

Port of Wilmington Expansion Task Force

Monday, May 23, 2016
10:00 a.m. – 12:00 p.m.
Auditorium, Mezzanine Level
Carvel State Building
820 N. French Street
Wilmington, Delaware 19801

Meeting Attendees:

Task Force Members:

Present:

Representative Charles Potter, Jr.
State Senator Margaret Rose Henry
Secretary Jeffrey Bullock
Secretary Thomas J. Cook
Rick Ryan
Trevor Knight
Jose Gonzales
John Coulahan
Kimoko Harris
Gene Bailey
Paul Thornburg

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Absent:

State Senator Catherine Cloutier
State Representative Kevin Hensley
Secretary Edwin Kee
Secretary Gilliam-Johnson
Secretary Jennifer Cohan
Director Bernice Whaley
Secretary David Small
Mike Evanko
William Ashe
Paul Cutler
Peter Hartranft

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Public:

Brad Barrie	LU 199
Ruth Baker	LAPA
Mike Purzycki	Public
Sean Hammond	Public
Velda Jones-Potter	Public
Mark Williams	Public
Waynna Dobson	Public
Matt Meyer	Public
James Toppin	Public
Mo Page	Public
Tom Evans	Public
Sean Barney	Public
M. Booker	Public
Nate Hoke	Public
Karen Hartley-Nagle	Public
Kathy McGuiness	Public
Angela Harris	Public
J. Cephas	Public
Larry Smiter	Public

Co-Chair of the Port of Wilmington Expansion Task Force, State Representative Charles Potter, Jr., called the meeting to order at 10:11 a.m. He thanked the task force members and the public for attending the meeting, and took the roll for those in attendance.

Representative Potter acknowledged several individuals in attendance, including County Executive Tom Gordon, City Council President Theo Gregory, City Councilwoman Sherry Dorsey Walker, State Representative Paul Baumbach, and Velda Jones-Potter.

Representative Potter asked if there were any alterations to the meeting minutes presented to the task force members. Co-Chair of the Port of Wilmington Expansion Task Force, State Senator Margaret Rose Henry, asked for a motion to approve the meeting minutes from the March 29, 2016 meeting. Secretary of State, Jeffrey Bullock, motioned to approve the minutes. The motion was seconded by Secretary of Finance, Thomas Cook. The meeting minutes were unanimously approved by a voice vote and are officially on public record.

Representative Potter asked Tim Gunner, Project Delivery Leader for AECOM, to provide an update on the strategic master plan.

Tim Gunner stated that the efforts of AECOM began in November 2015 with an aggressive schedule and that the presentation he was outlining was the same given recently to the Diamond State Port Corporation. The Strategic Master Plan presented to the Diamond State Port Corporation was prepared by AECOM, R.K. Johns & Associates, Remline, Duffield Associates, and Paul F. Richardson Associates.

Tim Gunner discussed two different objectives for the strategic master plan to guide the Diamond State Port Corporation to its desired pattern of growth and development. The first scenario outlined the optimization of the existing Port footprint, sustain and grow existing cargo, and focus on the use of the Pigeon Point Site. The second scenario outlined by AECOM examined alternative sites along the Delaware River and what each site offered.

Tim Gunner highlighted the history and background of the Port of Wilmington, and mentioned that the current port infrastructure houses seven ship berths for general cargo, one petroleum berth, one floating berth for bulk juice and one multipurpose Auto berth. He stated that there is 800,000 square feet of cold storage in 6 warehouses and 250,000 square dry warehouse spaces with covered rail service on 308 acres at the confluence of the Christina and Delaware Rivers.

In Fiscal Year 2015, the Port of Wilmington handled 435 vessels and 6.8 million tons of cargo, serving as a national leader in key import and export commodities, according to their information. Tim Gunner stated that the economic impact of the Port of Wilmington is vast, with 5,600 family sustaining regional jobs, \$417 million annual business revenue, \$391 million annual personal income, and \$39 million regional annual tax revenue in 2015.

Since November 2015, AECOM has established a process to arrive at the recommended strategy, which included: stakeholder interviews; an open house; site visits and identification of key opportunities and constraints; an analysis of capacity; the development of solutions to address key opportunities and constraints; a market assessment; a process to define alternatives to match market demand; a financial analysis; and a comparison of alternative sites.

Tim Gunner presented a market demand review, which was conducted by R.K. Johns & Associates, that highlights a 75 percent growth in 5 years. He noted that exports have been growing faster than imports and that the Port of Wilmington primarily serves as an import destination. Over the next 5 to 10 years, there should be 4.8 percent growth for the Port of Wilmington. He noted that the stagnation of population growth has an impact on the market demand.

Tim Gunner discussed the first scenario that examines the existing Port footprint. The opportunities available include the location along the Delaware River, the Pigeon Point Landfill site use, and the availability of Wilmington Harbor South. Concurrently, there were various constraints associated with the scenario, which include the existing main gate congestion, rail crossings, aging cold storage warehouses, low utilization and material condition of floating berth, the limited use of Berth 7, petroleum berth siltation, the lack of a double stack rail, limited Port land for expansion, and the depth of the Christina River Channel and Berth.

Tim Gunner presented Alternative 1, which focuses on the state of good repair and commitments to existing customers that would cost \$181 million, with \$138 million unfunded. The alternative focused on expansion opportunities at the internal gate, site improvements, and maintenance building relocation, as well as cold storage warehouse reconstruction and a new main gate.

Furthermore, Tim Gunner discussed Alternative 1A, which focuses on the extension of a berth and crane rail through the floating Berth, as well as an upland 10 acre multi-purpose storage and construction of a RO-RO storage lot at Pigeon Point. Alternative 1A would cost \$144 million.

Tim Gunner presented the second scenario, which focused on additional market for development of a new terminal on Delaware River. Alternative 2 focuses on the Wilmington Harbor South Site, with Alternative 2B examining Wilmington Harbor South (River) and Alternative 2C outlining Wilmington Harbor South (Land) to capture additional demand. The analysis' for each alternative outlined land use and acquisition challenges, environmental permitting processes, legislative action, dredge management, time to implement including construction, expansion opportunities, operation, rail access, operational impact to existing customers and highway access.

The challenge faced by AECOM when examining the sites pertained to the broad assumptions made about the soil at each site, according to Tim Gunner. Alternative 2B at the Wilmington Harbor Site area would be the most expensive site due to pile issues. An additional issue that would have to be addressed is rail access and access for existing customers, due to potential congestion problems. Due to the expenses, AECOM examined a scenario that would pull the berths inland, where the cost would decrease but the dredging process would increase. Both Alternative 2B and 2C would take approximately 5 to 6 years and includes an environmental assessment, surcharging the existing facility, and finding an additional dredge disposal site.

Tim Gunner highlighted Alternative 3, which examines the RiverEdge site to capture additional demand. The RiverEdge alternative would require legislative action for the federalization of the channel, as well as a NEPA Environmental Impact Statement (EIS) for federal (USACE) permit issuance. The location would require heavy dredging and the process would take over 7 years to complete.

Tim Gunner also discussed Alternative 4, which examined the Edgemoor site for sale. This alternative, which would require moderate dredge load and a NEPA EA for federal (USACE) permit issuance, would be the quickest option at 4 years or longer.

Tim Gunner presented the comparison of cost estimates for the alternatives sites, with Alternative 2B (Wilmington Harbor South River) at \$1 billion, Alternative 2C (Wilmington Harbor South Land) at \$493 million, Alternative 3 (RiverEdge) at \$882 million, and Alternative 4 (Edgemoor) at \$490 million. For a similar facility at RiverEdge, Paul F. Richardson Associates provided an estimate of \$645 million, which differs from AECOM's recommendation.

In addition, the strategic plan recommends the full or partial takeover of Wilmington Harbor South for future expansion opportunities. The lands are federally owned and actively utilized by the USACE and an alternative dredge material management site must be online for USACE to consider. AECOM also recommends double-stack rail options, highlighting that CSXT double-stack will be cleared to Philadelphia in 5 to 10 years. Norfolk Southern will be a challenge on Amtrak's Northeast Corridor and will require additional evaluation.

Tim Gunner discussed the key findings and recommendations of the strategic plan, noting that the Port of Wilmington will be near capacity in near future. The plan recommends \$138 million of unfunded capital improvements that will be necessary over 5 to 10 years to bring in the facility into a state of good repair and meet current commitments. The plan also recommends \$145 million to increase the capacity of the Port to meet base demand. Tim Gunner stated that Wilmington Harbor South Dredge Material Management Site is an asset that should be secured for future Port expansion opportunities.

Representative Potter acknowledged Edward Zimny, Maritime Consultant for Paul F. Richardson Associates, Inc. (PFRA), to provide a briefing to the Port of Wilmington Expansion Task Force regarding the RiverEdge Container Terminal Project.

Edward Zimny stated that Paul F. Richardson Associates, Inc. assisted in the development of the Strategic Master Plan provided to the Diamond State Port Corporation. He stated that the master plan confirmed that the current port configuration has capacity restraints and that there is the need to consider alternative new sites along the Delaware River.

Edward Zimny highlighted the need to focus on the Delaware River with current dredging projects and outlined the scenarios to help guide stakeholders in their decision process. He stated that the Diamond State Port Corporation acknowledged two critical items: the need to move ahead on finding an alternative site for Dredge Management Material Plan (DMMP) that now takes place at Wilmington Harbor South, and that the State of Delaware and stakeholders are likely to have to partner with private investment to expand with any one or more of the alternatives discussed by Tim Gunner of AECOM.

Edward Zimny outlined the options presented by PFRA, including Wilmington Harbor South's strategic options for the State of Delaware's future. In addition, he stated that Edgemoor has the potential to serve as a moderate container site and is an option worth considering. He also highlighted the RiverEdge site, which could serve as a clean canvas and a state-of-the-art facility desired by the private investor because it creates its own set of options as to design, build and subsequent operation. The RiverEdge site also creates long-term investor opportunities, according to Edward Zimny. Concurrently, PFRA highlighted that the GM Boxwood Site can play a very tactical role in both railroad and warehousing capabilities to all future options.

After the completion of assessments and the DSPC master plan findings, PFRA and Edward Zimny highlighted the path forward for the RiverEdge site. In the near future, the State of Delaware should engage in discussions with investors and stakeholders for all project options provide further due diligence and assessments to the investors and review strategic options relative to the master plan. In addition, Edward Zimny stated that a formal stakeholder alignment should occur as should the beginning of the permitting process on Wilmington Harbor South. After the platform is established that embraces public/private partnerships, Edward Zimny highlighted the need for negotiations regarding the transaction.

Concurrently, Edward Zimny discussed the primary issue of an assessment for full stakeholder alignment for the private investor, with the required regulatory and permitting process at the forefront. He noted that a "speed-to-market" determination is essential. Due to the time

constraints, Edward Zimny emphasized the need to start the Wilmington Harbor South and Dredge Management Material Plans, whose planning and permitting processes could cost \$2 million to \$10 million. The State of Delaware should also determine the role of the existing Port facility and the Edgemoor site, and have a clear path forward to engage in the outlined public private partnerships.

Senator Margaret Rose Henry thanked everyone in attendance and the consultants who assisted with the completion of the Diamond State Port Corporation Strategic Master Plan. She asked the members of the public to provide their input ahead of today's final vote.

Kimoko Harris, Business Agent for the Longshoremen's Association Local 1883 – Clerks and Checkers, asked Edward Zimny what qualities about RiverEdge makes it attractive to private investors.

Edward Zimny stated that the RiversEdge site is a clean canvas that can feature the latest technology. Similarly, the property is not burdened by technology from the 1920s.

Representative Potter asked if the additional funding for dredging at the RiverEdge site would be seen as an impediment.

Edward Zimny stated that it is a cost worth examining, but isn't something the private investor would see as an issue.

State Representative Paul Baumbach of Newark asked Tim Gunner to discuss the cost-benefit analysis of the alternatives and potential economic advantages for each.

Tim Gunner of AECOM stated that they tried to examine the same capacities for each alternative. In general, there would be similar economic benefits.

Edward Zimny added that the numbers are similar for all of the scenarios; however, the reality would show differing cost-benefit analysis and would continue to develop with the investor process.

Dwight Davis, President of the Motivational Center, Inc., expressed concerns pertaining to the benefits of the alternatives after the costs were presented. He highlighted the potential for global trade with transpacific trade and qualified work forces in the area.

Tim Gunner responded that AECOM did run a return on investment, which came with a positive return on improvements. He stated that AECOM will continue to examine the return on the various options and will work with the Port of Wilmington in the near future.

Martin Willis, a resident of New Castle, asked if there is the political will and exemptions to proceed with the project as it pertains to the Coastal Zone Act.

Edward Zimny stated that the Coastal Zone Act should not stop the alternatives proposed. He stated that there was a legal review requested at the last Port of Wilmington Expansion Task Force meeting, which will have to be discussed.

Nina Taylor of ILA Local 1694-1 asked about the impact of opening a fully automated port in the area for current laborers.

Edward Zimny stated that the terminal would be semi-automatic with a high use of technology, with the goal of creating family sustaining jobs for the community.

Muhammad Salaam of the Community Intervention Task Force asked the consultants to discuss the cost-analysis issues raised by other attendees and mention findings from previous meetings.

Ruth Baker of LAPA discussed her concerns with potential political motives associated with the decision making process and strategic plan, as well as regional competition that could hinder long-term benefits. She also asked if the public could be made aware of the full master plan that was proposed.

Senator Henry thanked Ruth Baker for her involvement and raising concerns. She said that they will make sure the public is well aware of all plans.

Gene Bailey, Director of the Diamond State Port Corporation, stated that the presentation given to the Board is available online at the Port of Wilmington website.

Lenny Church of CBTU discussed the loss of the Chrysler and GM plant and higher paying jobs. He raised concerns over the need for individuals to have a job with a livable wage, rather than working several jobs.

Sandra Smithers of the Route 9 Blueprint Commission asked for an answer in regards to the private investors interested in the project.

Senator Henry stated that private investors do exist; however, due diligence must occur and their names cannot be disclosed. She stated that they have been asking the same questions proposed by the public.

Lamar Gunn of the Central NAACP asked who chose the line of investors and if additional rail investors would be considered. He also encouraged the City of Wilmington to ensure that the minority population has job opportunities.

Edward Zimny stated that there is interest and that the alignment of stakeholders will involve various interests from the public and private sector.

James Maravelias, President of the Delaware AFL-CIO, asked about Governor Markell's position on the project.

Senator Henry stated that DNREC Secretary David Small was going to obtain a legal opinion

from the Attorney General's office in regards to the Coastal Zone Act. She also stated that Governor Markell is pleased to meet with any investors following the recommendations of the task force.

James Maravelias stated that Governor Markell mentioned in a previous meeting that he did not want to address the Coastal Zone Act this legislative session and asked to move the process forward.

Senator Henry stated that the Legislature does have political capabilities to address the Coastal Zone Act; however, Secretary Small will have a legal opinion prepared in regards to the Coastal Zone Act.

Samuel Guy of New Castle County stated that the process should be fast tracked to ensure that the opportunities at the Port of Wilmington are readily available to ensure Delaware remains viability amongst its competitors.

Representative Potter stated that Delaware should move forward to sustain the Port of Wilmington and expand opportunities to ensure Delawareans have good jobs.

Senator Henry stated that she sees this as an opportunity to expand existing Port actions and pursue future opportunities. She stated that the objective is to vote on one of three options: Edgemoor, RiverEdge, and Wilmington Harbor South. She also stated that the Port of Wilmington Board has the responsibility of expanding and that the task force will vote on the available choices.

Kimoko Harris, Business Agent for the Longshoremen's Association Local 1883 – Clerks and Checkers, stated that there is a difference between the economic impacts of the three locations. He stated that the RiverEdge Container Terminal Project has a greater impact due to terminal at RiverEdge and that the ILA will hire and train employees to work at these facilities.

Senator Henry asked all Port of Wilmington Expansion Task Force members to express their support for a given alternative by rising from their seats.

Senator Henry asked for all in favor of the Edgemoor option proposed in the Strategic Master Plan. The Edgemoor option proposed in the Strategic Master Plan received a Yes=0, No=0, Abstain=11 vote.

Senator Henry asked for all in favor of the RiverEdge option proposed in the Strategic Master Plan. The RiverEdge Container Terminal Project received a Yes=5, No=0, Abstain=6 vote.

Senator Henry asked for all in favor of the Wilmington Harbor South option proposed in the Strategic Master Plan. The Wilmington Harbor South option proposed in the Strategic Master Plan received a Yes=0, No=0, Abstain=11 vote.

Senator Henry stated that the RiverEdge Container Terminal Project alternative received the only votes from the members present. The Port of Wilmington Expansion Task Force recommended the RiverEdge Container Terminal Project in their final vote. Senator Henry reiterated that the final vote does not stop the Port of Wilmington from pursuing future expansions that are planned.

Representative Potter adjourned the Port of Wilmington Expansion Task Force meeting at 12:04 p.m.

Minutes prepared by Geoff Heath – Legislative Assistant
Minutes reviewed by Rylene M. Harper – Legislative Assistant & Task Force Staffer