue to vote.

A second factor that must be recognized is that the authority is a bi-state entity. There would be a natural reluctance of some people in Delaware in sharing port planning and management of a Wilmington port with New Jersey and with New Jersey ports.

The idea of a regional interstate authority is not new. In 1970 the Pennsylvania/New Jersey/Delaware Committee on Regional Development published a report sponsored by the three governors that recommended a tri-state port authority, but that plan was never carried out. Miller believes that a bi-state organization is a reasonable and positive idea, noting the very successful arrangement of the New York/New Jersey Port Authority. The Delaware River and Bay Authority would support a similar arrangement that would include the Ports of Salem and Bridgeton with the Port of Wilmington, and would entail the creation of a governing board with commissioners from both states.

Looking Forward

THE conclusion of these three monographs on the future of the Port of Wilmington, which have dealt with its history, operations, and governance, reveals a consensus that within its limitations the Port of Wilmington has fared rather well under the City of Wilmington. The port has had important advantages of a location not far from the sea, an excellent transportation network, space for warehousing, a prosperous, regional marketing area, good labor relations, highly competent managers and directors, and the earnest support of the business community, especially the Port of Wilmington Maritime Society.

Yet there is also a consensus that trade by sea, the shipping business, and the management of ports are entering a new period of technological change and intensive competition. There will be an increased need for marketing strategy by ports. There will also be a need to develop reception, handling, storage, and intermodal transfer facilities to provide quick, safe, and cheap services. In a decade of deregulation, cargo will be easily re-routed from the interior of the United States or from foreign origins to those ports whose services and rail-truck connections provide the lowest competitive price. A part of this price will depend upon the accessibility of the port through water channels that can accommodate deep-draft vessels.

Although there is no agreement upon a single institutional change that would enable the Port of Wilmington to face the challenges of the future with confidence about its capital funds and current operations revenue, there is a consensus that growth may not be possible so long as port resources are limited to the City of Wilmington and the terminals are fixed on the Christina River.

None of this analysis precludes the continued operation of the port under its present governance. It may still make profits, but it is more likely to remain in a stable or stagnant position, beset by aggressive North Atlantic ports competing for trade under better technological and institutional conditions. Perhaps the choice lies between a bold and creative growth of the port, which carries real risks but potentially large rewards, or a benign inertia, which offers fewer risks but modest rewards that may decline.

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