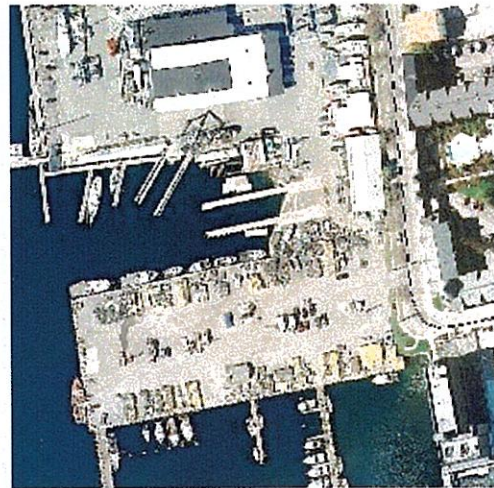
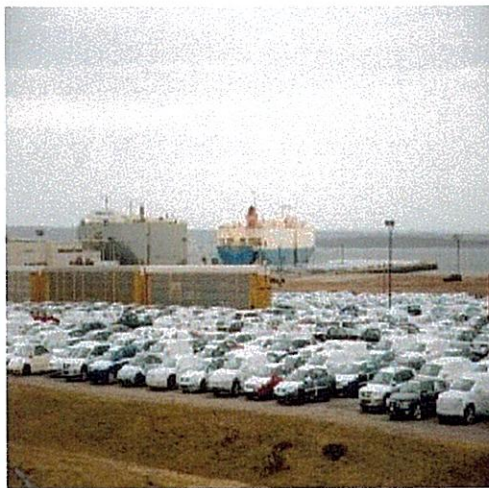


Special Legislative Commission to Study Potential Economic Opportunities in the Development of Port Facilities in the State of Rhode Island

Final Report

Report Submitted to the Rhode Island General Assembly

February 2012



Senator William A. Walaska



Representative Deborah Ruggiero

February 14, 2012

We have been honored to co-chair the **Special Legislative Commission to Study Potential Economic Opportunities in the Development of Port Facilities in Rhode Island** (The Port Commission”), which today issues its final report. We were privileged to serve on this commission alongside a dedicated group of legislators who approached the process with an open mind and a common goal of maximizing the potential of the state's working waterfronts for the good of the entire state.

We heard over 40 hours of testimony from more than 25 individuals who represented government entities, port operators, logistics providers and many other marine related trades and businesses. We would like to acknowledge the service of Dr. Ames Colt of the Rhode Island Bays, Rivers, and Watersheds Coordination Team for coordinating Dr. John Martin's research.

Successful economic development requires a series of proactive steps designed to put Rhode Island in position to take best advantage of its inherent resources. The Port Commission is deeply committed to supporting and responsibly expanding port and port-related activities within Rhode Island's commercial and industrial waterfront zones in a manner that balances economic need with prudent environmental stewardship.

As a result of the commission's hearings, port facility tours and research, we became better educated on the opportunities and challenges faced in the maritime industry. Our intent is to maintain existing port activities while identifying ways to expand and provide new opportunities for water dependent businesses to relocate to Rhode Island's waterfront and responsibly grow our maritime jobs sector.

There were several themes that emerged throughout the hearings-- opportunities for job growth, the need for infrastructure investment and maintenance, and prudent well-balanced environmental protections. One recurring theme was the need for enhanced coordination and greater cooperation among all governmental and non-governmental port facility stake holders.

Key topics of discussion included:

1. **Current economic development policy inadequately addresses the need to maintain and expand Rhode Island's maritime economy.**
2. **The need for enhanced coordination amongst local, state, and federal entities as well as private sector businesses to expand maritime commerce.**

- 3. Import and export barge distribution opportunities that exist because of RI's existing port infrastructure and its close proximity to major distribution networks.**
- 4. Rhode Island needs to explore new public/private partnership opportunities to further infrastructure investment and business development at Davisville.**
- 5. The need for maintenance dredging to sustain and expand Rhode Island's existing port and marine facilities.**
- 6. Uncertainty regarding the permanency of marine economic activity and future infrastructure investment in class VI waters.**

The Port Commission makes the following findings and recommendations to the General Assembly:

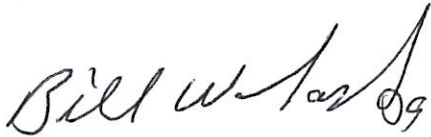
- 1. That the Commission's efforts become an integral part of the Governor and EDC's Agenda so that Rhode Island can actually create over new 1,000 maritime related jobs.**
- 2. It is critical to address the lack of coordination between various governmental and non-governmental stakeholders with respect to marketing, and infrastructure development of Rhode Island's ports, related facilities and maritime trade.**
- 3. Development of a "Marine Highway System" hub(s) in Rhode Island in partnership with the United States Department of Transportation ("USDOT").**
- 4. Explore Public/Private Partnership Opportunities to Further Infrastructure Investment and Business Development of Davisville.**
- 5. Formulation and Execution of a Non-federal Funded Dredging Project for Davisville as well as funding for the permitting of new CAD cell sites in the Providence River.**
- 6. Revision of Rhode Island's Statewide Master Guide Plan in order to specifically identify and maintain vital water dependant commercial operations and ensure the viability of Rhode Island's marine economy.**

During these economic times, it's critical that the State works in partnership with the operators of its ports and water dependent business owners as well as in-state employers who benefit from our port infrastructure. This partnership should promote all of Rhode Island's waterfront assets in a way that will increase job opportunities for the thousands of men and women now unemployed and or underemployed.

The "Ocean State's" history is deeply rooted to the working waterfronts of the state and we hope the excellent work of the Port Commission will be leveraged to continue this tradition for the benefit of the state's residents and businesses.

The attached report contains detailed recommendations derived from our eleven meetings, three port tours and over 40 hours of testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Walaska", with a stylized flourish at the end.

Senator William A. Walaska
Co-Chair

A handwritten signature in blue ink, appearing to read "Deborah L. Ruggiero", with a large, looping flourish at the beginning.

Representative Deborah L. Ruggiero
Co-Chair

Introduction

The Ocean State's most dominant geographic feature is its over 400 miles of coastline including the Bay, its islands, and the southern shore. About 32% of the State (500 square miles) is covered by water including Narragansett Bay, Block Island Sound, Rhode Island Sound, and the Atlantic Ocean.¹

Rhode Island has always had an association with the sea and maritime commerce. Historically, the Ocean State was a leading maritime and trading center for the nation. The town of Newport was the fifth most prosperous commercial center of the original 13 British colonies.² In 1775, the colony of Rhode Island established the first Navy in the Western Hemisphere, hence, the waters of Narragansett Bay are considered by many to be the "Cradle of the American Navy"³. Since the advent of the Industrial Revolution at Slater Mill in 1793, our State was a major commercial and maritime power as its ports and ships exported textiles, agricultural goods, machine tools and other Rhode Island manufactured goods around the world, returning with rare goods and fine products from exotic places and ports.

Over the past six decades, the State's port and maritime activity 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. This gradual decline is due in part to the rise in globalization, Rhode Island's loss of traditional manufacturing industries, as well as the rapid development of major deepwater load-center container ports in key areas such as New York, New Jersey, Baltimore, Norfolk and Savannah.

Despite these negative factors, Rhode Island's port related economy today employs over 3,600 people, generates over \$320 million in economic activity and provides annual tax revenues exceeding \$25 million.⁴

¹ National Park Service-Archaeology Program: State Submerged Resources Laws

² Ibid.

³ Bruce Campbell MacGunnigle "The True Birthplace of the Navy" pgs 12-13

⁴ Martin Associates 2006 ProvPort Economic Impact Study (updated 2008)
FXM Associates Davisville Economic Impact Analysis (October 2008)

While certain economic factors have negatively impacted the maritime sector in Rhode Island, our State has the knowledge, ability, and commitment to redevelop and recapitalize its port related economic activities. Additionally, the State's geographic location, its coastal water resources and its land transportation connections and assets uniquely enable Rhode Island both to regain its former place in waterborne transportation and to realize the attendant economic and environmental benefits. This is due in no small part to its close proximity to ocean trade lanes, well sheltered deep water ports, interstate highways, modern freight rail lines, airports and most importantly, the entrepreneurial spirit of our numerous export and import related business owners.

Commission Formation:

It is for these reasons, along with the worst economic down turn since the Great Depression and high unemployment, that 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 ("Port Commission"). Sponsored in the House by Speaker William J. Murphy and Majority Leader Gordon D. Fox, and in the Senate by Senate President M. Teresa Paiva-Weed and Majority Leader Daniel P. Connors, these resolutions created a commission charged with making proposals that would fully utilize Rhode Island's coastal resources and geographic position. The Port Commission is required to make recommendations to the General Assembly as to the feasibility and desirability of such port-related development within the state.

It consists of 12 members of the General Assembly, six of whom are members of the House of Representatives and six of whom are members of the Senate.

2011 - 2012 Port Commission Members:

Senator William A. Walaska Co-Chair	Representative Deborah Ruggiero Co-Chair
Senator Majority Leader Dominick J. Ruggerio	Representative Leo Medina
Senator David E. Bates	Representative Laurence W. Ehrhardt
Senator Maryellen Goodwin	Representative Donald J. Lally Jr.
Senator V. Susan Sosnowski	Representative Roberto L. DaSilva
Senator James C. Sheehan	Representative Teresa Tanzi

(Exhibit I lists all current and former commission members and their dates of service.)

Over the last three years, the Port Commission has held eleven (11) meetings and three (3) tours of the port facilities located in Providence, Quonset Point/Davisville, Galilee, and Newport. (See *Exhibit II*) The Commission has received written and oral testimony from over 25 people from varying organizations, agencies, and businesses identifying numerous opportunities, concerns, and recommendations relative to the maritime industry in Rhode Island.

(See Exhibit IV)

Throughout the hearings, participants expressed certain common factors regarding the opportunities for job growth, the need for infrastructure investment and maintenance, as well as prudent well-balanced environmental protections. One universal recommendation that stood out among the rest was the need for enhanced coordination and greater cooperation among all governmental and non-governmental port facility stake holders.

Key topics of discussion included:

1. **Current economic development policy inadequately addresses the need to maintain and expand Rhode Island's maritime economy.**
2. **The need for enhanced coordination amongst local, state, and federal entities as well as private sector businesses to expand maritime commerce.**
3. **Import and export barge distribution opportunities that may exist due to RI's existing port infrastructure and its close proximity to major distribution networks.**
4. **Rhode Island exploring new public/private partnership opportunities to further infrastructure investment and business development at Davisville.**
5. **The need for maintenance dredging to sustain and expand Rhode Island's existing port and marine facilities.**
6. **Revising Rhode Island's Statewide Master Guide Plan in order to specifically identify and maintain vital water dependant commercial operations and ensure the viability of Rhode Island's water based economy.**

Despite a few notable successes, much of the economic growth and benefits associated with international trade and maritime transportation have developed elsewhere. Hence, the Commission was formed to study and formulate governmental policy recommendations that lead to more jobs, enhanced economic competitiveness and improved environmental health for Rhode Island.

The Port Commission thoroughly examined these topics and makes the following related findings and recommendations to the General Assembly:

1. **That the Commission's efforts become an integral part of the Governor's and EDC's Agenda through the creation of a Governor's Port Economic Policy Ombudsperson charged with port economic policy implementation so that Rhode Island can move forward towards creating over new 1,000 maritime related jobs.**

It is extremely critical that the Governor's Office in conjunction with the Rhode Island Economic Development Corporation ("EDC") actively pursue a coordinated maritime economic development policy. These efforts must be focused and target building on the Port Commission's work and

hearings to date, as well as Dr. John Martin's 2010 - 2011 port economic research in partnership with The Rhode Island Bays, Rivers, and Watersheds Coordination Team.

The creation of a Governor's Port Economic Policy Ombudsperson from his current open staff positions places immediate focus, effort and responsibility at the highest level of state government. Ombudspersons' positions traditionally have been created –through legislative, executive or judicial authorization – as independent agencies or within state agencies to monitor the delivery of services for certain populations. The Child Advocate's Office and Long-Term Care Ombudsman provide such oversight for the delivery of social services. Rhode Island DEM began an Ombudsman function in 1999 in order to enhance the Department's performance while better responding to public concern. Most recently in 2010, the Office of Regulatory Review was established at EDC to act as an ombudsperson to assist businesses challenged by excessive governmental regulation.

The **Port Economic Policy Ombudsperson** would directly report to the Governor and have sole responsibility to maintain interdepartmental cooperation, coordination and focus upon port-related economic development, job creation and retention programs. They would be tasked by the Governor to coordinate and in essence be the State's "Project Manager" insuring the implementation of these key port related programs with the explicit authority of the Governor. Their key task would be to build upon our current business development efforts, and new opportunities that arise so as to achieve the "Opportunities for Growth" as determined by Dr. John Martin's 2010-2011 port study.

In April of 2011, the Port Commission released a comprehensive assessment by Dr. John Martin entitled Rhode Island's Ports: Opportunities for Growth. The report explored the current development opportunities for Rhode Island's three major port areas, Providence, Davisville, and Newport. The purpose of this report is to: provide a comprehensive review of Rhode Island's existing port infrastructure and the marine cargo market of the U.S. east coast; and, based upon these analyses, to recommend port investments with the greatest potential to bolster the State's maritime economy and create jobs.

The report objectively examined the potential for economic growth through the highest and best use of Rhode Island's waterfront assets in the Ports of Providence, Davisville, and Newport, and quantified the economic benefits and effects that may result from Rhode Island's most promising maritime transportation market opportunities.

The report confirmed that the auto imports/exports sector, which has made substantial gains at the Port of Davisville, as well as at ProvPort, has continued growth potential. In addition, it identified growth opportunities in break bulk imports (especially perishables). It points out that the scale and timing of the expansion of port infrastructure to support offshore wind facilities depend primarily upon successful power purchase agreements being struck between wind farm developers and electric utilities; and that container feeder operations could be viable in the near future, particularly as ocean carriers introduce more lower cost, direct, all-water transportation services to the US.

Despite these tough economic times, the Commission is confident that these "Opportunities for Growth" can be achieved by utilizing the existing piers in Providence, Davisville, and Newport.

As mentioned earlier, the Martin report projects that full development of the identified opportunities in auto import/export, offshore wind farms, container feeder, and break bulk, could result in:

- **1,000 new jobs**
- **\$70 million in personal income**
- **\$127 million in business revenue**
- **\$10 million in local purchases**
- **\$8.1 million in state and local tax revenues**

Additionally, the Commission in partnership with The Rhode Island Bays, Rivers, and Watersheds Coordination Team, has a grant application pending in Statewide Planning's 2011-2012 Challenge Grant Program. If successful, the end result will be a detailed business plan to implement a Marine Highway service at Rhode Island's ports. The objective of this planning project is to identify the specific steps necessary to begin short sea shipping services connecting Rhode Island's ports and intermodal transportation networks with corresponding port partners along major U.S. cargo traffic corridors that are today served by trucking services. This effort will examine the specific requirements needed for our ports to: succeed as hubs for short sea shipping while creating new

in-state jobs. Analysis will include an in-depth objective assessment of: asset availability; maritime terminal infrastructure; operators; cargo economics; as well as expansion of RI based import and export activity.

The Commission is extremely pleased to have learned that there may be as many as 1,000 Rhode Island based jobs that can be developed to add to the current successes we have seen at the ports in Providence, Davisville and Newport. We are confident that additional work done in the area of short sea shipping will further increase job opportunities.

It is our goal to work in partnership with the Chafee Administration to: grow maritime employment opportunities; assist both local importers and exporters in expanding their market share; encourage port infrastructure investment; and to collectively promote all of Rhode Island's waterfront assets in a way that will increase job opportunities in this tough economy.

Recommendations:

1. (a) The Commission recommends that the Governor appoint a Port Economic Policy Ombudsperson, as the State's lead person responsible for oversight of the interagency implementation of these economic development opportunities. The position and funding should come from the Governor's current budget.

Throughout the hearings it became quite evident that neither local nor state economic development entities had given port growth and development the attention that it merits. While this may be truer under prior administrations, the fact remains that in order to expand employment and leverage the economic benefits; a single entity should be charged with the interagency implementation of these port development opportunities.

1. (b) Additionally, the Commission recommends that our ports should seek "sister-port" designations similar to the "sister-city" relationships that many Rhode Island cities and towns have consummated over the years. The ports of Baltimore and Norfolk are two potential ports that may welcome the opportunity to partner with a northern location.

2. It is critical to address the lack of coordination between various governmental and non-governmental stakeholders with respect to marketing, and infrastructure development of Rhode Island's ports, related facilities and maritime trade.

Rhode Island is well positioned to provide all the components needed in a modern maritime economy. Our current infrastructure includes a deepwater port, federally maintained ship channel; a former navy base; modern freight rail; a well developed highway system and a multitude of maritime support services.

Despite Rhode Island's geographic compactness, it's extremely evident that there is no single entity responsible for coordinating maritime economic activity on a statewide basis. Rather, each individual port freely competes for business and scarce state and federal resources. A body charged with coordinating maritime activities statewide can better provide all of our ports with opportunities and resources dedicated to their specific cargo capabilities and current infrastructure attributes.

Coordinated regional and national marketing of Rhode Island's port facilities would collectively enhance the capabilities of each port without negatively impacting their individual operating results. Rhode Island is the only State on the Atlantic seaboard without a dedicated Port Authority. (*Exhibit V* details all eastern seaboard port authorities) The former Rhode Island Port Authority was folded into the Economic Development Corporation during the 1990's. While the precise functions and composition of a Port Authority will vary in detail somewhat from state to state, they are the generally accepted vehicle through which most business between the State, its Ports and the maritime sector is conducted.

Recommendations:

2. (a) In order to realize the benefits of a Port Authority while not adding an additional layer of government, the Port Commission recommends the creation of the Rhode Island Port Marketing Collaborative (RIPMC). The role of RIPMC will be to create a place where key stakeholders such as the leadership at: port facilities; economic development agencies; and governmental entities will collaborate on marketing strategy and coordinate development opportunities. The RIPMC will work to eliminate issues that have occurred in the past such as competing applications for federal TIGER grants.

The RIPMC will also work to develop and maintain a strategic plan for Rhode Island's ports, facilities, and maritime trade focused upon job creation. With each of the stakeholders in one location, new financing options can be explored as well as ways to market Rhode Island's port facilities collectively on a national and international level.

3. Development of a "Marine Highway System" hub(s) in Rhode Island in partnership with the United States Department of Transportation ("USDOT").

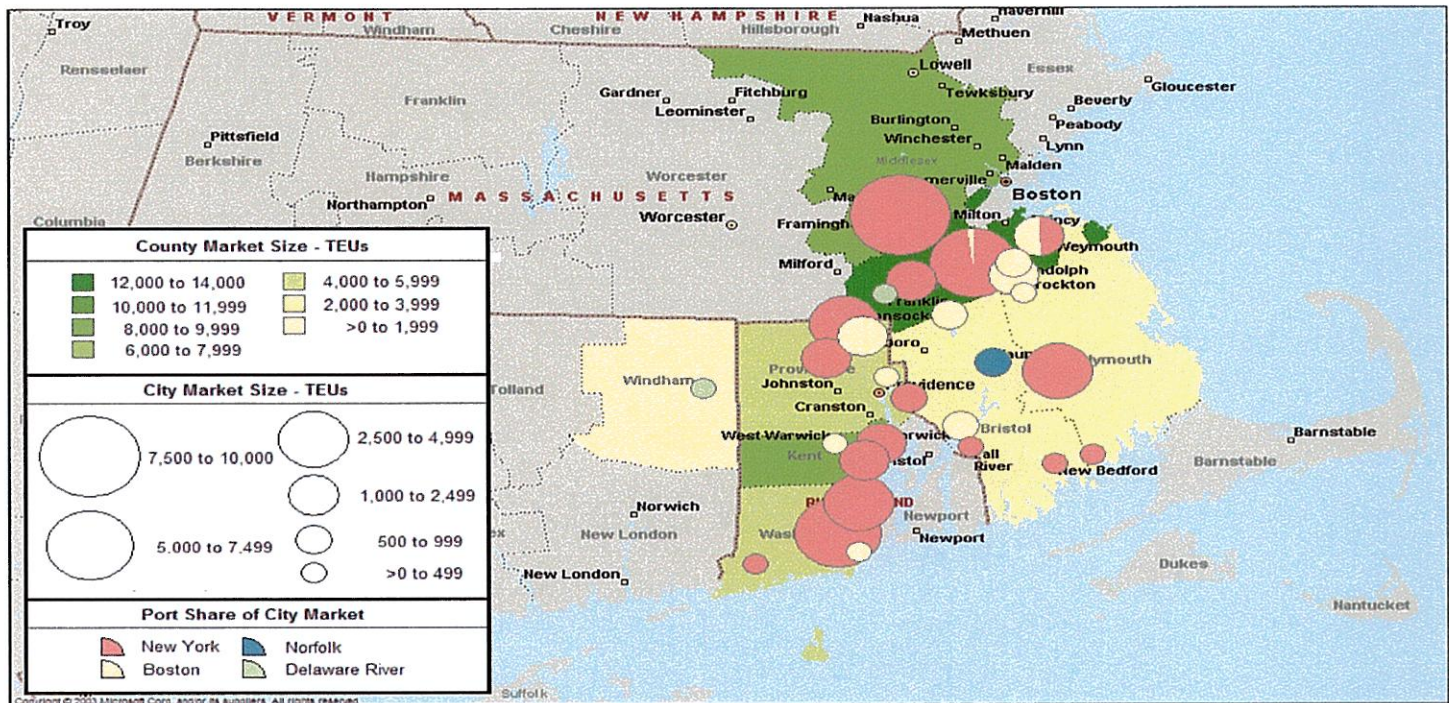
In 2010, the US Department of Transportation created the Marine Highway Program to implement a national waterway system geared towards moving more freight along America's coastline and waterways. Implementation of a waterway system would provide economic benefits to different regions of the country while relieving traffic congestion and reducing greenhouse gas emissions. Although the ports in Rhode Island are along the Marine Highway Corridor map, they have not been designated as *"official participating destination ports"*.

The following map produced by MARAD illustrates the fact that the Ports of Rhode Island are "not on the map" as a current marine corridor destination.



Current MARAD NE and Mid-Atlantic Cargo Ports and Flows

The map below illustrates the opportunities for a barge feeder operation identified as areas for exploration by the 2011 Martin Associates report. According to the Martin report, “Over 48,000 TEUs of cargo have been identified to be destined or originate in South Eastern New England.”⁵ In addition, if one-half of the 48,000 TEU market could be captured by a barge feeder operation, Rhode Island would generate 115 new jobs, \$8.6 million additional income, \$7.2 million of business revenue, and \$1 million of new state and local taxes.⁶



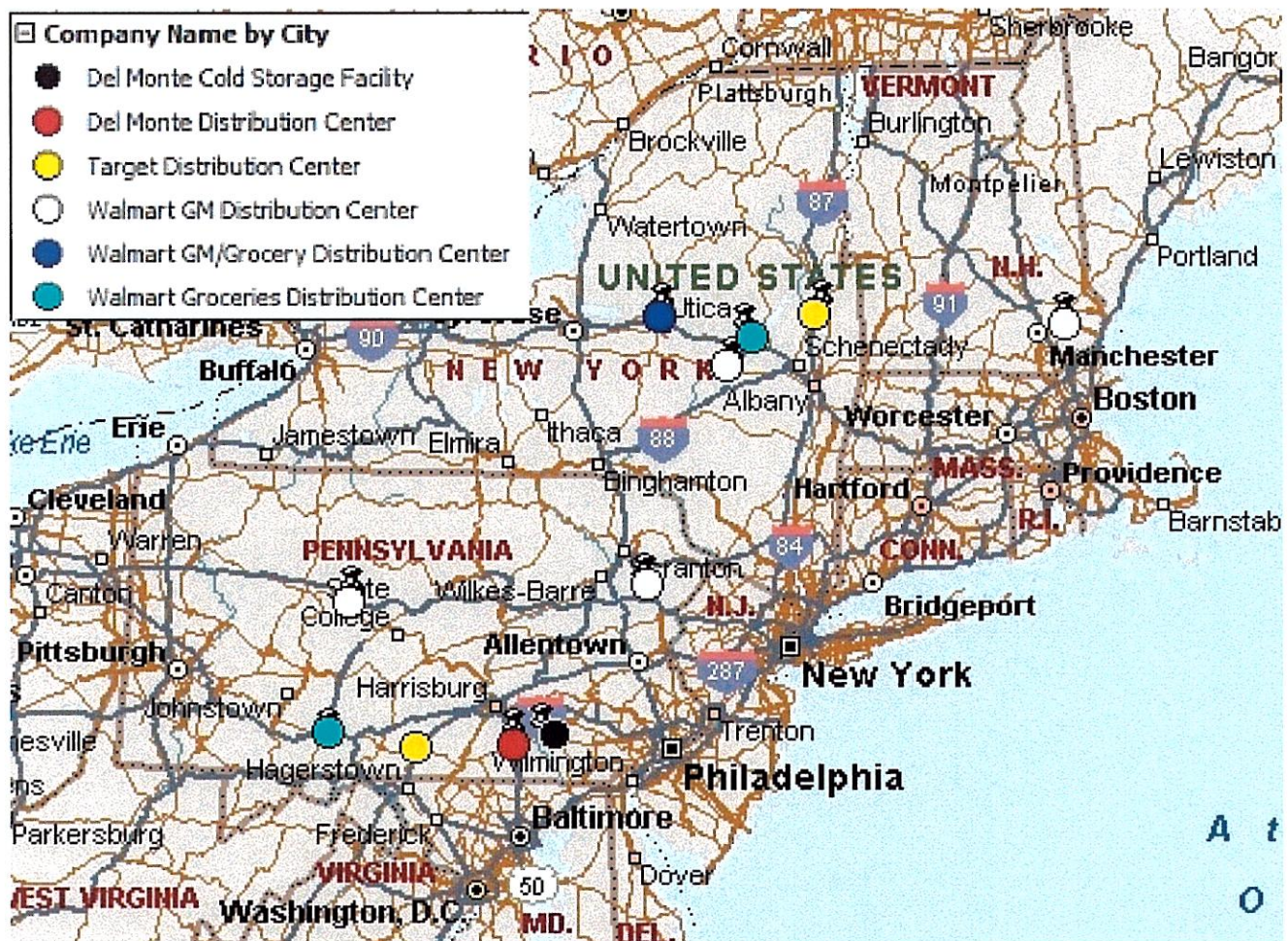
Strong Market Concentrations in the I-95, I-495, and Rte 128 Corridors. (TEU- Twenty foot equivalent unit containers). Circles indicate containers delivered to New England markets via truck from the ports of New York, Norfolk, Delaware River, and Boston.

Source: PIERS data provided by Port of Davisville – Joint QDC/PANYNJ assessment of barge feeder market - PIERS data provided PANYNJ for September, 2006-August, 2007.

⁵ Martin Associates Report *Rhode Island's Ports: Opportunities for Growth 2011*, page 163

⁶ Ibid

Rhode Island's Ports provide the proximity necessary to create a successful barge feeder operation. According to the Martin Associates report, "the locations of Wal-mart's grocery distribution centers, and the Target distribution center in the Utica and Schenectady area are located closer to Providence than the Delaware River Ports, and could potentially provide a market to attract a fresh fruit importer into Davisville/Providence."⁷ The following graphic maps out these locations relative to our port proximity



Source: Martin & Associates 2011 Rhode Island's Ports: Opportunities for Growth

⁷ Ibid, page 123

Rhode Island's major port facilities at Providence and Davisville have the following competitive advantages that make them far superior:

(a) The Port of Providence has received a \$10.5 million TIGER that will purchase and install two high performance harbor cranes which will enhance the port's ability to continue its existing bulk material operations while expanding its capabilities to accommodate container operations.

(b) Davisville also received a \$22.3 million TIGER grant that will fund pier and structural improvements, install railroad track, ballast and ties in the Pier 2 area as well as purchase a port crane.

(c) The Port of Providence is capable of accepting most world scale cargo vessels. Prov-Port's facility has 6 berths with 40' of mean low water, a 105 acre facility with 25 acres of paved lay down storage area adjacent to new rail lines, and over \$50 million in new capital investments the last 15 years. In 2008, its 3.1 million tons of cargo throughput was second only to Boston in the New England region.

(d) Upon completion of its proposed dredging program, the Port of Davisville, currently the 8th largest auto import facility in the U.S. specializing in RO-RO, and its ship channel will post 32 foot draft, thus being able to accommodate all current and future automotive ships and most smaller coastal cargo vessels. Quonset Point-Davisville also provides a 7,500 foot main runway with instrument landing systems making the facility truly intermodal. Its port area is a designated foreign trade zone (105) only 8 nautical miles from open water and is capable of handling other cargos such as processed fish, and project cargos such as steel and wind energy components;

These capital investments enable both facilities to better accommodate Marine Highway cargo shipments. Additionally, both ports have extensive rail interconnections into Rhode Island's \$230 million Freight Rail Improvement Project. They provide easy access for hinterland cargos being situated close to major interstate arteries including the state's \$600 million I-195/I-95 relocation and enhancement project and the recently completed \$130 million Route 403 access highway to Routes 4 and I-95.

It is extremely important that as the U.S. Maritime Administration moves forward with the U.S. Marine Highway initiative that the “Ports of Rhode Island” are literally “put on the map” when MARAD looks to actively develop the program. Currently, MARAD has designated the Port of New Bedford as one of its six “Marine Highway Initiatives” for further development as the “Marine Highway” program progresses.

Putting the Ports of Rhode Island “On the Map”.



Potential Marine Highway cargo flow to and from the “Ports of RI”

Recommendations:

3. (a) The Commission recommends the General Assembly pass a resolution in support of petitioning the US Department of Transportation’s Maritime Administration (“MARAD”) to officially include the ports of Rhode Island as “official participating destination ports” on the Marine Highway Corridor.
3. (b) The Commission recommends that our federal delegation should become further involved as the Marine Highway Shipping Program progresses to ensure that the MARAD designates the ports of Davisville and Providence as potential participants, thus yielding additional federal funding and new jobs.
- 3 (c) The Commission urges that the State act early to coordinate the actions necessary to study and eventually develop a barge feeder operation so that early adapter competitive advantage occurs in Rhode Island.

4. Explore Current Public/Private Partnership Opportunities to Further Infrastructure Investment and Business Development of Davisville.

The need to rebuild and redevelop our maritime assets coupled with the current public need to monetize underused assets has lead to the rise in public/private partnerships (PPP's) throughout the United States. These partnerships are not new to the United States. In 1828 a public private partnership led to the creation of the Blackstone River Canal which moved goods from Worcester to Providence. In the ports of Halifax, New York, New Jersey, Long Beach, and Jacksonville, private terminal operators manage government owned facilities under long-term operating leases. The operator has a vested economic interest in developing new port business as well as the requirement to maintain the existing infrastructure and to invest in new port improvements as business opportunities dictate.

Most recently, a private investment group led by Highstar Capital has agreed to invest as much as \$1.3 billion to expand the Port of Baltimore as East Coast ports push to make changes needed to serve new generation deeper draft cargo vessels once the Panama Canal expansion is completed in 2014. Highstar's Ports America business unit paid the state of Maryland a \$100 million upfront payment that was used to fund road, bridge and tunnel upgrades. Over the course of their 50-year lease, the company will also make capital improvements including deepening the water at the cargo terminal to 50 feet. Private infrastructure investment groups have begun moving into this area at a time when cash strapped states and municipalities are seeking to monetize underutilized assets. Florida recently signed a deal with a private consortium to build and operate a tunnel in the Port of Miami. In 2009, the Port of Oakland agreed to turn over some of its terminals to Ports America, which is gradually establishing a presence at most major ports in the United States. There is an excellent example of a very successful public/private partnership closer to home. The 1994 purchase of the City of Providence's port facilities by ProvPort has turned into a win-win situation for the City and ProvPort. The facility handles over 3.1 million tons of cargo, employs 1000 workers directly with another additional indirect employees producing \$200 million of total economic activity, \$60 million in direct business activity and \$16 million in local and state tax revenue.⁸

⁸ Martin Associates 2006 ProvPort Economic Impact study (Updated 2008)

Recommendation:

4. (a) The commission recommends that the Governor's Office currently explore potential public/private partnership opportunities for the port facilities at Davisville and Quonset Point utilizing a fully transparent RFP process similar to what was done in the State of Maryland.

5. Formulation and Execution of a Non-federal Funded Dredging Project for Davisville as well as funding for the permitting of new CAD cell sites in the Providence River.

All ports require some periodic dredging in order to remove silt and other objects that gradually accumulate around piers, bulkheads, and in shipping channels. Many, such as Providence, Savannah and New Orleans, situated on rivers with heavy silting, require "maintenance dredging" at regular intervals. A lesser number, including the Port of Davisville, are situated on a Bay/Estuary where silting occurs as a far lesser rate.

Davisville's channels and berths have not been dredged for several decades since the U. S. Navy left the area and turned the Quonset-Davisville facilities over to the State of Rhode Island.

Testimony presented to the commission from QDC, confirmed the fact that Davisville is confronted with two dredging issues that must be addressed if the Port is to continue serving maritime commerce:

- Dredging along the Davisville piers and "turning basin" – if the Port is to continue serving its current customer base (primarily auto carriers) and allow these vessels to be safely maneuvered, the seabed adjoining its piers and also the turning basin require dredging, at a minimum, to their original 30 foot depth. However if the Port is to compete for other kinds of maritime business such as break-bulk shipping; modern Roll On – Roll Off vessels and coastal carriers, the area will need to be dredged to at least 32 feet in order to meet current commercial requirements.
- Dredging of the "Quonset Outer Channel" – this is the shipping lane that extends several miles between Davisville to Jamestown/Conanicut where it meets the East Passage of Narragansett Bay. This Channel was originally dredged to a 35 foot depth by the Navy but reports indicate it has silted to several feet less. As noted above, if Davisville is to expand its current maritime business competitiveness, this Channel will need to be returned to a 32 foot depth standard.

Dredging permits – under applicable US law, applications for dredging in navigable waterways must be submitted to the Army Corps of Engineers. Prior to issuing a permit, the Corps is required to prepare a detailed Environmental Impact Statement (“EIS”) in conjunction with other Federal and State Agencies. The EIS also requires public notice of the permit request and full participation by the public in the entire process. Frequently, it is the permit applicant that assumes the cost of the EIS process and manages it under Corps supervision. According to Dan Goulet CRMC’s Dredging Coordinator, the time to permit a 32 foot Davisville project is approximately a one year period based upon offshore disposal. This process is currently underway.

Dredging Costs – for many years, the Federal Government, acting through the Army Corps of Engineers, has assumed most costs of channel maintenance and improvement dredging projects. Certainly this would be an option for Davisville but would also raise at least two important policy issues discussed below– timing needed for federal funding, and, more importantly, the negative impact of federally funded harbor dredging and Davisville’s exemption from the Federal Harbor Maintenance Tax.

- Timing – for the Corps to assume its 70-80% cost share, funds must be authorized and then appropriated by Congress. There is much competition for such funding and even with a well-orchestrated legislative effort; delays of 5-10 years prior to funding availability can be anticipated.
- Harbor Maintenance Tax – Davisville has never received any federal funds for dredging since the Navy’s last dredged in 1977. Thus, the Port and its importer customers are exempted from the payment of Harbor Maintenance Taxes (“HMT”). HMT is set at 0.125% of the value of the cargo being imported. ***Davisville is the only commercial US East Coast port having this exemption which offers a substantial competitive advantage.*** The absence of HMT was a major factor in the decision of VW of North America to relocate from the Port of Boston to Davisville about 9 years ago. (On a \$25,000 vehicle this represents \$31.25 of added cost).

CAD Cells – Currently, the State maintains specially permitted confined area disposal (“CAD”) cells in the Providence River area. These are where dredged materials unsuitable for offshore disposal are deposited. The Rhode Island Coastal Resource Management Council (“CRMC”) estimates that currently the CAD cells are at 75% of capacity. However approximately 250,000 cubic yards of material are permitted to be added to the CAD cells by Promet/Sims Metals, Capital Terminals and Prov-Port over the next year which would fill them to 90% of available disposal capacity. This does not factor in increased demand once the economy rebounds and other private

marina and terminal operators resume capital investments in dredging. Lack of action until after the CAD cells are filled may jeopardize Rhode Island's current maritime economy.

Recommendations:

5. (a) The Commission recommends not using Federal government funding for the Davisville dredging projects. The preservation of Davisville's Harbor Maintenance Tax exemption is a major competitive advantage.

5. (b) The Commission supports the issuance of State revenue bonds to dredge Davisville's channel; has drafted a resolution to that affect and requests General Assembly passage.

5. (c) The commission recommends that the RI CRMC produce a detailed analysis of the size, scale, scope and funding needed to complete the permitting process for and the future construction of replacement CAD cells so as to not jeopardize the long-term economic health of the state's maritime industry.

The Joint Port Commission has drafted a resolution requesting that the RI CRMC undertake this detailed study and report back to the Governor and legislature no later than October 31st 2012.

5. (d) The Commission recommends that a time table and appropriate capital budget provisions be made for future maintenance dredging needs to maintain the Providence River's authorized depth.

6. Revising Rhode Island's Statewide Master Guide Plan in order to specifically identify and maintain vital water dependant commercial operations and ensure the viability of Rhode Island's marine economy.

The intent of so revising *Transportation 2030* (and other relevant State Guide Plan Elements) would be to ensure that State, local and municipal planning and zoning regulations uniformly recognize and respect preexisting as well as future contemplated marine related activities.

Much testimony has been submitted regarding the City of Providence's contemplated zoning changes to the Allens Avenue waterfront. Regardless of the positions for or against the proposals, one thing is evident - uncertainty about allowable waterfront uses creates risks for private sector investment in industrial waterfronts that can impede or block entirely economic development and job growth. One tug operator testified before the Commission that he moved his company from the Port of Providence to Fall River due to the uncertainty and conflicting positions taken by the former mayoral administration in Providence concerning future development along Allens Avenue.

Revision of the related State Guide Plan elements as specified in the Rhode Island CRMC's Coastal Resources Management Plan would ensure that State, local and municipal planning and zoning regulations uniformly recognize and respect preexisting as well as future contemplated marine related activities.

Current State Policies Prioritizing Industrial Waterfront Protection and Future Development

CRMC Water Type Classifications and Protections: Type VI waters: Industrial Waterfronts

Section 200 of the state's Coastal Resources Management Plan (CRMP, also known as the "Red Book") defines six "categories" or "types" of waters, definitions which are "directly linked to the characteristics of the shoreline, since the activities on the adjacent mainland are the primary determinant of the uses and qualities of any specific water site."

Type VI waters are water areas and shorelines where "water-dependent industrial and commercial activities take precedence over all other activities."

Section 200 of the CRMP defines each water type and summarizes CRMC's policies for each water type. The water-use categories described in Section 200 dovetail with Section 210 which provides definitions and policies for adjacent shoreline types. Both Sections must be applied to the management and regulation of any particular coastal site in Rhode Island.

Section 200.6 defines the state's Type VI waters to "include all or portions of:

- (1) Port of Providence
- (2) Tiverton shipping area
- (3) Quonset Point and Davisville
- (4) Coddington Cove
- (5) Melville
- (6) Galilee and Jerusalem
- (7) Westerly waterfront"

CRMC's Section 200.6 policies for Type VI waters "encourage and support modernization and increased commercial activity related to shipping and commercial fisheries," "prohibit activities that substantially detract from or interfere with these priority uses," and "identify and designate acceptable disposal solutions and sites adequate to meet the need for dredging, and provide the assurances required by industry that channel depths will be maintained, while minimizing environmental effects.

RI Bays, Rivers, and Watersheds Systems-Level Plan: FY 2009 – FY 2013:

Finally, the RI Bays, Rivers, and Watersheds Systems-Level Plan: FY 2009 – FY 2013 (www.coordinationteam.ri.gov) establishes the state's "overall goals and policies for industrial waterfront areas" (RIGL 46-31). Relevant excerpts from the SLP include the following:

Goal: Rhode Island's shorelines and waterfronts will be characterized by balanced, well-designed development that accommodates marine-related industry, transportation, recreation, housing, and conservation.

RI Bays, Rivers, and Watersheds Systems-Level Plan: FY 2009 – FY 2013:

Objectives	Strategies: 2009-2013	Actions	Agencies lead agency in bold	Time Frame
Sufficient quantity and quality of industrial waterfront lands to foster marine and waterfront economic development.	Expand municipal government utilization of zoning tools such as performance standards to encourage appropriate development of industrial waterfront sites.	Complete updating of the RI Industrial Land Use Plan and incorporate it into the update of the Div. of Planning's Economic Policies Plan.	DOP , EDC	1-2 years
		Promote remediation of waterfront Brownfield sites to help fulfill future demand for mixed-use redevelopment, and to support Rhode Island's maritime sector.	DEM , EDC	Ongoing
	Develop clear policy statements regarding the state's interests and goals for marine transportation and the maintenance and development of key port facilities.	Identify those activities which are determined to be of regional benefit and demonstrate how state legal authority will ensure that these activities are not unreasonably excluded by local government action from locating in the coastal area.	DOP , EDC, CRMC	Ongoing

Recommendations:

Request that the RI Planning Council and RI Statewide Planning revise State Guide Plan Element No. 611, *Transportation 2030*, to include goals, policies, and actions intended to:

6 (a) Coordinate protection of existing maritime activities in Type VI waters: Industrial Waterfronts, as specified in the RI Coastal Resources Management Council's Coastal Resources Management Plan

6 (b) Protect or "grandfather" existing maritime activities occurring along or in the state's Type VI waters.

Conclusion

The future success in developing potential port related economic opportunities in Rhode Island is dependant on focused coordination and cooperation among key stakeholders in government as well as private sector owners, operators and investors. Our executive leadership in partnership with the General Assembly must balance economic needs and environmental concerns in a manner that encourages disciplined infrastructure investment while harnessing the entrepreneurial opportunities that globalization and international trade present to Rhode Island.

It is important to recognize, and then catalyze the following basic facts in order to successfully move forward:

Jobs & Economy

Rhode Island's ports can and do provide economic opportunities for both new and existing businesses. In addition to increased employment, in-state businesses would have lower transportation costs on their imports and exports that make them more competitive regionally and internationally. However, Federal, state and local economic development assistance should be fully utilized and coordinated to expand the existing jobs base as well as to foster new employment opportunities in a manner that maximizes governmental and non-governmental leverage.

Additionally local and state economic development agencies should devote additional resources to small-business and middle-market loan guarantees in order to further facilitate job creation in this segment of the economy. Both local and state planning agencies must also recognize that existing industrial and commercial land within Rhode Island's ports should be protected for water dependant uses.

Our federal delegation needs to be partners in championing targeted maritime economic development and infrastructure investment opportunities such as MARAD's Marine Highway program that creates additional water dependant commerce in our state while providing attendant regional environmental and transportation cost benefits.

Coordination

By working collaboratively with all stakeholders including state and local public officials, local residents and the business community, we have the opportunity to strengthen Rhode Island's position as a major East Coast commercial transportation hub as well as an international supply chain partner.

Rhode Island's leaders must work collectively to encourage partnerships among port facilities, private businesses and public agencies that operate along our waterfronts in order to strengthen the state's maritime system as a whole. The State should look at developing an integrated marketing and business attraction plan for its waterfront assets through creation of a state-wide Port Marketing Collaborative. This can and should be done using existing resources.

Statewide Planning's 2030 Transportation plan must recognize and memorialize the importance of water dependant marine businesses statewide. Its required revisions must align with CRMC's Section 200.6 policies for Type VI waters "encourage and support modernization and increased commercial activity related to shipping and commercial fisheries," "prohibit activities that substantially detract from or interfere with these priority uses," and "identify and designate acceptable disposal solutions and sites adequate to meet the need for dredging, and provide the assurances required by industry that channel depths will be maintained, while minimizing environmental effects

Environmental

All port facilities should operate in a manner that balances economic needs with prudent environmental protections while ensuring the quality of Narragansett Bay. Attention should not only be upon current environmental protection efforts but also to the long-term effects of climate change on sea levels and maritime infrastructure.

Therefore it is vital that both port facilities and governmental stakeholders work together to develop contingency plans for infrastructure protection that consider the possibility of natural disasters as well as catastrophic sea level rise.

Additionally, all governmental and non-governmental stakeholders must actively support the Marine Highway program in order to reduce pollution and road congestion from trucking activity. Most importantly, we encourage our congressional delegation to seek MARAD's commitment to make the ports of Rhode Island Short Sea Shipping destinations as the program progresses.

Infrastructure

Rhode Island should encourage capital investment in port infrastructure, including but not limited to upgrades in highways, rail, lifting equipment, renewable energy resources, piers, bulkheads, and intermodal linkages, thus creating state-of-the-art regional distribution hubs. Additionally local and state economic development agencies should devote resources to the maritime sector's small-businesses while extending middle-market loan guarantees to further facilitate maritime job creation in this segment.

Rhode Island should implement a dredging policy that maintains shipping channels, piers and basins for long-term uses while maintaining Quonset's Harbor Maintenance Tax exempt status. This includes not only planning for but actually funding the permitting of replacement CAD cell sites and ongoing maintenance dredging of channels, ports and basins state-wide on a continual capital planning cycle.

Any future infrastructure expansion should only occur in a fully transparent manner with local community input. The RIPMC and Port Economic Development Ombudsperson must therefore place a high value on local community input and consensus.

The Result

Creation, adoption and final implementation of an Integrated Maritime Policy not only leverages existing capabilities but also develops competencies that lead to more jobs, enhanced economic competitiveness and improved environmental health for Rhode Island. In this way, the Ocean State will be able to resume its proper place in waterborne transportation and to regain the attendant economic and environmental benefits inherent within the sector including greater employment, enhanced economic activity and new sources of revenue when our state needs it most.

EXHIBIT I

Commission Members Current and Past:

<u>Senate Membership</u>	<u>House Membership</u>
Co-Chair Senator William A. Walaska (2009-2012)	Co-Chair Representative Deborah Ruggiero (2009-2012)
Senator Majority Leader Dominick J. Ruggiero (2009-2012)	Representative Leo Medina (2011-2012)
Senator David E. Bates (2009-2012)	Representative Laurence W. Ehrhardt (2009-2012)
Senator Maryellen Goodwin (2009-2012)	Representative Donald J. Lally Jr. (2009-2012)
Senator V. Susan Sosnowski (2011-2012)	Representative Roberto L. DaSilva (2011-2012)
Senator James C. Sheehan (2011-2012)	Representative Teresa Tanzi (2011-2012)
Senator Roger A. Picard (2009-2010)	Co-Chair Representative Peter F. Kilmartin (2009-2010)
Senator J. Michael Lenihan (2009-2010)	Representative Joseph S. Almeida (2009-2010)
	Representative Edwin R. Pacheco (2009-2010)

EXHIBIT II

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
February 3, 2010	– ProvPort and QDC Testimony
February 24, 2010	– Columbia Coastal Group, Sprague Energy, and QDC
April 7, 2010	– Coastal Resources Management Team and RI Pilots Association
April 28, 2010	– RI Bays, Rivers, and Watersheds Coordination Team
March 24, 2011	– Update on the RI Port Development and Opportunities study
April 7, 2011	– Quonset Development Corporation and Economic Development Corporation
April 26, 2011	– Presentation of Dr. Martin's Report on Port Development and Opportunities
May 6, 2011	– Commission Tour of the Port of Providence, MOTIVA, Davisville
May 12, 2011	– EDC Executive Director Keith Stokes and DEM

EXHIBIT III

Testimony Received:

Quonset Development Corporation
ProvPort
Sprague Energy
North Atlantic Distribution, Inc. (NORAD)
Newport County Convention and Visitor's Bureau
Moran Shipping Agencies, Inc.
McAllister Towing of Narragansett Bay
Providence and Worcester Railroad Company
International Longshoreman's Association
Sea-Boats Tugboat and Barge Marine Transportation Company
MOTIVA Enterprises LLC Rhode Island
Blount Boats
Rhode Island Marine Trades Association
Office of Statewide Planning
URI Coastal Resources Center
Economic Development Corporation
Department of Environmental Management
Coastal Resource Management Council
RI Pilots Association
RI Bays, Rivers, and Watersheds Coordination Team
Dr. John Martin of Martin & Associates

EXHIBIT IV

Testimony Synopsis:

March 19th - 2009 – Initial Joint Commission Meeting

The Joint Commission first met on March 19, 2009. The Commission first took testimony from Jared Rhodes from the Office of Statewide Planning. Mr. Rhodes discussed the state's need to gather data 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 that the Coastal Resources Center preparing 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, existing infrastructure, and the current utilization of land parcels throughout the State. 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 30th - 2009 – Second Commission Meeting for 2009

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

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

Mr. Miranda provided background on NORAD's operations. He explained that NORAD is a privately owned company located at the Port of Davisville. It serves as the port of entry, processing center and distribution hub for Volkswagen of America; Subaru of New England; and Bentley Motors, Inc. NORAD currently maintains approximately 250 employees at its corporate location and has a long term lease for 130 acres in the Port of Davisville and adjoining area. Mr. Miranda identified 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 noted the Port would be an ideal location for many cargoes including Roll On - Roll Off trucks and other wheeled commerce.

Evan Smith, President and Chief Executive Officer of the Newport County Convention & Visitors Bureau ("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 (Jamestown; Little Compton; Middletown; Portsmouth; and Tiverton) as premiere destinations for business and leisure travel. These efforts include an annual advertising campaign, targeted sales programs; public relations strategies; and participation in trade & travel shows. NCCVB is also largely responsible for bringing cruise vessels into Newport each year.

Mr. Smith briefed the Joint Commission on the impact of the cruise ship industry in Rhode Island. According to Smith, in 2008, 37 large ships and 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, 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 would be encouraged to call. Sullivan recommended an expansion in the direction of short sea shipping ("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 offers complete vessel agency attendance services in over 90 ports in North America with 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 50 employees, the company dispatches tugboats beyond Newport or just inside the Bay, thus escorting ships safely to their destinations within Rhode Island and Massachusetts. It 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 - Marketing and Sales, for the Providence and Worcester Railroad Company

Mr. Rogers explained that the Providence and Worcester Railroad Company ("P&W") is a regional freight railroad operating 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 P&W began independent operations in 1973 and through a series of acquisitions of connecting lines, has grown from 45 miles of track to its current system of approximately 545 miles. The largest double stack intermodal facilities in New England are operated by the P&W in Worcester Massachusetts, 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 Tilcon 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 made major investments in improved rail services and facilities for PROVPORT and other Rhode Island maritime facilities.

Dan Campbell and John Lopes, International Longshoremen's Association ("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. Both indicated that an increase in the number of ships calling at RI's ports would cause an increase in the number of man-hours necessary to accommodate these ships.

They also indicated that a versatile cargo crane at Davisville would be helpful in the efforts of port development.

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, Seaboats Tugboat and Barges Marine Transportation Company
("SEABOATS")

SEABOATS is a family-run marine transportation business serving Rhode Island, Massachusetts, and other customers for more than 30 years. Captain Donald Church described the tug and barge transportation services (predominantly for petroleum products), contracting towing, and emergency towing services along the US East Coast as well as occasional voyages into the Caribbean and the US Gulf Coast provided by SEABOATS. Additionally, SEABOATS operates a shipyard in Fall River, MA 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 (most notably at the Port of Davisville) would need to occur 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 one Rhode Island agency or authority to evaluate and approve port related proposals.

Mike Sullivan, General Manager, MOTIVA Enterprises LLC Rhode Island

Formed in 1998, Motiva Enterprises LLC operates primarily in the eastern and southern United States. Its operations include nearly 7,700 Shell-branded gasoline stations, three refineries with a combined capacity of 740,000 barrels per day, and ownership interest in 41 refined product storage terminals with an aggregate storage capacity of approximately 19.8 million barrels.

Mr. Sullivan explained that MOTIVA utilizes approximately 75 acres of Rhode Island's coastal land along Allen's Avenue in Providence receiving, storing and distributing a full range of petroleum products. Consequently, they pay approximately \$2 million annually in local and state taxes. He stated that the ports in Rhode Island are more commercially attractive and active than

many ports elsewhere because of deep water, 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 described her family owned shipbuilding business which was started in 1949. Blount Boats designs and builds steel and aluminum vessels utilizing both proven and new designs at its Warren, RI 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, RI 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. He explained that Quonset needed to develop deep water access and facilities capable of handling a broad range of commercial vessels and cargoes including containerships, Roll On – Roll Off vessels, and break-bulk carriers. A showing of will by the Commission to support such goals and attain the resultant economic benefits is absolutely necessary.

March 27th – 2009 Port Facilities Tour: Providence

On March 27, 2009, the Joint Commission on the Study of 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 supported many jobs paying \$50,000 to \$60,000 annually.

The Joint Commission had the opportunity to discover first-hand that the physical infrastructure of the Port of Providence is highly conducive to the working waterfront. The Port of

Providence consists of 105-acres with six deepwater berths thereby offering businesses an ideal location and facility to operate. Further, the Commission viewed utilized and underutilized parcels of land on the Providence waterfront that could potentially increase maritime commerce.

May 8th – 2009 Port Facilities Tours: Ports of Davisville, Galilee and Newport

On May 8, 2009, the Joint Commission on the Study of 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.

February 3rd - 2010 – First Commission Meeting for 2010

Representatives of ProvPort and the Quonset Development Corporation (QDC) explained their operations. The meeting turned into a discussion of the federal government's TIGER grants. At the time of this meeting, both ProvPort and QDC had submitted separate applications to the US

Department of Transportation for the discretionary funds. ProvPort representatives explained that if they received the funding, it would purchase new cranes thereby allowing it to handle cargo at its port. QDC also stated that if its request for funding is granted, then the purchase of a crane would allow it to unload containers from ships. Furthermore, it would aid with Deepwater Winds efforts at the port.

February 24th - 2010 – Second Commission Meeting for 2010

This meeting took place after the US Department of Transportation announced the recipients of the TIGER grant funding. In Rhode Island, only the Quonset Development Corporation received TIGER grants in the amount of \$22.3 million (QDC had actually requested \$45.4 million). However, QDC was satisfied with the amount granted because it would allow them to make the necessary infrastructure changes and purchase a crane to be used with Deepwater Wind and other projects.

The Commission received testimony from Columbia Coastal Group's Vice President of Business Development Kevin Mack. Columbia Coastal Group is involved in a smaller scale operation of transporting containers through numerous ports on the east coast and the Gulf of Mexico. He testified that Rhode Island has great potential but does not expect a large scale operation immediately. Consequently, Rhode Island has to take small steps in short sea shipping first before companies would invest in a large scale container shipping operation. In addition, Quonset Development Corporations new crane will allow for a short sea shipping operation to take place at the port.

April 7th - 2010 – Third Commission Meeting for 2010

Chairman Michael Tikoian and Executive Director Grover Fugate of the Coastal Resources Management Council gave a synopsis of past dredging in the Providence River. They explained how "CAD" cells were used to store much of the dredge spoils in the river. It was identified that the CAD cells were originally estimated to reach their capacity in 2013 but due to the slowdown of dredging by marinas, it was expected to last an additional 5 to 6 years. Executive Director Fugate explained that testing and development of a dredging plan can cost approximately \$1 million.

Executive Director Fugate explained that short sea shipping is environmentally friendly and gets trucks off the road. He explained that if a hurricane similar to the Hurricane of 1938 occurred

that it would shut down sections of the railroad. By utilizing short sea shipping, it would provide another option to transport goods.

Captain Howard McVay of the RI Pilots Association testified to the need of dredging in the Port of Davisville. He explained that ships need approximately 3 feet under the keel. Currently, there is only about 6 inches to a foot.

April 28th - 2010 – Fourth Commission Meeting for 2010

Ames Colt, Chairman of the Rhode Island Bays, Rivers, and Watersheds Coordination Team (RIBRWC) provided a description of the organizations research and achievements with Rhode Island's waterways. He explained that his organization had issued a Request for Proposals for a consultant to study the development and opportunities of Rhode Island's port facilities. He explained that the study would provide the RIBRWC with important information going forward and that the information could be of great value to the Joint Port Commission in its continuing efforts to study Rhode Island Ports.

March 24th - 2011 – First Commission Meeting for 2011

Ames Colt - Chairman of the Rhode Island Bays, Rivers, and Watersheds Coordination Team

Dr. Colt in partnership with the Commission is supervising the Martin & Associates 2010-2011 RI Port Development and Opportunities Study. The project's purpose is to:

- Provide a comprehensive review of all of Rhode Island's underutilized maritime assets both to bolster job creation and to grow the state's economy by objectively examining the potential for economic growth through the highest and best use of the state's waterfront facilities.
- Assess the potential market opportunities for the Ports of Providence, Davisville and Newport, and quantify the economic benefits and effects resulting from these market opportunities.

The project's estimated completion date will be in late April 2011 with Dr. Colt periodically updating the Commission.

Mr. Bruce Waterson – Waterson Terminal Service/ProvPort

Mr. Waterson presented a power point presentation that summarized the physical assets at ProvPort, various metrics of the ports success. He noted that only Boston and ProvPort are the

only deep water ports in New England. His facility has 6 berths with 40' of mean low water, a 105 acre facility with 25 acres of paved lay down storage area adjacent to new rail lines, and over \$50 million in new capital investments the last 15 years.

ProvPort employs more than 1000 workers whose jobs average \$25 per hour and indirectly employs another 1,500 workers. As an economic engine for Rhode Island, the port generates over \$200 million of total economic activity; more than \$60 million of which is direct port related business revenue. Additionally, ProvPort generates \$16 million of local and state tax revenue each year.

April 7th - 2011 – Second Commission Meeting for 2011

Mr. John Reindeau, RI Economic Development Corporation

With close access to international shipping lanes, interstate highways, and dedicated freight rail lines, Rhode Island's ports and waterfront areas are some of our state's most vital economic assets and home to some of the state's largest employers including Toray Plastics and Electric Boat. With the infusion of federal TIGER grants, we now have the opportunity to further capitalize on these assets by accelerating infrastructure improvements to promote smart, sustainable and environmentally responsible economic growth that will create new job opportunities for Rhode Islanders. It is also important to note that the QCC ports are the only east coast ports where all cargo landed in is exempt from the federal harbor maintenance tax which equals 125% of an imported cargoes value. This makes these ports quite competitive on high value cargo imports such as autos.

A year ago, the Quonset Development Corporation was awarded a \$22.3 million federal TIGER grant to improve piers, rails, and roads and to install a mobile harbor crane in preparation for offshore-wind energy projects as well as potential short-sea shipping operations.

ProvPort also received \$10.5 million in Federal TIGER II grant funding to purchase and install two high-performance harbor cranes which will enhance the port's efficiency handling bulk material operations while expanding its capabilities to accommodate container operations.

We see excellent short-sea shipping opportunities at the Port of Davisville. As a feeder port, Davisville would be comparable to the success of T.F. Green Airport as a major feeder for air travel connections to hub airports like Philadelphia, Newark, and Baltimore and Atlanta.

At ProvPort the TIGER II grant is a great start and can serve as a catalyst for further improvements and new job opportunities. ProvPort must still raise another \$9 million to purchase the two new cranes as part of the first phase of a \$39 million improvement plan projected to create 550 jobs and \$120 million of new economic activity. They are also expecting another \$1.5 million federal front to improve rail access. We can create more jobs by further modernizing and expanding the port's capacity and developing surrounding highway and rail transportation infrastructure to accommodate increased volumes.

Mr. Stephen King, Managing Director Quonset Development Corporation

The Quonset Business Park employs 8,842 people in 164 companies. Quonset would be Rhode Island's 4th largest employer with one out of every 50 jobs there. Since 2004, it has seen \$168 million in private investment with \$126 million of new capital investments in the pipeline.

The Business Park encompasses 3,120 acres, with the state owning 2115 acres or 67% of the land. As of 2009, the state holds development acreage of 776 acres or 37% of the 2,115 acres of state owned land. (The remaining 1339 state owned acres support the airport, rail yards, National Guard, water treatment and power plants.) Approximately 260 state owned acres are still available for development. The balance is either: leased; (364 acres) or under agreement 152 acres. Other owners include: private businesses owners (476 acres); the Town of North Kingston (375 acres); and the federal government (194 acres). . The completed Freight Rail Improvement Program ("FRIP") has doubled rail car volumes since 2007 to 4,480. Major rail uses include Toray, BB&S and NORAD.

The Quonset Business Park has two Waterfront Districts, the Davisville District with 290 acres and the Quonset District with 153 acres The Quonset Waterfront District is fully developed with shipbuilding, marine construction and transportation businesses. Evan Matthews Port Manager will detail the Davisville Districts port related activity.

Mr. Evan Matthews, Port Manager of the Quonset Development Corporation

The Port of Davisville posts a 29' controlling depth, encompasses 31.3 acres of paved lay down area and 4,500 linear feet of ship berthing space. Davisville is located 8 nautical miles from the open ocean making it easy for ships to transit to its port facilities. The port has a foreign trade zone designation (#105) which creates a tax-free/deferred area for importers who do value added

work in the facility. It is currently the 8th largest auto importer in the United States, landing over 134,575 VW, Audi, Porsche, Bentley and Subaru vehicles in 2010. Auto imports are expected to reach 180,000 in 2011-2012. The completed Freight Rail Improvement Program ("FRIP") has doubled rail car volumes since 2007 to 4,480. FRIP allows another 50,000 vehicles to arrive via rail from Ford and Subaru, all of which are trucked out of the port. Sea Freeze processes between 10 and 15 thousand metric tons of fish quick frozen at sea yearly. Total port-related business output is estimated at \$119 million with current direct, induced and indirect employment at 1,105 jobs that generate \$42.6 million in household income. The port also generates \$9 million in state and local tax revenues per year.

A \$22.3 million federal TIGER grant was awarded to Quonset in 2010; the project will add significant new port capacity. Here is the status of the major projects:

- The centerpiece of the TIGER work includes improvements to Pier 2 (North) and the addition of a port crane, which has received approval from the Coastal Resources Management Council (CRMC). Construction plans have been finalized and bids are due in late April.
- Structural repairs to Pier 1 (South) have also received CRMC approval. Bidding for the construction phase will take place through the month of April.
- Improvements to Terminals 4 & 5, land-side parcels south of the piers, are under review by CRMC, with the planning phase possibly beginning as early as April.
- Improvements to Davisville Road and the extension of Tidal Drive have received CRMC approval and are only days from design phase completion.
- Railroad track, ballast and ties have been installed in the Pier 2 area from Davisville Rd. to the NORAD switch.

A 2009 Study conducted by URI discovered shoaling in the turning basins and Pier areas had reduced water depths. The only additional major capital expenditure needed is maintenance dredging of the Pier areas and pier access channel to 32 feet. Additional engineering and sampling work is needed to determine the cost of this dredging project.

The port's growth opportunities include further growth of auto imports and exports, break bulk imports, offshore wind farm staging, and feeder barge service.

Mr. Joseph Martin - Providence & Worcester Railroad

The Providence and Worcester (P&W) operates 545 miles of class II regional rail in Rhode Island, Massachusetts, Connecticut and New York. It has two major yards in Worcester and

Gardner. Additionally, P&W's Worcester operations include a dedicated container facility that interchanges with CSXT while the Gardner facility interchanges with the Norfolk Southern. These rail lines move automobiles, aggregate, cement, chemicals, coal, ethanol, iron and steel products, lumber and scrap metal and automobiles throughout Rhode Island.

At ProvPort the P&W built: over 1000 foot of track on the dock for coal loading; three storage tracks for coal and ethanol railcars; upgraded Allens Avenue with new signals and resurfacing; and expanded the South Providence yards rail car storage capacity.

Jointly with ProvPort the P&W is exploring a new loop track or unloading tracks on parcel 228 that would facilitate export coal opportunities.

At the Port of Davisville and Quonset Point the P&W services All American Foods, Ocean State Oil, BB&S Treated Lumber, and Toray Plastics as customers. The completion of the \$231 million FRIP project in conjunction with the addition of new Davisville rail bed and track has allowed double stack automobile carriers to move VW, Porsche, Subaru and Ford vehicles into and out of the port.

The Providence and Worcester Railroad continues to increase its business opportunities in both ProvPort and Quonset Point Davisville. They look forward to continued mutually beneficial projects with ProvPort, QDC, RIEDC and the State of Rhode Island.

April 28th - 2011 – Third Commission Meeting for 2011

Dr. John Martin, Principal of Martin Associates

We conducted a comprehensive assessment of development opportunities for Rhode Island's three major Port areas Providence, Davisville and Newport, entitled Rhode Island's Ports: Opportunities for Growth. The purpose of the report is to provide a comprehensive review of Rhode Island's existing port infrastructure, the marine cargo market in the US, east coast and, based upon these analyses, recommend port investments with the greatest potential to bolster the State's maritime economy and ultimately create jobs.

The report objectively examines the potential for economic growth through the highest and best use of Rhode Island's waterfront assets in the Ports of Providence, Davisville, and Newport, and quantifies the economic benefits and effects that may result from RI's most promising maritime transportation market opportunities.

The report is the culmination of a six-month study funded by the RI Bays, Rivers, and Watersheds Coordination Team (BRWCT) and conducted by Martin Associates, an internationally recognized port consulting firm. Martin Associates assessed the competitive position of Rhode Island's major marine cargo facilities, developed "macro-level" operating profiles of ProvPort, Port of Davisville, and Newport Harbor as a cruise ship destination; compared projected cargo activity with existing cargo facilities, and assessed the potential economic benefits associated with identified market potentials.

Our research confirms that the auto imports/exports sector, which has made substantial gains at the Port of Davisville, as well as ProvPort, has continued growth potential. In addition, we identified growth opportunities in break bulk imports (perishables). It is important to point out that the scale and timing of the expansion of port facilities to support off-shore wind facilities depends primarily upon successful power purchase agreements being struck between wind-farm developers and electric utilities; and that container feeder operations could be viable in the future.

Finally, the report projects that full development of the identified opportunities in auto import/export, offshore wind farms, container feeder and break bulk could result in:

- **1,000 new jobs**
- **\$70 million in new personal income**
- **\$127 million in business revenue**
- **\$10 million in local purchases**
- **\$8.1 million in state and local tax revenues**

Potential Economic Benefits of Identified Growth Opportunities (Annual)

	100,000 Potential Autos	130 Units Wind Energy	24,000 TEU Barge Feeder	Break Bulk Fruit
JOB				
Direct	183	154	52	58
Induced	187	152	57	59
Indirect	<u>65</u>	<u>28</u>	<u>6</u>	<u>5</u>
Total	435	334	115	122
PERSONAL INCOME (millions)				
Direct	\$8.4	\$6.8	\$2.6	\$2.7
Responding/Local Consumption	\$18.9	\$15.2	\$5.8	\$5.9
Indirect	<u>\$2.7</u>	<u>\$1.2</u>	<u>\$0.2</u>	<u>\$0.2</u>
Total	\$30.0	\$23.2	\$8.6	\$8.8
BUSINESS REVENUE (millions)	\$79.1	\$34.2	\$7.2	\$6.5
LOCAL PURCHASES (millions)	\$6.3	\$2.7	\$0.6	\$0.5
STATE AND LOCAL TAXES (millions)	\$3.5	\$2.6	\$1.0	\$1.0

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May 6th - 2011 Port Facilities Tour – Fourth Commission Meeting for 2011

Members of the Joint Port Commission went on a tour of the various ports and businesses throughout the State of Rhode Island. It provided an opportunity to examine local businesses that provide many needed jobs to the economy of Rhode Island as well as identify the importance the ports provide in accomplishing those purposes.

The Port Commission began its tour at the facilities of ProvPort. The Commission viewed the automobile export operations at the port in addition to the import operations of coal.

The Commission continued with a drive through Motiva's operations. A representative from Motiva explained operations at their facility and explained the importance of importing energy at this location and providing it to residents and businesses within the area.

The next stop for the Commission was Promet. Operations at Promet consist of repairing commercial ships. A representative from Promet illustrated how they provide repairs to ships originating in other areas but become disabled locally.

The final stops for the Port Commission were at the Port of Davisville and NORAD. The Commission had a firsthand look at how new cars are offloaded from ships and transported to NORAD's facilities. Vehicles imported at this facility include Volkswagen, Porsche, and Bentley. Here the vehicles are inspected and accessories are installed. These vehicles are then loaded up for transport to various destinations.

May 12th - 2011 – Fifth Commission Meeting for 2011

Keith Stokes, Executive Director of the RI Economic Development Corporation

Over the years the management and staff of EDC and Quonset Point Davisville have done a great job acquiring, cleaning up and improving upon the physical assets at Quonset Business Park. While skilled property managers, one of the challenges QDC faces is the lack of an integrated marketing of port related services and products. To date there has been no marketing of Quonset's intermodal services. Over the years there has been no sustained port economic business development especially in the areas of business attraction/cultivation. It makes no sense for Rhode Island's ports to compete for business when integrated marketing can bring in new business that each location is uniquely qualified to handle.

RIEDC is willing to assist in developing a model to cooperatively market and cultivate new port related businesses on a state-wide basis in order to leverage existing capabilities and ultimately develop new business for all our state's ports.

Larry Mouradjian, RI Department of Environmental Management Port of Galilee

Mr. Mouradjian from the Department of Environmental Management testified about the Port of Galilee. He testified that there has been a growing interest from the public to know where fish come from due to recent television shows such as the "Deadliest Catch".

He explained that the Port of Galilee is the lifeline for Block Island. Mr. Mouradjian testified that the Port consists of many family businesses that have been around for many years. However, he testified that businesses in the port have difficulty getting working capital from banks. Mr. Mouradjian concluded that the Port of Galilee needs help but not the same type of help as Quonset may need. He offered to provide a tour of the Port of Galilee to the Port Commission.

Exhibit V

EASTERN SEABOARD PORT AUTHORITIES

Eastern United States

Albany Port District Commission	http://www.portofalbany.com
Bridgeport Port Authority	http://www.portofbridgeport.com
Delaware River Port Authority	http://www.drpa.org
Maryland Port Administration	http://www.marylandports.com
Massachusetts Port Authority	http://www.massport.com/ports/
New York City Economic Development Corporation	http://www.nycedc.com/Web
Pease Development Authority Division of Ports & Harbors	http://www.portofnh.org
Philadelphia Regional Port Authority	http://www.philaport.com
Port of New Bedford	http://www.portofnewbedford.org
Port of Richmond - VA	http://www.portofrichmond.com
Port of Wilmington, Delaware - Diamond State Port Corporation	http://www.portofwilmington.com
South Jersey Port Corporation	http://www.southjerseyport.com
The Port Authority of New York & New Jersey	http://www.panynj.gov
Canaveral Port Authority	http://www.portcanaveral.org
Georgia Ports Authority	http://www.gaports.com
Jacksonville Port Authority (JAXPORT)	http://www.jaxport.com
North Carolina State Ports Authority	http://www.ncports.com
Port Everglades	http://www.broward.org/port/
Port of Miami	http://www.miamidade.gov/portofmiami/
Port of Palm Beach District	http://www.portofpalmbeach.com
South Carolina State Ports Authority	http://www.port-of-charleston.com
Virginia Port Authority	http://www.portofvirginia.com

Canada

Halifax Port Authority	http://www.portofhalifax.ca
Montréal Port Authority	http://www.port-montreal.com
Québec Port Authority	http://www.portquebec.ca
Saint John Port Authority	http://www.sjport.com