



**Special Legislative Commission to
Study Potential Economic Opportunities in the
Development of Port Facilities in the
State of Rhode Island**

Interim Report

Report Submitted to the Rhode Island General Assembly

September 2009

Co-Chairs

Representative Peter F. Kilmartin

Senator William A. Walaska

The Special Legislative Commission to Study Potential Economic Opportunities in the Development of Port Facilities in the State of Rhode Island (or “Port Commission”) presents this interim report to outline work the Port Commission has done to date and areas the Port Commission will examine in the future.

Commission Formation:

The House and Senate enacted Joint Resolutions 2009 H 5084 and 2009 S 0017 on January 14, 2009, establishing the Special Legislative Commission to Study Potential Economic Opportunities in the Development of Port Facilities in the State of Rhode Island. Sponsored by Speaker William J. Murphy and Majority Leader Gordon D. Fox in the House, and by Senate President M. Teresa Paiva-Weed and Majority Leader Daniel P. Connors in the Senate, these resolutions created a commission charged with producing proposals that would fully utilize Rhode Island’s coastal resources and geographic position. The Commission consists of twelve (12) members of the General Assembly, six (6) of whom are members of the House of Representatives and six (6) of whom are members of the Senate.

Commission Members:

Co-Chair Representative Peter F. Kilmartin
Representative Joseph S. Almeida
Representative Laurence W. Ehrhardt
Representative Donald J. Lally Jr.
Representative Edwin R. Pacheco
Representative Deborah Ruggiero

Co-Chair Senator William A. Walaska
Senator David E. Bates
Senator Maryellen Goodwin
Senator J. Michael Lenihan
Senator Roger A. Picard
Senator Dominick J. Ruggiero

Meetings:

- March 19, 2009 – Sea Grant Presentation
- March 27, 2009 – Commission Tour of Port of Providence
- April 30, 2009 – Public Testimony and Presentations
- May 8, 2009 – Commission Tour of Quonset, Galilee, Newport, and East Providence Ports

Testimony:

March 19, 2009 – Initial Joint Commission Meeting and Rhode Island Sea Grant Program Presentation

The Joint Commission first met on March 19, 2009. The Commission heard testimony from Jared Rhodes, Secretary of the Office of Statewide Planning. Mr. Rhodes discussed Rhode Island's need for greater data gathering regarding its coastal assets and ports so as to improve the State's planning process. Mr. Rhodes described how the Statewide Planning Program partnered with the URI Coastal Resources Center to gather data in order to maintain an inventory of all Rhode Island coastal land and utilize it as a planning tool.

Don Robadue and Angela Wilson of the URI Coastal Resources Center project team discussed the Coastal Resources Center's preparation of a comprehensive study of Rhode Island's Ports and Harbors. Supported by the Statewide Planning Challenge Grant Program, and operating under the auspices of the University of Rhode Island's Coastal Resources Center/Sea Grant Program, this effort will provide a comprehensive statewide data source to support and inform waterborne freight, marine transportation and land use decision making processes. Its objective is to produce a comprehensive Geographic Information Systems ("GIS") based inventory of marine commercial and industrial uses, as well as existing infrastructure and current utilization levels of land parcels throughout Rhode Island. The Commission also heard testimony regarding the classification of land adjacent to or near Rhode Island's ports and harbors, and uses of this land.

April 30, 2009 – Public Testimony and Presentations

On April 30, 2009, the Joint Commission to Study the Economic Opportunities of Port Development received testimony from ten (10) speakers.

Michael Miranda, CEO of North Atlantic Distribution, Inc. (or “NORAD”)

Mr. Miranda provided background on NORAD’s operations. He explained that NORAD is a privately owned company located at the Port of Davisville in Quonset. It serves as the port of entry, processing center and distribution hub for Volkswagen of America; Subaru of New England; and Bentley Motors, Inc. Mr. Miranda testified that last year, approximately 130,000 vehicles were imported into Quonset making it the 5th busiest port for auto imports in North America. NORAD currently maintains approximately 250 employees at its corporate location and has a long term lease for 130 acres located in the Port of Davisville and adjoining area. Mr. Miranda described the Port of Davisville as highly attractive to businesses due to its convenient water access, and uniquely, its lack of a Federal harbor maintenance tax. Lastly, he indicated that the Port would be an ideal location for many cargoes including Roll On - Roll Off trucks and other forms of wheeled commerce.

Evan Smith, President and Chief Executive Officer of the Newport County Convention & Visitors Bureau (or “NCCVB”)

Evan Smith explained that the NCCVB is a non-profit organization dedicated to promoting the City of Newport and the five townships of Newport County (which includes Jamestown, Little Compton, Middletown, Portsmouth, and Tiverton) as premiere destinations for business as well as leisure travel. NCCVB’s efforts include an annual advertising campaign;

targeted sales programs; public relations strategies; and participation in trade and travel shows. NCCVB is also responsible for bringing cruise vessels into Newport each year.

Mr. Smith then briefed the Joint Commission on the impact of the cruise ship industry in Rhode Island. According to his testimony, in 2008, thirty-seven (37) large ships and twenty (23) small ships called at Newport with the fall cruising season being the strongest. Statistics indicate that the average expenditure per passenger is \$123 per port. Consequently, this translates into approximately \$8 million spent in Newport last year. Furthermore, Newport charges a port tax of \$4 per person. Presently, larger ships are required to anchor outside Newport's harbor because no dock is currently large enough to accommodate the ships, a competitive disadvantage that hampers future growth prospects.

Tom Sullivan, Senior Vice President of Moran Shipping Agencies, Inc.

Mr. Sullivan recognized Quonset's significant potential for the creation of employment opportunities. He explained that the Port of Davisville should be developed to the point where more ships are encouraged to call. Mr. Sullivan recommended an expansion in the direction of short-sea shipping (or "Marine Highway") where many trucks would be taken off the highways and transported via relay barges/small commercial vessels, thereby reducing traffic, congestion, air emissions, and general deterioration of the roads.

Since 1937, Moran Shipping Agencies, Inc., a Rhode Island corporation, has provided maritime consulting services to many of the world's prominent ship owners, operators, charterers and brokers. As reported, Moran Shipping Agencies, Inc. offers complete vessel agency attendance services in over ninety (90) ports throughout North America with twenty (20) full-service, company-owned offices. The company services all types of vessels ranging from the newest energy carriers to the smallest fishing boat.

Gary Oliveira, Representative of McAllister Towing of Narragansett Bay

Mr. Oliveira explained that the Providence Steamboat Company, established in 1881, is involved with managing tugboats. With approximately fifty (50) employees, the company dispatches tugboats to areas either beyond Newport or just inside the Bay, where they escort the ships safely to their destinations within Rhode Island and Massachusetts. The company has recently become an affiliate of one of our nation's largest tugboat firms, McAllister Towing, Inc., one of the oldest and largest family-owned marine towing and transportation companies in the United States. Founded by Captain James McAllister in 1864 with a single sail lighter, the company has served the maritime community continuously. Today, McAllister operates an extensive fleet of tugs, barges, and ferries in the major ports on the U.S. East Coast and in Puerto Rico. McAllister Towing currently utilizes 6 tugboats within Narragansett Bay and approximately 96 tugboats nationwide.

Frank Rogers, Vice President of Marketing and Sales for the Providence and Worcester Railroad Company

Mr. Rogers explained that the Providence and Worcester Railroad Company (or "P&W") is a regional freight railroad that operates in Massachusetts, Rhode Island, Connecticut and New York. The company is the only interstate freight carrier serving the State of Rhode Island and possesses the exclusive and perpetual right to conduct freight operations over the Northeast Corridor between New Haven, Connecticut and the Massachusetts / Rhode Island border. Mr. Rogers testified that P&W began independent operations in 1973. Through a series of acquisitions of connecting lines, the company has grown from forty-five (45) miles of track to its current-level encompassing approximately five hundred forty-five (545) miles. The largest

double stack intermodal facilities in New England are operated by the P&W in Worcester, Massachusetts which has become a strategic location for regional transportation and distribution enterprises.

As reported by Mr. Rogers, P&W transports a wide variety of commodities for its customers, including automobiles, construction aggregate, iron and steel products, lumber, coal, ethanol, chemicals, scrap metals, plastic resins, cement, processed foods and edible food stuffs such as frozen foods, corn syrup and animal and vegetable oils. P&W 's customers include The Dow Chemical Company, Northeast Utilities, Exxon/Mobil, Frito-Lay, Inc., International Paper Company, Smurfit Stone Container Corp and Tilecon Connecticut, Inc.

Mr. Rogers stressed that railroads significantly reduce the number of trucks that would otherwise be creating wear and tear on the highways. As the primary freight rail server for Rhode Island, P&W connects the State and region to transcontinental carriers such as CSX transportation and Norfolk Southern. Additionally, it has made major investments in improved rail services and facilities for PROVPOR and other Rhode Island maritime facilities.

Dan Campbell and John Lopes, Representatives of the International Longshoremen's Association (or "ILA")

Mr. Campbell, President of ILA Local 84 (representing clerks, checkers, timekeepers and watchmen) and Mr. Lopes representing the ILA Local 1329 (representing longshoremen and other dock workers) discussed how the orderly expansion of RI's ports and logistics facilities would affect their union. They indicated that an increase in the number of ships calling at Rhode Island's ports would cause an increase in the number of man-hours necessary to accommodate these ships. Mr. Campbell and Mr. Lopes explained that wages are based on tiers ranging from sixteen dollars (\$16) per hour to thirty dollars (\$30) per hour. They also indicated to the

Commission that a versatile cargo crane at the Port of Davisville would be helpful in the current efforts to develop that port.

The ILA, AFL-CIO, is the largest union of maritime workers in North America, representing about 65,000 individuals. It was founded in 1892.

Donald Church, CEO of Seaboats Tugboat and Barges Marine Transportation Company (or “SEABOATS”)

SEABOATS is a family-run marine transportation business serving Rhode Island, Massachusetts, and other customers for more than 30 years. Captain Donald Church began by describing the tug and barge transportation services provided by SEABOATS, including contract towing, and emergency towing services, offered along the US East Coast as well as occasional voyages into the Caribbean and the US Gulf Coast. Additionally, SEABOATS operates a shipyard in Fall River, Massachusetts at which tugs, barges and related equipment are constructed and maintained. Captain Church noted that while SEABOATS is primarily involved with the transport of petroleum products, maritime facilities along Narragansett Bay are filled with potential for additional cargoes, investments and job growth. To achieve this potential, dredging would be needed (most notably at the Port of Davisville) as well as the development of greater public support and understanding by the government of port projects and related businesses. Furthermore, Captain Church recommended the creation of a new Rhode Island agency or authority to evaluate and approve port-related proposals.

Mike Sullivan, General Manager of MOTIVA Enterprises LLC Rhode Island

Formed in 1998, Motiva Enterprises LLC operates primarily in the eastern and southern United States. Its operations include nearly seven thousand seven hundred (7,700) Shell-branded gasoline stations, three (3) refineries with a combined capacity of seven hundred forty thousand

(740,000) barrels per day, and ownership interest in forty-one (41) refined product storage terminals with an aggregate storage capacity of approximately 19.8 million barrels.

Mr. Sullivan explained that MOTIVA utilizes approximately seventy-five (75) acres of Rhode Island's coastal land along Allen's Avenue in Providence where it receives, stores, and distributes a full range of petroleum products. Consequently, they pay approximately \$2 million annually in local and state taxes. Mr. Sullivan stated that the ports in Rhode Island are more active and commercially attractive and active than ports elsewhere due to the harbor's depth, relative ease of navigation, and convenient highway access. He also stated that Rhode Island could utilize more energy logistics resources.

Marcia Blount, President and Chief Financial Officer of Blount Boats

Marcia Blount began her testimony by describing her family-owned shipbuilding business that was started in 1949. Blount Boats designs and builds steel and aluminum vessels at its Warren, Rhode Island facility. Over the years, hundreds of Blount - built boats have been put into service, including passenger vehicle ferries, fast commuter boats, dinner excursion boats, passenger ferries, small cruise ships, bunkering tankers, tugs and commercial trawlers.

Ms. Blount explained that the river's shallowness and the current dock length at its Warren facility have caused the company to forego many boat building opportunities. Because of these limitations, Ms. Blount also cautioned that any future expansion needs for Blount Boats could well force its relocation or its individual construction projects to another site.

Ken Kubic, Representative from Rhode Island Marine Trades Association

The representative from the Rhode Island Marine Trades Association identified Quonset and its Port of Davisville as the jewel of the Bay. Mr. Kubic shared with the Commission his

opinion that Quonset needed to develop deep water access and facilities capable of handling a broad range of commercial vessels and cargoes including container ships, Roll On – Roll Off vessels, and breakbulk carriers. Mr. Kubic further testified that a showing of “will” by the Commission to support such goals and attain the resultant economic benefits is absolutely necessary.

Written Submissions

The Commission also received numerous written submissions including, but not limited to, reports compiled by the City of Providence on the Providence waterfront, and an inventory of Rhode Island’s commercial ports and harbors prepared by the URI Coastal Resources Center¹.

Port Tours

March 27, 2009

On March 27, 2009, the Joint Commission to Study the Economic Opportunities of Port Development toured the facilities of ProvPort and the Allens Avenue waterfront. The Commission received presentations from the City of Providence and ProvPort identifying the type of work and jobs created by the working waterfront. It was noted that the facilities being toured supported many jobs paying \$50,000 to \$60,000 annually.

During the tour, the Joint Commission had the opportunity to see first-hand how the physical infrastructure of the Port of Providence is highly conducive to the working waterfront. The Port of Providence consists of one hundred five (105) acres with six (6) deepwater berths thereby offering businesses an ideal location and facility to operate. The Commission also

¹ The commercial ports and harbors inventoried by the URI Coastal Resources Center are located in: Providence, East Providence, East Greenwich, Quonset/Davisville, Wickford, Bristol, Cranston, Warwick, New Shoreham, South Kingstown and Narragansett, Newport, Westerly, Portsmouth, Little Compton, and Tiverton.

viewed both utilized and underutilized parcels of land on the Providence waterfront that could potentially increase maritime commerce. ProvPort reported that port activities directly employ more than 1,000 workers with an additional 1,500 jobs indirectly created by the port's operations. The commission had the opportunity to visit businesses operating within ProvPort, as well as Sprague Energy, MOTIVA, and Promet Marine Services Corporation.

May 8, 2009

On May 8, 2009, the Joint Commission to Study the Economic Opportunities of Port Development toured Quonset Point and the ports of Galilee and Newport. The Joint Commission traveled to Quonset Point and met with members of the Quonset Development Corporation. The Quonset Development Corporation gave the Commission a tour of the 3,160 acre Quonset Business Park consisting of areas such as the Port of Davisville, Quonset Airport, and Commerce Park. The Commission noted the expansive area of the Port of Davisville with its two piers, bulkhead, on-dock rail, and 14-acre laydown area. The Commission also toured the NORAD facility and viewed the Quonset State Airport.

The next stop for the Joint Commission was the Port of Galilee. Executive Director Michael Sullivan of DEM guided the tour of Galilee. The Port of Galilee, under management of the RI Department of Environmental Management, caters to the fishing industry. The Commission viewed the extensive renovations currently underway in the Port of Galilee.

The Joint Commission arrived at the Gateway Visitor Center in Newport. Representatives of the Newport County Convention and Visitors Bureau and the City of Newport provided information on the cruise ship industry and working waterfront. Evan Smith, President of the Newport County Convention and Visitors Bureau provided an in-depth analysis into where the cruise ship industry currently is and in what direction it is expected to go in the future.

Director of Planning in Newport, Paige Bronk AICP, reported on development in Newport. The Commission also viewed the Newport State Pier and examined plans by DEM to further assist fisherman working from this pier.

Continued Agenda for the Joint Port Commission

In the coming months, the Port Commission will continue to focus on identifying responsible actions that will enable Rhode Island's ports and related facilities to make greater contributions to the economic and environmental well-being of our State. Historically, Rhode Island was a leading maritime and trading center for the nation but over the past 5 or more decades, the State has fallen well behind others along the Atlantic coast. Despite a few bright spots and successes, many of the jobs and numerous other economic advantages and benefits associated with trade and maritime transportation have gravitated elsewhere. Yet the State's geographic location, its coastal water resources and its land transportation connections and assets should enable Rhode Island both to resume its proper place in waterborne transportation and to regain the attendant economic and environmental benefits.

During this next phase, the Port Commission may consider the following topics as well as make related findings and recommendations to the General Assembly:

1. **The need for a draft Strategic Plan for Rhode Island's port and related facilities.**
2. **The identification of the optimum management structures for the responsible development of Rhode Island's ports, related facilities and maritime trade.**
3. **A review of channel maintenance/dredging requirements and considerations.**
4. **An assessment of the Quonset State Airport's role and potential in supporting the development of the Port of Davisville into a thriving transportation logistics and commercial center.**

5. The development of a “Marine Highway System” hub(s) in Rhode Island in partnership with the United States Department of Transportation (“USDOT”).
6. Coordination of State efforts to expand maritime commerce with municipal land use regulations.
7. Coordination with federal, state, and local authorities, as well as with academia and business to improve Rhode Island’s economy by more productive utilization of our state’s maritime assets.
8. Other related issues as determined by the Commission.

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