Public Port Governance--Why Does it Matter?

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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

- Greater Autonomy—Business focus
  - Self Sustaining
  - Strong Competitive Position
  - Coherent Strategic and Business Plans

- Greater Accountability—Public Focus
  - Public subsidies
  - Env. and Quality of Life Concerns
  - “Big Fish in Small Pond”
  - Governance/Mgmt Controversy
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)
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?
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.