

Public Port Governance-- Why Does it Matter?

Erik Stromberg, Senior Port Advisor

AAPA Marine Terminal Management Training Program

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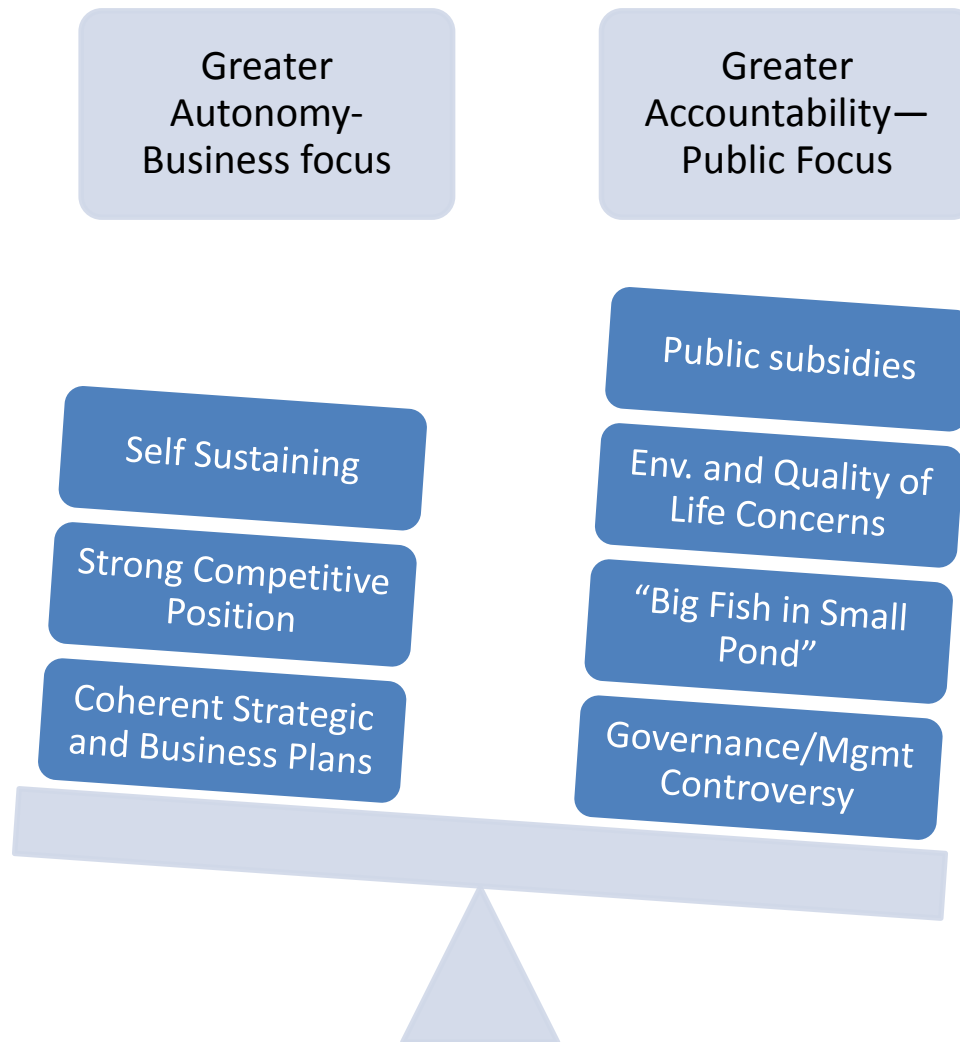
Western Hemispheric Public Port Historical Context

- **North American Ports**
 - Limited federal role based on historic lineage--12th century city/state Hanseatic League—decentralized port ‘system’
 - Public enterprise-based institutional framework yields confusion: who and what are we?
- **Latin American Ports**
 - Centralized Mediterranean model
 - Consequence: today’s focus on privatization?

The Port Authority as a Public Enterprise

- **Teddy Roosevelt and Progressive Movement**
 - Distrust big government and big business
 - Establish semi-autonomous governmental body
 - Public goals
 - Business-like implementation
 - Broad authorities and roles—PANYNJ to Wash. State
 - Sitting in a variety of governmental settings
- **Tension between public and private goals**
 - External
 - Internal
 - Dynamic relationship

Doing the Public's Business: Forces Affecting Port Governance



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)**

Misunderstanding and Mistrust of the Public Port—We Have Met the Enemy and He is Us

NC Ports Transfer To NCDOT:

“Officials deny megaport battle prompted planned reorganization”—Wilmington Star News, 4-29-11

“What's going on with the Ports Authority Board of Directors? Do they have any power anymore?” --Star News, 1-13-12

Port Of Houston Sunset Commission:

“The recommendations also include requiring stricter controls over use of the Authority’s Promotion and Development Fund, a nagging source of controversy ...”—August 2012

Ports Of LA And LB Clean Air Action Plan:

Seven Years of No CapEx

Greater County Commission Role In Ports Of Miami/Everglades

Public Support: A Mixed Review of Late

Funding for Ports in Florida, Georgia, California

Bond issues fail in Freeport, Cleveland

Airports divested in JaxPort, SD

**Referendum on Ports' future: in San Diego—
stadium denied; VPA to remain public**

**Recognizing importance of rebuilding ports after
storms: Gulfport, New Orleans, NY/NJ, etc.**

**Federal-level support: in Canada, well underway;
in US, momentum building?**

CEO Volatility: A Recent High-water Mark?

**Examples of some recent “interrupted tenures”:
Oakland, Long Beach, LA, Houston, Freeport,
Gulfport, Tampa, Canaveral, JaxPort, NC Ports,
Virginia Ports**

A New Order Emerging?

VPA Privatization--Rejected

PMV—Consolidation of Three Ports

**Seattle/Tacoma Alliance—Cooperation of
Two Ports**

**Florida Ports Council—Cooperation in
CapEx**

Cross Currents Affecting Governance

Federalization:

- **Funding inside the gates**
- **But backing off picking winners**

Regionalization:

- **Freight Corridors**
- **Green Corridors**
- **Regional Security Initiatives**
- **Canadian Gateway Initiative**

Privatization

- **Ports of Baltimore, Oakland, PRPA, Diamond State, Portland**

Some Concluding Thoughts

- 1. Governance matters**
- 2. The good ship Public Enterprise needs constant care**
- 3. Don't abuse its privileges**
- 4. And defend its virtues**
- 5. Understand the drivers of governance—every port is different, and changing— get ahead of the curve**
- 6. In the longer run, it's still an open question: Is the institution of the port as public enterprise sufficiently flexible, responsive and efficient to endure?**
- 7. I hope so.**