

Public Port Governance-- Issues and Trends

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Public Port Institutional Setting

1. In North America, limited federal role based on historic lineage--12th century Hanseatic League
2. North American public ports established public enterprise early to mid-20th century—decentralized institutional framework
3. Latin ports follow more the Mediterranean model
4. Functional responsibilities derived from enabling mandate—can be broad and diverse.
5. Public ports governed by elected (30%) or appointed commissions (70%)—serving as corporate boards “typically” to hire executive director and set policy

Port Management Equation— Expectations Rise to Do More with Less

- **Capital investment sufficient to assure adequate capacity and modern, well maintained facilities**
- **But public coffers are tapped**
- **So, profitability is key through efficient, competitive operations**
- **And don't forget, the port was created to generate jobs and regional economic development**
- **Of course, non-negotiable is the port's capability to:**
 - **Maximize safety and security, and,**
 - **Minimize negative quality of life impacts (eg, traffic congestion and pollution)**
- **And, while we're thinking about it, please provide
(whatever else the public needs this year or next)**

Factors in Port Governance— Dynamic, not Static; Over Time and Geography

- 1. Politicization—Greater public accountability and control—quality of life focus**
- 2. Privatization—Monetization and efficiency goals**
- 3. Regionalization—Increased focus on economic and transportation system service requirements for mega regions**
- 4. Partnerships**
 - Public/private—leveraging benefits/minimizing risk**
 - Public/public—port cooperation next level?**
- 5. Federalization—Diminishing \$ role, but growing recognition of importance of ports?**

Consider Some Recent Events: Public Accountability and Control

- 1. NC Ports transfer to NCDOT**
- 2. Port of Houston Sunset Commission**
- 3. Ports of LA and LB Clean Air Action Plan**
- 4. Ports of LA, LB and Oakland spend tens of millions on clean truck programs**
- 5. Greater County Commission role in ports of Miami/Everglades**
- 6. Maryland Port Commission rejects becoming an “authority”**

Interest in Growing Partnerships

1. P-3

- **Financial Close: Oakland Outer Hbr, Baltimore's Seagirt, Portland T-6**
- **Pending or on hold include: PRPA Southport, Galveston, Diamond State (Wilmington, DE), Corpus Christi (La Quinta), VPA, New Orleans, Gulfport**
- **Long term concessions: expanding traditional leases for container, breakbulk and bulk**

2. Public/public:

- **PMV, VPA**
- **FMC regional terminal associations....?**

Public Support: A Mixed Review of Late

1. **Funding for Ports in Florida, Georgia, California**
2. **Bond issues fail in Freeport, Cleveland**
3. **Airports divested in JaxPort, SD**
4. **Referendum on Ports' future: in San Diego—stadium denied; VPA to remain public**
5. **Recognizing importance of rebuilding ports after storms: Gulfport, New Orleans, NY/NJ, etc.**
6. **Federal-level support: in Canada, well underway; in US, momentum building?**

Regionalization

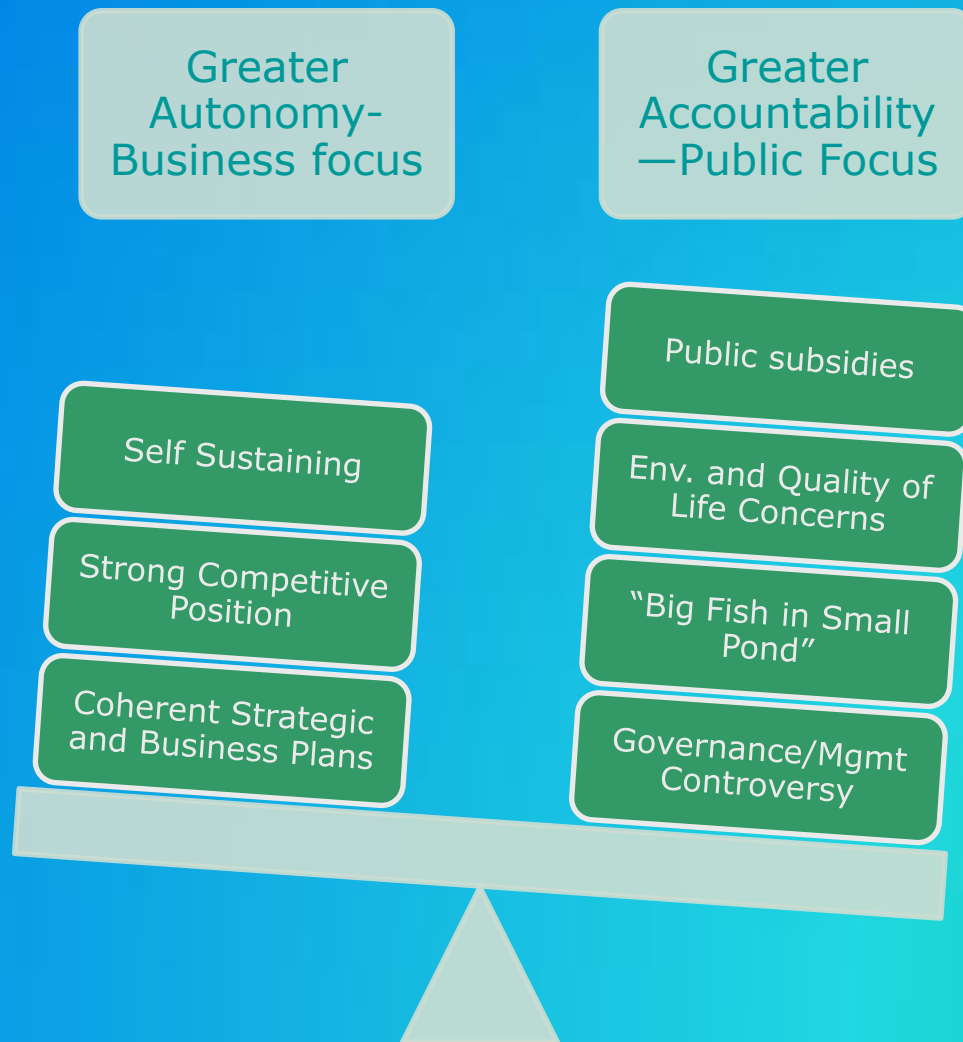
1. **Canadian Gateway Initiative**
2. **Freight corridor initiatives in US--CAGTC**
3. **Green corridors—PNW**

CEO Volatility: A Recent High-water Mark?

Examples of some recent “interrupted tenures”:

**Oakland, Long Beach, Houston, Freeport,
Gulfport, Tampa, Canaveral, JaxPort, NC Ports,
Virginia Ports**

Doing the Public's Business: Today's Dynamic Port Governance Model



Some Concluding Thoughts

- 1. Governance matters—understand its drivers in your port region and get ahead of the curve**
- 2. In the longer run, is the institution of public ports as public enterprise sufficiently flexible, responsive and efficient to endure?**

PHA Sunset Commission

1. **1 Clear Actions Must be Taken to Restore Trust in the Port Commission's Ability to Carry Out Its Important Mission**
2. **2 The Authority Lacks a Proactive Public Engagement Strategy Necessary to Improve Stakeholder Trust**
3. **3 A Formal and Comprehensive Strategic Planning Process Is Critical to the Authority's Future Success**
4. **4 Unclear and Outdated Statutes Prevent the Authority From Having an Effective Internal Audit Function**
5. **5 Use of the Authority's Promotion and Development Fund Requires Additional Controls and Transparency to Avoid Future Controversy And Distraction**
6. **6 Procurement at the Authority Lacks Consistent Practices to Ensure Fair, Cost-Effective Purchasing**
7. **7 The Authority Could Reduce Injuries and Save Money by Implementing a More Proactive Safety Program**
8. **8 The Commission's Role as the Pilot Board to Regulate Houston Pilots Lacks Focused Oversight and Standard Best Practices for Licensing Functions**