

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON TRANSPORTATION AND
PUBLIC UTILITIES

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, June 16, 2015
1:15 p.m.

PRESENT:

COUNCILMAN KENYATTA JOHNSON, CHAIR
COUNCILWOMAN CINDY BASS
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN BOBBY HENON
COUNCILMAN ED NEILSON
COUNCILMAN MARK SQUILLA

RESOLUTION 150386 - Resolution authorizing
City Council's Committee on Transportation and
Public Utilities to hold hearings to examine
potential uses of the vacant land at
Southport.

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1
2 COUNCILMAN JOHNSON: Good
3 afternoon, everyone. This hearing is
4 called to order. This is a public
5 hearing of the Transportation and Public
6 Utilities Committee. My name is
7 Councilman Kenyatta Johnson, Chair of the
8 Committee.

9 I would like to start this
10 Committee by having the Clerk read the
11 title of the resolution.

12 THE CLERK: Resolution No.
13 150386, entitled "Authorizing City
14 Council's Committee on Transportation and
15 Public Utilities to hold hearings to
16 examine potential uses of the vacant land
17 at Southport."

18 COUNCILMAN JOHNSON: I am
19 joined by Councilwoman Cindy Bass, also
20 Councilman Bill Greenlee, and Councilman
21 Bobby Henon.

22 The purpose of us hosting this
23 hearing today is just an informational
24 hearing regarding the land use in the
25 area known as Southport located in the

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2 2nd Councilmanic District in the southern
3 region within the Navy Yard. We also
4 specifically want to take a look at how
5 do we utilize this particular portion of
6 land as it relates to the economic
7 development and growth of the City of
8 Philadelphia.

9 So I want to thank everyone for
10 being here today. Before we get started,
11 I want to ask my colleagues if they would
12 like to make any comments, and if not, I
13 will ask the Clerk to call the first
14 witness.

15 I will acknowledge Councilwoman
16 Cindy Bass.

17 COUNCILWOMAN BASS: Thank you,
18 Mr. Chairman. I do have a comment. I
19 wanted to acknowledge, unrelated to
20 Transportation, but I did want to
21 acknowledge a group of young ladies who
22 are here from my district from Girls'
23 High today who are visiting a courtroom
24 here in City Hall, and I just wanted to
25 acknowledge Girls' High students -- can

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2 we have them stand real quick -- to come
3 see our government in action.

4 (Applause.)

5 COUNCILWOMAN BASS: It's so
6 important to engage our young people. So
7 I wanted to thank them for coming down.

8 Thank you, Mr. Chairman.

9 COUNCILMAN JOHNSON: Thank you,
10 Councilwoman.

11 Will the Clerk please call the
12 first witness.

13 THE CLERK: The first panel
14 consists of Joseph Fox and Donald P.
15 Brennan from the Philadelphia Regional
16 Port Authority.

17 (Witnesses approached witness
18 table.)

19 MR. BRENNAN: Good afternoon,
20 Mr. Chairman and members of the
21 Committee.

22 COUNCILMAN JOHNSON: Can you
23 please state your name for the record,
24 please.

25 MR. BRENNAN: My name is Donald

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2 P. Brennan. I'm the Director of
3 Government and Public Affairs for the
4 Philadelphia Regional Port Authority.
5 With me today is my colleague Joe Fox,
6 who is a Senior Marketing Director for
7 the Authority. I am here today
8 representing our Executive Director,
9 Jamie McDermott, who apologizes for not
10 being able to testify today due to
11 pressing commitments at the Authority.
12 However, Jamie is grateful for the
13 opportunity to have his testimony read
14 into the record.

15 The Port of Philadelphia is
16 poised to experience revolutionary change
17 and growth. The main driver of this is a
18 site known in South Philadelphia as
19 Southport. Southport sits at a unique
20 nexus of developable land, road, rail,
21 and deep water. This location, which is
22 at the convergence of various
23 transportation modes, has no equal on the
24 eastern seaboard.

25 The Port of Philadelphia is

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2 experiencing resurgence in cargo
3 activity. This past year we completed
4 our fifth year of consecutive
5 double-digit growth. We are market
6 leaders in the movement of all types of
7 refrigerated cargo, forest products,
8 steel, and cocoa beans, and since 2010,
9 we have made substantive strides into the
10 handling of imported and exported
11 vehicles.

12 This past winter the congestion
13 issues on the West Coast of the United
14 States were well documented by the
15 national media. Dozens of container
16 ships waited at anchorage to be unloaded
17 at the ports of Los Angeles and Long
18 Beach. This had a notably deleterious
19 effect on the economy. What was less
20 known was the ancillary effect with this
21 general increase in worldwide shipping
22 activity had on the East Coast. The Port
23 of New York and New Jersey experienced
24 dramatic delays. Further south, for the
25 first time, the Port of Norfolk had

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2 severe port congestion.

3 It is estimated that 85 percent
4 of all imported containerized goods that
5 are consumed in the Philadelphia region
6 are trucked in from the neighboring ports
7 in New York, Baltimore, and Virginia.
8 Investment in the Southport Marine
9 Terminal would reverse this trend and, in
10 doing so, result in the reduction of 350
11 million truck miles over the next 25
12 years.

13 This project and the associated
14 reduction in truck miles have a benefit
15 cost ratio of 3.76 and would provide
16 several economic and societal benefits to
17 the U.S.; namely, state of good repair:
18 Southport would preserve the state of
19 good repair by improving the region's
20 marine infrastructure. It would ease
21 congestion and associated inefficiencies
22 at other regional terminals, which
23 collectively form a portion of our
24 national transportation network.

25 Economic competitiveness:

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2 Significant cost savings to the local
3 distribution network would result from
4 the reduction in truck miles. The
5 project would provide significant job
6 creation and economic development to the
7 local area and provide a ladder of
8 opportunity to a workforce that has been
9 hit hard by the slowdown in the economy
10 since 2008.

11 Quality of life: The project
12 will positively impact surrounding
13 communities by eliminating interstate
14 trucks from the road network, meaning
15 less congestion and shorter travel times
16 in their local areas, as well as the
17 effects of an improved local
18 transportation network.

19 Environmental sustainability:
20 Reduced diesel consumption and reduced
21 greenhouse gas emissions will generate
22 tangible environmental benefits and a
23 cleaner, less polluted region.

24 Safety: Fewer traffic
25 accidents and less wear and tear on

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2 roadways will result.

3 The project also demonstrates
4 significant innovation both in terms of
5 procurement strategies through an
6 innovative public-private partnership as
7 well as state-of-the-art technological
8 components that will establish the
9 terminal as a first-class marine
10 terminal.

11 The project represents a broad
12 collaboration of many public agencies
13 together with a major private partner,
14 all working to leverage public funds for
15 the betterment of the region.

16 And, finally, the project's
17 readiness for the Southport Marine
18 Terminal is well advanced. The project
19 has received all environmental and
20 legislative approvals necessary and has
21 nearly completed the requisite
22 environmental mitigation project by
23 spending nearly \$30 million.

24 The Philadelphia Regional Port
25 Authority, with the support of the

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2 Commonwealth of Pennsylvania, has
3 established a project team and is
4 finalizing the next phase of the
5 procurement process.

6 COUNCILMAN JOHNSON: Thank you
7 very much.

8 Any questions from members of
9 the panel -- members of the Committee?

10 (No response.)

11 COUNCILMAN JOHNSON: Thank you,
12 Mr. Brennan. Just in terms of local
13 impact, can you give us an overview of
14 jobs that you would think would be
15 developed as it relates to developing the
16 Southport Marina project.

17 MR. BRENNAN: Let me tell you
18 what we know, Mr. Chairman, at this
19 point, according to our statistics,
20 because we're currently looking at the
21 possibility of Southport of a multi-use
22 terminal. There's a very strong
23 possibility that there may be more than
24 one use for Southport, and this will
25 manifest itself through the

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2 public-private process. But according to
3 the numbers that I've been given, based
4 on 750,000 TEUs at a container terminal
5 at Southport, you're looking at a total
6 of 8,580 jobs.

7 COUNCILMAN JOHNSON: Is that
8 new jobs created?

9 MR. BRENNAN: That's correct.
10 Automobile impact, again,
11 according to the PRPA, for every 150,000
12 automobiles on the site, you're looking
13 at a total of 590 jobs.

14 COUNCILMAN JOHNSON: These jobs
15 are associated with unions. Can you name
16 those particular unions or just are these
17 jobs that the average individual is
18 allowed, can come and apply for?

19 MR. BRENNAN: It would be
20 better for me, Mr. Chairman, to
21 accurately characterize these as good
22 jobs. Well, what is a good job? A good
23 job is a family-sustaining job, a job
24 that helps build neighborhoods, a job
25 that helps keep schools strong, jobs that

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2 help keep communities strong, a job that
3 helps consumerism. These are jobs that
4 are solid, they're hard-working jobs, but
5 the men and women who work on our
6 terminals and our piers, as anyone here
7 behind me will attest, these are
8 good-paying jobs. These are jobs that
9 will enable folks to stay and prosper in
10 Philadelphia, which I believe is why
11 above all this development, while it is
12 not as sexy as some of the things that
13 you read about, quite frankly, is very,
14 very important to the future of
15 Philadelphia.

16 COUNCILMAN JOHNSON: More jobs
17 is sexy, so...

18 MR. BRENNAN: We need to get
19 this one right, and we're looking at it
20 very, very carefully, and we're very
21 grateful and excited that so many folks,
22 including the members of this Committee,
23 are interested in learning more about it.

24 COUNCILMAN JOHNSON: Okay.

25 Councilman Bobby Henon.

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2 COUNCILMAN HENON: Thank you,
3 Mr. Chairman.

4 Good afternoon, gentlemen,
5 Mr. Brennan and Mr. Fox. Thank you for
6 joining. And I know the port does a
7 fantastic job with the commerce in the
8 region and always looking to expand and
9 look for opportunities, which raises the
10 question, the port now positioning
11 ourselves as a regional economic engine
12 for the State; as a matter of fact, for
13 the tri-state area, I feel that we are in
14 a great position for competitiveness when
15 it comes to commerce and creating jobs in
16 the long term. We have a deepening of
17 our waters, which is going to open it up
18 to larger vessels and when the Panama
19 Canal is complete. When is that? Is
20 that next year, this year?

21 MR. FOX: 2017.

22 MR. BRENNAN: 2017. It
23 actually was supposed to be 2016, but
24 it's pushed back a little.

25 COUNCILMAN HENON: So there's

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2 anticipation in my impression of not just
3 Philadelphia but the Commonwealth being
4 in the position to create a tremendous
5 amount of job opportunities and economic
6 spinoﬀ, giving back to the community,
7 and Southport is a major part of that; is
8 that correct? What is -- so there's been
9 somewhat of a debate whether the cars or
10 containers, what has the best economic
11 and sustainable interest for the City.
12 Is that an ongoing conversation and
13 discussion that the port is having in its
14 long-term strategic plan?

15 MR. BRENNAN: I think a couple
16 of things. Number one, I'm so grateful
17 you brought up the channel deepening
18 project. There's a great deal of
19 movement and momentum at the Port of
20 Philadelphia. I believe, without
21 hyperbole, maybe perhaps in its modern
22 history. The fact that we are deepening
23 our shipping channel from 40 to 45 feet
24 may not seem like that big of a deal to
25 the average person, but trust me, in the

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2 port industry, it is a major occurrence.

3 While we are doing that, at the
4 same time the Commonwealth of
5 Pennsylvania has enabled us to embark on
6 an infrastructure improvement program to
7 increase the safety and security on all
8 of our piers and our terminals. That is
9 vitally important, because the casual
10 observer will drive by some of these
11 sites on Delaware Avenue and think that
12 those piers have been closed for years
13 due to the fact that many of them were
14 built in the early 1920's. However,
15 you'd be stunned to realize how much
16 business is being done at these piers.
17 It's remarkable actually.

18 So the Commonwealth recognizes
19 that. The infrastructure is being
20 rebuilt. The terminals are being
21 rebuilt. Piers are being rebuilt,
22 channels being deepened. Southport is
23 being developed. It is a tremendous
24 scenario for the Port of Philadelphia.
25 It has never been, never been this

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2 optimistic over the last 50 years, and
3 that's without hyperbole. All of these
4 things are happening. You can see it
5 visually with your own eyes.

6 And yes, Councilman -- and
7 you've been a big supporter of the port,
8 and we certainly appreciate that -- this
9 ongoing conversation as to what the
10 future of Southport Marine Terminal
11 should be is currently happening, and the
12 Philadelphia Regional Port Authority and
13 our Chairman and our Board of Directors
14 want that conversation to happen. That's
15 why we have a public process in which we
16 issued an RFP. We want the best ideas to
17 come forward, the brightest ideas to come
18 forward, taking a look at market trends,
19 taking a look at what's hot, taking a
20 look at business that is knocking on our
21 door. All of these things are being
22 taken into account so that we have an
23 opportunity here to develop a
24 state-of-the-art marine terminal.

25 Philadelphia has something that

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2 most other major ports do not have, and
3 that is land. We have land. We have a
4 great opportunity to develop it properly.
5 We have a great opportunity to bolster
6 shipping and goods on the East Coast and,
7 frankly -- this is not a small point --
8 we must maintain our current business.
9 Shipping lines are consolidating.
10 Vessels are larger. They require deeper
11 drafts. We will lose our current
12 business, let alone go for new business,
13 we got to maintain what we have, and a
14 deeper shipping channel, this project,
15 gives us that opportunity, and we're
16 very, very excited about it.

17 COUNCILMAN HENON: And
18 that's --

19 MR. BRENNAN: Frankly, it's a
20 good time for the Port of Philadelphia.

21 COUNCILMAN HENON: I think this
22 is a great time for the Port of
23 Philadelphia and --

24 MR. BRENNAN: Thank you.

25 COUNCILMAN HENON: -- I

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2 encourage that we continue to look at the
3 longer-term vision and how Southport fits
4 into it. I mean, Southport has entered
5 into its third governor since its
6 assembly of the property, and it's been a
7 long time coming. And I hope that not
8 only do we have the mixed-use
9 opportunities that we have here, but we
10 have exports as well as domestic use and
11 vital and I think economic opportunities
12 for its domestic use for Southport.

13 So I encourage please continue
14 to do the work for the Commonwealth and
15 the City of Philadelphia. Give us some
16 more opportunities to create and maximize
17 the best, the best chances for us to have
18 longer-term sustainability, jobs, and to
19 make use of the land that we have,
20 because it is ready. I mean, we are
21 ready and we are prepared to work with
22 the Philadelphia Regional Port Authority
23 moving forward. And in my district -- I
24 know Southport is in the Councilman's
25 district, but the PRPA and Tioga Terminal

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2 is in my district. So I have a vested
3 interest as well, because this is not
4 just a district-specific. I mean,
5 although land is, but the economic
6 opportunities and the chances that we
7 have to put us as a world competitor and
8 a national competitor in different
9 markets is a citywide issue.

10 So I appreciate you guys coming
11 in. Thanks.

12 MR. BRENNAN: Thank you,
13 Councilman.

14 COUNCILMAN JOHNSON:
15 Councilwoman Cindy Bass.

16 COUNCILWOMAN BASS: Thank you,
17 Mr. Chairman.

18 Quick question for you. As
19 someone who represents Northwest
20 Philadelphia -- so that's Germantown,
21 Mount Airy, Chestnut Hill, Nicetown,
22 Tioga, those areas -- and who is a little
23 bit further removed away from the port
24 area, and so I know that Councilman Henon
25 has terminals in his area and obviously

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2 it's represented by Councilman Johnson,
3 but can you speak to for my constituents
4 what this means, what the potential is.
5 And I know we talked about some of the
6 things that would easily make sense,
7 particularly jobs, but if you could talk
8 about some of the other things that may
9 make a difference on their lives, have an
10 impact, and so why people in the
11 Northwest should be particularly excited.
12 And just to say that to lead into the
13 idea that I am very supportive of the
14 development and developing in this area,
15 but I do think that there's somewhat of a
16 disconnect if you're on the north side of
17 Broad Street -- or the north side of
18 Market Street, I should say, in terms of
19 what this actually means for other folks.

20 MR. BRENNAN: Councilwoman, I
21 agree with you. I don't believe that the
22 Philadelphia Regional Port Authority or
23 the maritime community in Philadelphia or
24 the Port of Philadelphia community has
25 done a good enough job in educating and

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2 informing the residents of our own City
3 on how important the Port of Philadelphia
4 is.

5 The products that come across
6 our piers, the products that come across
7 in our terminals touch every single
8 individual in Philadelphia in ways that
9 they have no idea. They have no idea
10 that the bananas that they buy may have
11 come right in at Pier 82, they have no
12 idea that the automobiles, Kias and
13 Hyundais. If you go across the Walt
14 Whitman Bridge and you look down on
15 either side, you will see all of these
16 automobiles. They come into our port.
17 These automobiles go to showrooms and to
18 dealers.

19 There's a great exhibit that I
20 once saw that really should be a public
21 exhibit, and it was simply a large glass
22 case, maybe the size of the wall behind
23 you, filled with a variety of goods and
24 products, no relationship to one another,
25 and it was fascinating to watch people

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2 walk in and look at it and say, I'm
3 missing something here. There aren't any
4 labels. There's a shoe there and there's
5 cocoa beans there and there's -- and the
6 point was, all of these products had
7 passed through Philadelphia port
8 terminals, and everyone who viewed them
9 could see that they had a relationship to
10 them, from the orange juice that they
11 drank in the morning to the fruit that
12 they had for lunch to the coffee that
13 they had after dinner. All of them had a
14 direct connection.

15 And what I think I would tell
16 residents of your district and residents
17 of any district is, what would
18 Philadelphia be without a vibrant port?
19 Not to be too dramatic or melodramatic,
20 it would be a completely different place.

21 The Port of Philadelphia is a
22 very, very ongoing, steady, reliable
23 economic engine. Again, as I said
24 earlier in my testimony, it's not as sexy
25 as some of the things we read about in

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2 the newspaper, and there's room on the
3 river for recreation and there's room on
4 the river for a working waterfront.
5 Philadelphia has proven that. We are a
6 model for being able to do both. But I
7 will tell you that those jobs that are at
8 those terminals and those jobs on those
9 piers are vital and essential to
10 maintaining Philadelphia's economic base,
11 keeping it as a power in the maritime
12 industry, because we do have a
13 competitive edge. We have great labor.
14 We have great workers, hard-working
15 workers. We have a great safety record.
16 And all of those things impact not only
17 Philadelphia's image but Philadelphia's
18 bottom line, and we haven't done a good
19 enough job in saying that. I'll be
20 frank. We haven't. We need to do a
21 better job in educating folks.

22 COUNCILWOMAN BASS: I would
23 agree with you completely. I think that
24 Philadelphians, what they know about that
25 area is that the Navy Yard is closed, and

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2 so -- and it kind of stops right there.
3 And so I had an opportunity to go down,
4 along with Councilman Johnson and some
5 other members, to see the Navy Yard and
6 see what some of the areas have morphed
7 into over the years, but clearly there
8 still needs to be an education piece that
9 has to be put out there, because a lot of
10 folks -- when it was the Navy Yard, it
11 was a source of great jobs for
12 Philadelphians, and that's not the case
13 anymore. And so how do we let people
14 know that it's there, that it's in
15 existence, and that everything that we do
16 pretty much somehow touches that area?
17 So the education piece does need to
18 continue on.

19 MR. BRENNAN: Perfect example
20 of that, Councilwoman, we should take
21 these young students that are here today
22 on a tour of our facility.

23 COUNCILWOMAN BASS: Absolutely.

24 MR. BRENNAN: We have the
25 ability to do that. We have a port bus.

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2 We enjoy doing that. We need to do
3 better outreach. We do.

4 COUNCILWOMAN BASS: All right,
5 girls. Field trip. Thank you.

6 MR. BRENNAN: Ready, Joe?

7 MR. FOX: We're ready. That's
8 part of my job.

9 Just to add to that, there's a
10 direct and indirect benefit job-wise to
11 the creation and expansion of an improved
12 port. And the jobs -- there's people
13 already probably in your district,
14 Councilwoman, that are already working on
15 the waterfront. The better and stronger
16 we make this port, the more businesses we
17 attract, that there's a reciprocal
18 effect. And that means we need more
19 trucking, more warehousing, more labor.
20 The businesses that support that will
21 grow. So there's original benefit, and
22 it's open to everyone. And so the better
23 we do, the better everyone else does.

24 COUNCILWOMAN BASS: It might be
25 helpful also if there was a list

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2 produced. I know that some other areas
3 have done this, but a list produced that
4 shows per Council district how many jobs
5 are coming from that area into -- so, for
6 example, in my district, in the 8th
7 Council District, how many people do I
8 have that are actually working. Let's do
9 some sort of a census to determine that
10 information, because I'd like to see it
11 and I'd like to see how many
12 Philadelphians are working there and is
13 it primarily a suburban population, is it
14 primarily Philadelphians, are folks
15 coming over from Jersey. You know,
16 nothing against any of those folks
17 outside of the City of Philadelphia, but
18 obviously we have an interest in
19 promoting things that are going to
20 benefit primarily the City of
21 Philadelphia and have an opportunity for
22 Philadelphians to benefit economically.
23 So we want to see information like that.
24 I think it would be very, very helpful.

25 COUNCILMAN JOHNSON: Thank you,

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2 Councilwoman.

3 Mr. Brennan, thank you for your
4 testimony. You know, for the members of
5 this Committee, who I work very closely
6 with, we recognize that when you talk
7 about jobs, it's a sexy term. And myself
8 growing up in South Philadelphia all my
9 life, I know about the port. When you
10 talk about the port, the very first thing
11 that comes to my mind is jobs. When you
12 talk about the economic growth and
13 development of the City as it relates to
14 the port and the dredging of the Panama
15 Canal -- well, the dredging, which will
16 allow ships from the Panama Canal to come
17 into our port, all means that we will
18 have more of a capacity to hire more
19 people.

20 I do like the statement that --
21 I agree with the statement that
22 Councilwoman Bass talked about, and when
23 it comes to jobs and hiring people, we're
24 pretty much selfish regarding making sure
25 that Philadelphians are getting hired and

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2 that we're giving local individuals who
3 live in our community, live in our
4 districts the opportunity to participate
5 in the economic growth and development of
6 not only Southport but all the various
7 industries, rather it be the Airport in
8 which I represent or the other various
9 industries that we represent.

10 But, listen, thank you for your
11 fantastic presentation. Also, give my
12 friend Jamie McDermott my regards. I
13 know he does a fantastic job doing
14 outreach and working very hard on behalf
15 of the Philadelphia Regional Port
16 Authority. I just want to say thank you
17 very much, and have a good day.

18 MR. BRENNAN: Thank you,
19 Mr. Chairman.

20 Thank you, members of the
21 Committee.

22 COUNCILMAN JOHNSON: Can the
23 Clerk please call the next witness.

24 THE CLERK: The second panel
25 consists of John Brown from Penn

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2 Warehousing and Edward Zimny from Paul F.

3 Richardson Associates, Incorporated.

4 (Witnesses approached witness
5 table.)

6 COUNCILMAN JOHNSON: Can you
7 please state your name for the record.

8 MR. BROWN: My name is John
9 Brown. I want to thank you for the
10 opportunity to sit here today in front of
11 you, Mr. Chairman and Committee, to give
12 you my thoughts on Southport and my view
13 of how I think things should go down in
14 the port.

15 You have my written testimony,
16 so I'm not going to read from my
17 testimony, but rather just tell you how I
18 feel about the Port of Philadelphia
19 myself. I've been there for 38 years.
20 I've seen a lot of things go on down
21 there, or maybe not as much as I'd like
22 to.

23 So starting back in the early
24 1900s, somebody had a lot of vision of
25 what to do in Philadelphia and what to

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2 build in Philadelphia, and from that
3 point on, they built up a lot of finger
4 piers, which eventually went into
5 marginal berths, and around 1950 all that
6 kind of stopped. The build-out for some
7 reason just stopped and the vision went
8 away. And sometime, I guess it was, in
9 the early 1990s there was land available
10 north of us right on the waterfront, what
11 currently sits Home Depot, Walmart,
12 McDonald's. That property was given up
13 for that use rather than port use. And
14 recently I hear that there's an energy
15 company that wants to turn Southport into
16 an energy hub.

17 And let me just say for the
18 record, I'm a bidder. I'm a bidder for
19 Southport. We operate six companies. I
20 own and operate six companies. We
21 operate in Philadelphia. We operate in
22 Wilmington. We employ the Teamsters. We
23 employ the ILA, boilermakers, et cetera.
24 So we are a bidder for this facility, but
25 we're not here to get your vote so that

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2 we can win the bid. I'm here for one
3 reason, that the Southport remains a
4 marine terminal. It does not turn into a
5 gas and oil facility. That's the last
6 land that I'm aware of that we can turn
7 into a port operation, Southport. So if
8 that did go to gas and oil, the dredging
9 money that we spent, the State spent,
10 over \$100 million, probably closer to
11 \$200 million, if that goes to a gas
12 company, that roughly \$200 million of
13 dredging money was spent for one pier,
14 which is Packer Avenue Marine Terminal.
15 I don't have anything against them, but
16 why spend \$200 million for one terminal?
17 The dredging should benefit that marine
18 terminal for seaborne operations.

19 That marine terminal, if it's
20 built out to its capacity, has the
21 ability to turn to the State and City
22 about \$38 million of state taxes, city
23 taxes, and job revenue and business
24 revenue.

25 Our companies bring in about

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2 3,000 truckloads of bananas a week. We
3 bring in about 12,000 cars a week, 10,000
4 tons of paper cargo. So we're very
5 diversified. And if we were able to get
6 that and make it a marine terminal or our
7 competitors make that a marine terminal,
8 you can easily have 2,000 direct. I
9 heard the number 8,000, but that's
10 probably direct and indirect jobs. But I
11 view that terminal as more of about 2,000
12 direct jobs. They would be union jobs,
13 probably various unions, in my opinion,
14 ILA, Teamsters, et cetera. The cargoes
15 that I would envision there going would
16 be containers, cars, steel, et cetera.

17 So I guess my point is that we
18 cannot let this go to energy. It's got
19 to be 100 percent cargo. If it's cargo,
20 the people that are able to work there
21 are not college graduates. They can make
22 50, 60, 70, 80 thousand dollars a year
23 doing these types of jobs. If that's
24 gas, you're going to have two, three,
25 four, five, ten people turning gas valves

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2 on. Whatever they make, I'm not really
3 sure.

4 So I guess that's about all for
5 my testimony.

6 COUNCILMAN JOHNSON: Any
7 questions from members of the Committee?
8 (No response.)

9 COUNCILMAN JOHNSON: Just one
10 question. In terms of Penn Warehousing,
11 how many jobs do you actually -- how many
12 employees do you have in terms of your
13 company working down at the port right
14 now?

15 MR. BROWN: So my six
16 companies, we give out 1,500 W-2's a
17 year. Our payroll is probably 80
18 million. And that's all --

19 COUNCILMAN JOHNSON: What
20 percentage is local?

21 MR. BROWN: I'm sorry?

22 COUNCILMAN JOHNSON: What
23 percentage of your workforce is local
24 versus people coming from the surrounding
25 community, Delaware, New Jersey,

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2 Philadelphia? Do you have a rough
3 percentage?

4 MR. BROWN: I don't have a
5 rough percentage, but if I was to answer
6 that honestly, I would say it's a fair
7 mix of people, local New Jersey,
8 Philadelphia. I'm from Erdenheim. So
9 it's a mix of people.

10 COUNCILMAN JOHNSON: Okay. All
11 right. And just one last thing. I was
12 thinking about when Mr. Brennan was
13 speaking from the Regional Port
14 Authority, what always amazed me is when
15 I used to go down to DC for the
16 Congressional Black Caucus Conference and
17 you take I-95 straight down, when you
18 come in to Baltimore and you look at
19 their port and, again, bingo, jobs. And
20 it's well developed and it's massive in
21 terms of the level of activity that you
22 see when you go down to Baltimore and you
23 ride past their port, and you see that
24 it's a booming dock -- or it's a booming
25 port as it relates to economic growth and

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2 development for the City of Baltimore.
3 Now, I'm not the Mayor of Baltimore.
4 Hopefully that type of economic growth
5 will trickle down into some of those poor
6 neighborhoods, but for the most part, if
7 you do take I-95 straight and you ride
8 through the Port of Baltimore, you'll see
9 a significant amount of economic growth
10 and development and activity along their
11 particular port. So I just want to state
12 that for the record. It was very
13 interesting, and I also noticed that you
14 pointed to the Port of Baltimore in your
15 testimony as well.

16 MR. BROWN: Yes. If I just
17 mention about the reason, in my opinion,
18 that Philadelphia doesn't have what
19 Baltimore has and doesn't have what New
20 York has is because there was no vision.
21 I think people now are starting to
22 realize how important ports are for the
23 region and the people that the ports
24 employ, and that's what this can bring to
25 Philadelphia. If we lose this in

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2 Philadelphia, Philadelphia, frankly, is
3 done. I mean, it's going to be a nothing
4 port, frankly. So this is a really key
5 asset. Whoever gets the bid, it's a key
6 asset for this region.

7 COUNCILMAN JOHNSON: All right.
8 Thank you very much for your testimony.

9 MR. BROWN: Thank you.

10 COUNCILMAN JOHNSON: Thank you.
11 Will the Clerk please call the
12 next panel.

13 Oh, go ahead, sir. Please
14 state your name for the record.

15 MR. ZIMNY: Good afternoon. My
16 name is Edward Zimny. I'm a principal
17 with Paul F. Richardson Associates, known
18 as PFRA. You have my written testimony
19 and I'm going to give you the Monarch
20 Notes version of it to go through this.

21 COUNCILMAN JOHNSON: Speak into
22 the mike a little louder, please.

23 MR. ZIMNY: Sure. PFRA is a
24 global maritime advisory and consultancy
25 specializing in ocean-borne

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2 transportation. We work for port
3 authorities, the ocean carriers,
4 intermodal providers, rail and truck, the
5 cargo owners, investment funds who are
6 involved in transportation, government
7 agencies. We -- or I myself have been
8 involved in Philadelphia in a continuous
9 basis since 1994. I don't know of a
10 stakeholder party in the maritime
11 industry that we haven't been engaged by.
12 We are the neutral fact finders. We work
13 for both sides by our seller, labor
14 management. It goes on and on.

15 By way of declaration, I just
16 mention that we were involved with all
17 three of the Southport bids, starting
18 with the first one where we represented a
19 respondent. The second one we
20 represented a group of respondents.
21 Eventually we were retained by the
22 winning bid. And the third RFP or
23 request for expression of interest, we
24 were working on behalf of a private
25 equity group who decided to pass on it

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2 after the valuation.

3 So there's many factoids
4 contained in the testimony. I'll pick
5 out some of the highlights. One of the
6 take-home messages is that without a
7 doubt, the maritime sector outperforms
8 all other industry. And you just won't
9 get me to say this; any of the experts
10 will say this. When measured relative to
11 any other sector - banking, insurance,
12 pharmaceuticals, technology,
13 manufacturing - hands down the maritime
14 sector is the greatest generator of
15 regional economic impacts. Why is that
16 the case? Because as mentioned
17 previously in testimony, about 90 percent
18 of what we consume comes in and is moved
19 via ships in some fashion, either
20 finished or raw. I mean, a simple
21 question is, when is the last time you
22 went to either a mom and pop or a big-box
23 store and picked up something that didn't
24 say made in Malaysia, Vietnam, China or
25 wherever?

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2 So the future development of
3 Southport parcel for maritime use becomes
4 critical not only to the City but the
5 State, the region, and I would argue the
6 nation in terms of economic development.

7 Like others, PFRA is aware that
8 there's a potential mixed use for the
9 facility that includes container general
10 cargo, which has roll-on/roll-off cargo
11 such as automobiles, as well as project
12 cargos, forest products, steel products,
13 and I'll get into that definition, as
14 well as energy. We firmly believe that
15 with the right plan and execution, that
16 all three interests can be commingled at
17 the site. It's going to take private
18 money. There's no doubt about that. And
19 it takes a great stakeholder alignment,
20 something that we think can be done if
21 planned properly.

22 The highest number of jobs are
23 going to be derived from development of
24 the container facility. There's no doubt
25 about that. But likewise, the largest

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2 capital expense requirements runs hand in
3 glove with that. For instance, to put a
4 container terminal, best in class or
5 industry standard, it's 500 million at
6 minimum. It's probably upwards of that.
7 So it's going to take private dollars to
8 be aligned in a public-private
9 partnership P3 fashion.

10 The second highest generator of
11 employment opportunities will be derived
12 from building on the already existing
13 general cargo base at the port. General
14 cargo is any cargo that doesn't go into a
15 container, but is subject to a piece
16 count. It is, as I mentioned, steel
17 products, forest products, fresh fruit,
18 project cargoes, and, of course, the
19 rolling stock such as automobiles,
20 tractors, and other wheeled cargoes.

21 You heard it mentioned here a
22 few times today. It is acknowledged and
23 agreed within our industry that the bulk
24 cargoes, those usually associated with
25 the energy sector such as coal, oil or

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2 related petrochemical products but also
3 includes salt, wood chips, scrap iron,
4 create the least number of employment
5 opportunities in regional economic
6 impact, and that can be vetted out by any
7 number of experts besides ourselves.

8 The maritime sector measures
9 employment opportunities much like any
10 other economic drill. We're looking at
11 direct jobs, induced jobs, indirect jobs,
12 and related jobs. I've heard some
13 members quoted here earlier today and,
14 depending on the size or scope, will
15 throw out some additional job
16 opportunities or employment opportunities
17 that run parallel with that. We measure
18 as a company what it takes in person
19 hours to move a container. It's roughly
20 in the Port of Philadelphia -- it has
21 great productivity -- 2.5 person hours to
22 move every one of those containers that
23 you see from a ship through the gate. It
24 doesn't include trucking. But what
25 should be noted of those 2.5 hours is

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2 that those jobs create \$35 an hour, and
3 when you roll the benefits in, it's
4 actually \$85 an hour that the employee is
5 receiving. So you can very quickly see
6 how economic impact is generated. Those
7 are truly family-sustaining jobs where
8 folks can buy homes, pay mortgages,
9 tuitions, purchase automobiles, and
10 partake in discretionary spending.

11 The labor intensity you can
12 just -- 2.5 person hours, the average
13 ship comes in with 2,000 containers to be
14 unloaded, 2,000 more containers to be
15 reloaded. It's 4,000 containers times
16 2.5 hours times however many ships call
17 there per week. So if you can envision
18 using the Southport facility to grow that
19 economic base at \$85 an hour, you see
20 where true economic spinoff comes.

21 So the reason there's the
22 ability to pay those wages, it's very
23 capital intensive. Each ship is 75
24 million. You need an equal amount in
25 equipment containers. You need 12 ships

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2 to run a string. The terminals, as I
3 mentioned, are 500 million or up, and the
4 average value of the goods in each one of
5 those containers is \$450,000 on average.

6 It's imperative that Southport
7 be developed into a container facility
8 and that you take advantage of the
9 associated economic impact. Nonetheless,
10 a scale of this investment requires vast
11 stakeholder alignment, and that is to be
12 with the public offices who have to get
13 involved with such things as permitting
14 and associated infrastructure; i.e.,
15 building out the roadways. The private
16 investment will do the construction and
17 the development and the eventual
18 operation, but they have to come together
19 with users, leaseholders, and employees
20 to fall in line for the enterprise to be
21 successful.

22 Let's throw out a couple of
23 numbers. Philadelphia traditionally has
24 not participated in the container sector,
25 and there's a chart in the testimony.

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While you add growth over the last 30 years, if you measure the North Atlantic port range, today Philadelphia's market share is less than 2 percent. That corresponds to New York's 60 percent and Hampton Roads' 35 percent. So you have two bookends that control almost 90 percent of the market, high 80's. You have Baltimore in there. You have Delaware in there for another point and a half. But if you were to go through the testimony, you'll see essentially it's flat-lined if you look at it the last 30 years. It's not that -- when you take it apart by itself, it grows year to year, but it's what we believe as mentioned previously, there's almost a fiduciary responsibility after spending what you did in dredging to make sure that you're going to grow this. You have an opportunity now. As previously mentioned, it's the only parcel of land that any of us are aware of on the eastern seaboard. It's the highest

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2 paying economic generator. You have the
3 chance to get private investment. You
4 have the ability to tie into intermodal
5 in a sustainable fashion.

6 But there's more to it. As we
7 mentioned, there's mixed use. So while
8 it will take time, likely five years
9 plus, to build out a container terminal
10 like I'm talking about capable of
11 handling two million TEUs, we believe
12 that there's some immediate use for the
13 facility that really takes advantage of
14 the existing commanding market presence
15 that you have for the general cargo, that
16 cargo that's not in containers. It's
17 just the reverse in that case. About 65
18 percent of all general cargo between
19 Maine and Norfolk makes its way up the
20 Delaware River.

21 So we believe that you can
22 capitalize on this and capitalize on it
23 by developing general cargo facilities at
24 Southport in conjunction with the
25 container stations and the container

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2 freight that should be coming here.

3 These equal jobs as well. However, these
4 employment opportunities are not as great
5 as the container sector. They have a
6 lower wage scale, but they're still very
7 high-paying jobs relative to what's out
8 there.

9 The capital expense associated
10 with developing general cargo facilities
11 is much less when compared to the
12 container terminal. Generally speaking,
13 instead of creating a highly expensive,
14 technologically advanced yard to handle
15 containers, general cargo facilities
16 require a sound warehouse and related
17 terminal space and you're ready for
18 business. The speed to market for
19 developing such a facility on the
20 Southport parcel is far less than at five
21 years that I mentioned. Once permits are
22 in place, we're talking about less than a
23 year.

24 So jobs are required in the
25 City and the Commonwealth. It's an

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2 excellent opportunity to turn that on,
3 because presently we're handling seven
4 pounds in a five-pound bag. There's
5 market demand and, like many of the users
6 and stakeholders at the port, believe
7 it's time to take advantage of that and
8 create these employment opportunities.

9 So a very credible plan for the
10 City and the Commonwealth lies in
11 developing that general cargo facility.
12 That will handle, as I mentioned, steel,
13 forest products, a continuance of the
14 automobiles, and other non-containerized
15 freight. We also believe that the
16 petrochemical industry can also be
17 commingled at the site. However, as we
18 have heard today, that tankage and those
19 pipes, that assemblage should be
20 connected via the hinterland and not
21 taking up valuable terminal space.

22 We understand Pennsylvania's
23 history. We think there's a lot of
24 connectivity with the petrochem. We
25 absolutely stipulate that it's going to

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2 assist manufacturing jobs throughout the
3 State if there's a lower delivered cost
4 for energy. However, we all know that
5 the container and general cargo markets
6 far exceed it.

7 In the testimony there's
8 specifics referenced to another port in
9 Texas, the same exact setup as
10 Philadelphia, undeveloped land, little or
11 no participation in the containerized
12 trades. Obviously Texas has a big
13 interface with the petrochemical
14 industry, a 45-foot deep channel. We
15 just had the pleasure of doing their
16 master plan. Out of that came pretty
17 much the same thing that I'm telling you,
18 that within six months of moving forward,
19 we had 12,000 or 15,000 vehicles a week
20 being discharged. Those warehouses were
21 done within a year. Take as much
22 container incremental growth that you can
23 get, which they've done. However, they
24 have a three- to seven-year plan to build
25 out their Southport. And obviously it

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2 can be commingled with the petrochemical
3 industry in a harmonious fashion.

4 So the take-home message here
5 is that continuance of the general cargo
6 is going to create immediate jobs at the
7 Southport facility.

8 COUNCILMAN JOHNSON: Thank you
9 very much.

10 I want to acknowledge my
11 colleague who also -- he has the marine
12 terminal in his district at Front and
13 Packer, who is also present. I want to
14 acknowledge him for remarks. Councilman
15 Mark Squilla.

16 COUNCILMAN SQUILLA: Thank you,
17 Mr. Chair.

18 I have one question. I know
19 you had mentioned about the, I guess,
20 increase in cargo capability to this
21 area. Do we know how many containers or
22 do we project how many new containers
23 from the marketplace would be looking to
24 go in different places?

25 MR. ZIMNY: You mean within the

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2 Southport facility itself?

3 COUNCILMAN SQUILLA: Or
4 anywhere. Would they go to New York or
5 Norfolk or like -- there's going to be an
6 increase in container usage from what we
7 gather, from the information that we
8 have. Is there a projection of how much
9 of an increase that would be?

10 MR. ZIMNY: You put three of us
11 in a room and you'll get five opinions.
12 There's a couple things driving it. So
13 for sure you've heard and read about all
14 the issues on the West Coast. That has
15 caused a shift of cargo to come to the
16 East Coast. It's growing tremendously.
17 That's why there's congestion up and down
18 the seaboard today.

19 The second piece will be the
20 opening of the enhanced Panama Canal.
21 There's folks that say 25 percent of the
22 existing West Coast freight will be
23 shipped in to the East Coast. I will say
24 this: The projections are so rosy and no
25 matter if it's a 20 percent shift or a 30

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2 percent shift, it's enough to invite
3 private investment and Wall Street, and
4 Wall Street is putting up its own money
5 to get involved in these projects because
6 of that growth rate. And usually they've
7 monetized a way and it's associated with
8 supply and demand, and the demand is
9 going to be there.

10 COUNCILMAN SQUILLA: And it
11 seems like some ports are -- I mean, we
12 talked about New York and their ability
13 to get a lot of the shipment in through
14 New York, but their ability to grow is
15 hindered by their location and what they
16 have there. I know -- I believe Bayonne
17 was the only place that they could grow?

18 MR. ZIMNY: Well, there's five
19 marine terminals in New York. Four are
20 on the wrong side of the bridge. That's
21 why they're spending \$2 billion to raise
22 the bridge. So geographically while all
23 this terminal development is taking
24 place, it's been on the wrong side in
25 order to take the largest vessels.

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2 The way it's working today
3 because of that congestion, it's actually
4 less expensive to ship to Southern New
5 Jersey via Philadelphia than it is to
6 move it via Newark, and that's the type
7 of opportunity that you haven't
8 capitalized on in the past. It's why you
9 only today have 1 and a half, 2 percent
10 of the containerized market. And the
11 entire Southport facility in its biggest
12 vision of whoever draws it, 2 million
13 TEUs would be filled with less than 10
14 percent of the market, and that's what
15 attracts private investment, and that's
16 what's going to bring continued cargo
17 growth in the general cargo trends as
18 well. The automobiles are going to
19 continue. Cargo follows cargo.

20 COUNCILMAN SQUILLA: What do we
21 need to do as a city to let these
22 investors know and other people know -- I
23 know there was an RFP out and I see that
24 there was a response to the RFP. The
25 PRPA, I guess, will respond at some

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2 point. But to let these investors know
3 that the City is really interested in
4 this and the State seems to be interested
5 in it. How can we sell our interest to
6 create jobs? Because our main thing here
7 in Philly is jobs and we need more jobs,
8 and if we have an opportunity to grow
9 1,000 jobs or 2,000 jobs, that's a big
10 deal to us. So what can we do to let
11 them know that we really want this to
12 happen?

13 MR. ZIMNY: I think, first and
14 foremost, is that you have to send the
15 message that you want to align yourself
16 with them, you want to facilitate it, and
17 the easiest way for you to facilitate
18 this development is obviously in the
19 permitting and regulatory process.
20 You're going to make it easy for them to
21 do business not only in the City but in
22 the State, because that's the assessment
23 that they're making before they put up
24 hundreds of millions of dollars, is the
25 risk associated before I start to get

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2 revenue. So if you can send a very, very
3 clear message that you're aligned with
4 them in their investments, they're going
5 to come to you with a request to
6 participate. Because you're blessed with
7 geography. You're two bookend competing
8 ports, and if you want to add Baltimore,
9 the three of them. It's 90 percent of
10 the market. It's yours to take. You're
11 right in the middle. You have the
12 geography and the advantage. You have
13 the intermodal rail connectivity that
14 everyone covets. You have the land. You
15 have the manufacturing in the western
16 part of the State. The sun and the moon
17 are lined up for you, and you have the
18 opportunity. Send that message that
19 you're willing to work hand in glove with
20 them to make it happen.

21 COUNCILMAN SQUILLA: Well, I
22 know the people here on the Committee
23 here are very excited about that
24 opportunity. We need to create jobs. We
25 need an opportunity to grow our port, and

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2 we need to do it collaboratively with
3 everybody, and hopefully the City could
4 work along with the State, with the
5 stakeholders, with the PRPA,
6 understanding that we need to move this
7 forward in order for the City to grow.
8 And when you hear -- you say \$2 billion
9 to raise the bridge?

10 MR. ZIMNY: Two billion, with a
11 B.

12 COUNCILMAN SQUILLA: So they're
13 looking in New York to really grow the
14 business by investing their money to
15 raise the bridge.

16 MR. ZIMNY: Correct.

17 COUNCILMAN SQUILLA: And so we
18 here in Philadelphia will have the same
19 investment, and if all we have to do is
20 some infrastructure and let them know
21 that we're willing to do this, I think
22 it's a no-brainer. So let's do whatever
23 we need to do to make this happen.

24 Thank you.

25 COUNCILMAN JOHNSON: Thank you,

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2 Councilman Squilla.

3 Thank you very much for your
4 testimony.

5 Will the Clerk please call the
6 next witnesses, please.

7 THE CLERK: The third panel
8 consists of Anthony Bruttaniti, President
9 of Philadelphia Global Trade Center, and
10 John Giannini.

11 (Witnesses approached witness
12 table.)

13 COUNCILMAN JOHNSON: Thank you.
14 Please state your name for the record and
15 begin.

16 MR. BRUTTANITI: My name is
17 Anthony Bruttaniti. I'm the President of
18 the Philadelphia Global Trade Center.
19 I'm also an architect in the City of
20 Philadelphia for the past 24 years. My
21 colleague, John Giannini.

22 MR. GIANNINI: I'm John
23 Giannini. I'm Vice President of
24 International Trade for the Philadelphia
25 Global Trade Center.

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2 COUNCILMAN JOHNSON: You can
3 begin.

4 MR. BRUTTANITI: What I'd like
5 to do is to walk you through our concept
6 for the use of this site, the Southport
7 Marine Terminal. What you have in front
8 of you is a packet that has some
9 handouts. The first is, we were one of
10 the submittals for the PRPA expression of
11 interest back in November. We also had
12 an interview process with them. What I'd
13 like to do today is to walk you through
14 that a little bit with the slide
15 presentation. You also have a copy of
16 this presentation in your packet. You
17 have drawings that you will see today in
18 your packet, as well as the expression of
19 interest that we submitted to the PRPA.

20 As you can see from the first
21 slide, this is an aerial view, more of, I
22 guess, a bird's eye view of the site
23 looking from the Navy Yard looking east
24 toward the Southport Marine Terminal.

25 From an aerial view, this shows

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2 you the complete site at Southport. As
3 we heard earlier today with some of the
4 interest, this is a very unique site.
5 Its positioning on the Delaware River and
6 the size of the land, it's almost 200
7 acres worth of property that should
8 really be developed and talked about very
9 closely with the City of Philadelphia to
10 see what is the best use for this site.
11 We feel with what we are presenting today
12 and our concept that it really does focus
13 on that, as well as create a tremendous
14 amount of jobs.

15 So let's take a little bit
16 closer look very quickly at the
17 transportation amenities at the site. We
18 have three world-class freight lines in
19 the upper right-hand corner of the slide,
20 if you can't see it very clearly. Ground
21 transportation, we have the highways, 95
22 and 96 adjacent right to the site. Air
23 travel, whether that be cargo or by
24 person through the International Airport,
25 is only eight miles south of us, of the

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2 site. Access to New Jersey and New York
3 is the Ben Franklin and Walt Whitman
4 Bridges, and also note that we also
5 talked about New York having a problem of
6 height of some of the cargo ships getting
7 under the bridges. We don't have that
8 here at Southport. Coming up from the
9 ocean to Southport, we are south of the
10 two bridges. So we don't have that
11 height restriction like some of the other
12 ports do in New York.

13 We also have the Delaware River
14 deepening project and the Panama Canal
15 widening project. Both of those are to
16 be complete in 2017, and what that does
17 for us is that that creates a tremendous
18 gateway for large super container ships
19 to access Philadelphia. Between the
20 waterway being deepened and widened at
21 the Panama Canal where you have
22 international cargo ships coming in and
23 then it also acts as a vehicle to export.
24 We have all of these rail lines, ground
25 transportation, air travel, all these

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2 adjacencies located right at the site.
3 This is a unique piece of property. I
4 mean, it really has many advantages going
5 for it before we even put a shovel in the
6 ground.

7 So our concept is called the
8 Philadelphia Global Trade Center.
9 International trade, as we know it, is on
10 the rise and expected to grow over the
11 next 15 years. Our concept is to bring
12 in goods and merchandise from overseas
13 waters, from international, directly into
14 Philadelphia so we could compete with the
15 other ports of New York and Norfolk. And
16 we know that the pricing here is better
17 in Philadelphia for port fees and labor,
18 and we have a direct access with the
19 deepening of the waterways to get these
20 large container ships directly into
21 Philadelphia and make it a major
22 international port.

23 Let's look a little closer at
24 the drawing of the site. We have two new
25 shipping berths for international cargo

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2 container ships. They are located on the
3 right-hand side. We have had many
4 conversations with Delaware River
5 Stevedores to help partner with us on
6 this project to develop those two new
7 shipping berths. We'll have a warehouse
8 building for the merchandise that comes
9 off of the ships that arrive in
10 Philadelphia.

11 But then the biggest piece of
12 this is the wholesale distribution center
13 and marketplace, which is the four
14 buildings to the left that you see on the
15 site. They would have vendor spaces to
16 sell and distribute the merchandise that
17 comes in from overseas. So basically
18 what we have is merchandise coming in
19 from overseas into Philadelphia port,
20 being offloaded, and then through the
21 marketplace being sold and distributed
22 out. So we have an import/export
23 happening at the site, all in one
24 facility.

25 This will create thousands of

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2 jobs, not only during construction but
3 post construction, not only to run the
4 facility but also for tourism,
5 restaurants, and other things that people
6 would do in this beautiful City of
7 Philadelphia.

8 Inside the building -- I'm
9 going to take you closer and closer
10 inside the building -- would be the
11 vendor spaces. The four buildings would
12 house approximately 4,500 vendor spaces.
13 When we initially started this concept of
14 the vendor spaces, we had a much smaller
15 building. But then through that process,
16 we have been getting feedback not only
17 from investors and also end-users that
18 would run this facility, but also from
19 the PRPA when we gave the presentation to
20 them, that they felt that the regional
21 size that we had was just not enough to
22 make this feasible. So we've increased
23 the size of this to be 4,800 vendor
24 spaces, with the list of types of
25 commodities that you can see up on the

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2 screen that would be coming into

3 Philadelphia from overseas waters.

4 Here's an example. Yiwu,
5 China. This is a very close facsimile of
6 what we are trying to do here in
7 Philadelphia. This is a facility in
8 China that is much, much bigger than the
9 site, believe it or not, the site at
10 Southport. It has become almost its own
11 city in itself. There is 53,000 vendor
12 spaces in this complex. We are looking
13 to do about 4,800 of it, just to give you
14 a scale of differential. To give you
15 kind of a global view of what that
16 facility in China looks like -- and this
17 is exactly what we're trying to do here
18 in Philadelphia with the marketplace.

19 This is what they do in China. It was
20 just south of Shanghai, and you can see
21 that it is a much developed city and a
22 global marketplace that they have
23 developed over the past 15 years,
24 building after building after building,
25 that they just sell commodities and

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2 merchandise that gets imported and also
3 distributed throughout the world.

4 Another quick shot of what the
5 Yiwu, China looks like and some of the
6 interiors of the vendor spaces. And,
7 again, these are not retail products that
8 you as a homeowner would go to purchase.
9 These are wholesale distribution.

10 So we're looking to make
11 Philadelphia into a Yiwu, in a sense,
12 where we have this perfect site that will
13 have the capability of bringing in major
14 large container ships from overseas and
15 have the capability with the
16 transportation amenities at the site to
17 distribute that merchandise and not just
18 have it sit there on the site, like cars
19 or anything else, but to just come in, be
20 distributed and sold, and go out. So we
21 have an import/export situation happening
22 here.

23 I'm going to have John talk a
24 little bit about some of the import
25 numbers and specifics about the project.

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2 MR. GIANNINI: Okay. Thank
3 you, Anthony.

4 When I look at -- and let me
5 give you a little background on me. I
6 began in international trade and finance
7 and then I went with the federal
8 government with the Department of
9 Commerce, Bureau of International Trade,
10 which is known as the International Trade
11 Office today, and then went with the
12 Small Business Administration and headed
13 up international trade for the
14 Mid-Atlantic region. I did a lot of
15 public speaking, met a lot of
16 dignitaries, foreign and domestic, and
17 I've always been involved. And I see the
18 opportunity here, but trade is definitely
19 a two-way street. It comes in; it goes
20 out.

21 Many a times the figures -- and
22 the gentleman that spoke before could say
23 when we talk about the deficit and the
24 balance of trade, you have to take out
25 the oil import figures and look at the

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2 goods that came in in that respect and
3 you'll have a different figure.

4 Anthony, if you want to switch
5 and go to the top ten import partners to
6 the U.S.

7 In the top ten import partners
8 to PA, we're going to look on top. Of
9 course, we all know we're buying any and
10 everything from China, along with the
11 rest of the world. And then we have
12 Canada, who has always been our largest
13 trading partner prior to China on the
14 north of us, and Nigeria. Nigeria third,
15 and you're looking at crude oil. We were
16 the biggest buyers of crude oil from
17 Nigeria. So then it goes down from
18 there.

19 And if you flip to the next,
20 the top ten states for imports to the
21 U.S., we're down to No. 7 out of top ten
22 states of imports. The figures show that
23 there's a lot of movement and a lot of
24 movement that we could gain in the Port
25 of Philadelphia.

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2 The East Coast compared to the
3 U.S. imports, and the East Coast goes all
4 the way down, and we're looking at the
5 states intermix, and we have Pennsylvania
6 ranking number third, and we have it
7 color-coded for you at 4 percent, close
8 to what one of the gentlemen said. I
9 think it was a little less than that.
10 And statistics are nice as a guide to the
11 future and they're like a textbook that
12 was printed, and by the time you get it,
13 it's obsolete, because they're something
14 that happened in the past. We're going
15 to look at the projections and what we
16 could do in the future, how to enhance
17 it. We're in a good mode here to enhance
18 it.

19 I heard what's going on now
20 when I started at international trade,
21 and that was quite a few years back, and
22 it's finally coming to fruition. So the
23 momentum is there with the City and the
24 State, the port.

25 Now, Anthony alluded to -- I

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2 think you did -- that we've gotten
3 interest. We've spoken to several
4 people. I don't name names. We've
5 spoken to people from various countries
6 that are very interested in what we want
7 to do and the concept of a true
8 international marketplace. When I was
9 with the government and I went to SBA
10 from the Department of Commerce, I don't
11 know how many of you know of export
12 management companies, what they do. An
13 export management company takes a product
14 from a manufacturer and they go under
15 contract and they try to do an agency, a
16 distributorship agreement, a licensing
17 agreement, find direct buyers, possibly
18 do a retail, sell directly to retailers.
19 We did a reverse of this, a reverse
20 export matchmaking conference right here
21 in Philadelphia, the first in the country
22 at the time, and it was an idea of myself
23 and a gentleman named Ed Wilford, who was
24 with Commerce and I had been with
25 Commerce and we were both at SBA.

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2 It was a true success down
3 here, got some mention in the paper. It
4 was no big deal. It was international
5 trade. Not many people were interested
6 in international trade at the time. Not
7 many people even knew the countries that
8 are being heard of today or where they
9 were on the map. So what we did was, we
10 were such a success that SBA used our
11 program to have the Export Management
12 Company's exhibit and the manufacturers
13 come in and talk to them and contract,
14 that it went around the country. It went
15 around the whole U.S. Wherever it went,
16 it was a success.

17 Again, it was a success, but it
18 was a success to us in the international
19 community and the people desiring to get
20 in. And when I hear that and when I saw
21 it and when I heard the gentleman say
22 from the Port Authority that the people
23 in Philadelphia don't really know what
24 comes in, what goes out, what they're
25 eating in their houses, what they're

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2 using in their houses come off those
3 ships and the manufacturers here that
4 make the product and send it out, it's a
5 fact. They don't appreciate the port or
6 what the port does for the City, the
7 State, and the country in general. And
8 we're trying to change that. And
9 although Anthony is an architect by
10 education and what he does
11 professionally, I look at it, as I said,
12 two-way trade. I want to see more
13 American manufacturers exhibiting their
14 products when we do a center.

15 There's a lot of money in Asia
16 that wants to be spent out of Asia.
17 There's a lot of money in the Middle East
18 that likes to be spent out of the Middle
19 East. And the more exposure the
20 Americans have for their products, the
21 more we could produce more jobs, more
22 diversity, and what we become, really
23 service industry, and get back into a lot
24 of union jobs and a lot of jobs that pay
25 well, as these gentlemen are saying, and

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2 offer benefits.

3 So with that in mind, if you
4 have any questions, I'd be glad to answer
5 them. I get excited on international
6 trade. As I said, it was my career.
7 Still have my hand in it all the way. So
8 I'd entertain any questions you may have.

9 COUNCILMAN JOHNSON: I had just
10 one small question. Good presentation as
11 well.

12 Good job, Anthony, as well.

13 MR. BRUTTANITI: Thank you.

14 COUNCILMAN JOHNSON: How do you
15 go about the promoting of the products
16 that we will be either importing or
17 exporting, like making those connections
18 with individuals who want to invest in
19 America? Like, for instance, PIDC,
20 they're responsible for going out and
21 recruiting national corporations to come
22 to the City of Philadelphia. How would
23 you go about doing the same thing in
24 terms of getting international countries
25 to invest importing goods here in the

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2 City of Philadelphia through the port?

3 MR. GIANNINI: It's a matter of
4 marketing, of saying what you have, what
5 you're going to do already. We had
6 interest -- and I kid you not -- of
7 around 700 businesses -- I won't say
8 where from -- that said they're ready to
9 come along with us when we are ready.
10 And we didn't even begin. This is just
11 having meetings with people to say what
12 we're doing. If we go out aggressively
13 and market that we have a marketplace
14 that we're going to develop, they'll be
15 knocking on our door, especially with the
16 American manufacturers. There's nothing
17 like this in the country. And we talked
18 about -- we mentioned it to somebody who
19 said, Oh, it's great, we could steal it
20 and we'll do it in California, and we
21 said, Go ahead, try it, try doing it in
22 California.

23 It's something that they're not
24 used to, that they will come once they
25 see what's built, the space they have. I

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2 think even -- if you look at Yiwu, they
3 had a humble beginning. Yiwu was built
4 small, mainly to serve the Chinese, and
5 then it blossomed and blossomed and
6 blossomed to the point where how many
7 thousands visit Yiwu a week?

8 MR. BRUTTANITI: Millions.

9 MR. GIANNINI: No. I think
10 33 -- it was some astronomical figure of
11 buyers. And surprisingly with Yiwu, they
12 are low-priced consumer products. We're
13 looking at diversity. We don't want all
14 low products in there, not at all. We
15 want consumer, we want industrial
16 products, commercial products. We want
17 to do the whole gamut, and we're going to
18 do themes on our buildings for those
19 products. We're going to have numerous
20 meeting centers, conference centers where
21 people could talk and contract. But once
22 we know -- we have to know that we have a
23 good shot at it. Then we can really go
24 out aggressively and market what we're
25 doing. But going out not knowing, it's

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2 like crying wolf, looks good, sounds
3 good, but is it really going to happen.

4 So we're just waiting. We're
5 talking to, as I say, different
6 countries' peoples and getting a feeling.

7 COUNCILMAN JOHNSON: Thank you
8 very much for your testimony.

9 MR. GIANNINI: You're welcome.

10 MR. BRUTTANITI: Thank you.

11 MR. GIANNINI: Thank you.

12 COUNCILMAN JOHNSON: May the
13 Clerk please call the next panel.

14 THE CLERK: The fourth panel
15 consists of Nicole Ross and Susan
16 Howland, President of the Howland Group
17 Incorporated.

18 (Witness approached witness
19 table.)

20 COUNCILMAN JOHNSON: Please
21 state your name for the record.

22 MS. HOWLAND: Good afternoon,
23 Mr. Chairman. My name is Susan Howland,
24 H-O-W-L-A-N-D.

25 Should we wait for this other

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2 lady?

3 COUNCILMAN JOHNSON: No. You
4 can go ahead and start.

5 MS. HOWLAND: Thank you,
6 Mr. Chairman.

7 COUNCILMAN JOHNSON: I want to
8 start off by acknowledging --

9 MS. HOWLAND: Mr. Chairman and
10 members of the City Council Committee on
11 Transportation and Public Utilities, my
12 name is Susan Howland. I'm President of
13 the Howland Group and of Agile Management
14 Solution and Services. Thank you very
15 much for having me today and for allowing
16 me to share my thoughts regarding
17 Resolution 150386 and the future of the
18 Philadelphia Regional Port Authority
19 proposed general cargo and container
20 facility at Southport.

21 I have more than 25 years of
22 experience, knowledge, and commitment to
23 the Port of Philadelphia. I've
24 represented public, private,
25 not-for-profit organizations associated

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2 with various aspects of the Philadelphia
3 maritime industrial base, including
4 energy, general cargo, terminal owners
5 and operators, the Philadelphia Ship
6 Yard, railroads, and efforts by community
7 leaders who worked for many years
8 restoring Philadelphia's national
9 industrial significance following the
10 closing of the Philadelphia Navy Shipyard
11 in 1995. This mission was carried out by
12 the Delaware River Maritime Enterprise
13 Council, a Pennsylvania not-for-profit
14 established for this purpose.

15 The DRMEC effort was supported
16 by political, business, labor, federal,
17 state government, and military leaders
18 and resulted in securing a commercial
19 strategic port designation from the
20 United States Departments of
21 Transportation and Defense. We competed
22 against other major ports in the North
23 Atlantic and were successful, and today
24 the Port of Philadelphia is one of only
25 17 commercial strategic seaports in the

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2 nation.

3 In addition, following the
4 designation process, DRMEC oversaw and
5 managed more than 30 military operations
6 deploying and redeploying equipment to
7 two major war theatres simultaneously and
8 right alongside the working general cargo
9 marine terminal facilities here in the
10 City of Philadelphia. Both Packer and
11 Tioga were involved.

12 To support this effort, new
13 collaborative business processes and
14 technologies were rapidly developed and
15 applied, and a really great example of
16 this is that Philadelphia was the only
17 waterfront workforce in the country to
18 undergo DOD workforce training. The
19 skilled workforce here on the
20 Philadelphia waterfront made sure that
21 the equipment was quickly and safely
22 loaded onto the large ships, carrying it
23 to the waiting war fighters in both Iraq
24 and Afghanistan and then later unloaded
25 the cargo when it returned from the war

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2 and was shipped back to the units and to
3 the repair depots. As a result, the Port
4 of Philadelphia played a major role in
5 handling the largest movement of military
6 cargo since World War II.

7 Because of the post-9/11
8 operating environment, moving cargo
9 between the inland military units to our
10 seaport here in Philadelphia was one
11 thing. However, assuring the safety and
12 security of critical infrastructure and
13 the shipments during these operations was
14 equally important. The Port of
15 Philadelphia received high marks for
16 national transportation research and
17 military organizations for these efforts.

18 Commercially, the general cargo
19 marine terminal intermodal infrastructure
20 and services within the City of
21 Philadelphia support a variety of
22 high-value global supply chains like
23 fruit, meat, forest products, paper
24 products, steel and rolling cargo, autos,
25 and military equipment, as well as energy

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2 and chemicals.

3 In addition to the critical
4 role in supporting our national defense,
5 the Port of Philadelphia also plays a
6 major role in linking vital U.S. trading
7 partners like Chile, Brazil, Mexico,
8 Australia, New Zealand, Canada, as well
9 as the EU and Asia to the American
10 market.

11 The seaport activity in the
12 City generates investment in a variety of
13 Philadelphia businesses. Many of these
14 are small and some are multi-generation
15 family-owned businesses. These
16 businesses in turn pay taxes and provide
17 well-paying jobs at the seaport and
18 across Philadelphia's high-value service
19 industry like banking, finance, and law,
20 while also providing jobs for skilled
21 professions from stevedores to railroad
22 engineers to custom brokers, freight
23 forwarders, tug operators, and pilots.

24 The Port of Philadelphia is
25 also an energy port. Historically,

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2 energy products are the largest tonnage
3 of cargoes at the Port of Philadelphia.
4 The Delaware River, including Delaware
5 and New Jersey, is the second largest
6 petrochemical refining center in the
7 country, second only to the growing
8 maritime-related energy development in
9 the U.S. Gulf region and the Houston Ship
10 channel.

11 The resurgence of the refining
12 industry here in Philadelphia and across
13 the tri-state region is an incredible
14 success story. When all was nearly lost,
15 political and business leaders came
16 together to keep the regional refining
17 complex commercially viable. Jobs were
18 saved and new investment was made. As a
19 result of their efforts, there is a new
20 transportation investment in
21 rail-handling facilities at the
22 refineries, new product tankers that are
23 being constructed at the Aker
24 Philadelphia Shipyard, and new storage
25 and energy waterfront facilities in both

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2 Bucks and Delaware County.

3 Moreover, additional energy
4 facilities are being proposed to be
5 located in the City of Philadelphia,
6 including PRPA's planned Southport
7 facility, along with a proposed energy
8 maritime facility that could include the
9 PRPA's Tioga Marine Terminal in Port
10 Richmond.

11 Billions of dollars of
12 investment have been made in the
13 industrial waterfront, not the least of
14 which is the Commonwealth of
15 Pennsylvania's successful political
16 battle and investment, which will top out
17 at over \$100 million and will result in
18 the deepening of the main shipping
19 channel of the Delaware River from 40 to
20 45 feet to accommodate larger ships.
21 These include general cargo ships,
22 container ships, and military ships, the
23 public general cargo facilities and
24 container facilities, as well as the
25 domestic and international product and

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2 chemical tankers that serve private cargo
3 facilities located at the regional
4 refinery and storage facilities.

5 These investments were
6 necessary to keep Philadelphia's maritime
7 industrial infrastructure competitive
8 with other cities on the East, Gulf, and
9 even the West Coast and, most
10 importantly, to save and create new
11 well-paying jobs on the industrial
12 waterfront.

13 Following the economic meltdown
14 we experienced a few years ago, an
15 additional investment of \$40 million in
16 public finance and private investment
17 were made to ensure the continued
18 operation of the Aker Philadelphia
19 Shipyard, which today has a full order
20 book of ship construction contracts for
21 the foreseeable future.

22 It is one -- this is very
23 important. It's one of only two large
24 commercial ship building operations in
25 the United States. It's very important

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2 to the national industrial capability.

3 These investments in the
4 industrial infrastructure in the City of
5 Philadelphia support global and small
6 businesses and a multi-jurisdictional
7 skilled workforce that spans from the
8 refineries to the docks to the shipyard
9 to the rail yards. These jobs are
10 skilled jobs and they provide
11 good-paying, family-sustaining jobs.

12 The proposed PRPA Southport
13 Marine Terminal provides the capability
14 as well as the capacity to protect and
15 grow more than 5,000 existing jobs that
16 are directly connected to the public
17 general cargo and container business in
18 the City.

19 Southport is the Port of
20 Philadelphia's signal to the hundreds of
21 domestic and international shippers and
22 shipping companies who depend on the
23 public general cargo facilities in the
24 City of Philadelphia that there is and
25 will be room to grow their business.

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2 These international customers
3 depend on the seaport's public seaport
4 facilities, workforce, warehouses,
5 processing, storage, and other "value
6 add" services to support their supply
7 chain, distribution, and transportation
8 needs. Many customers have been loyal
9 customers at the Port of Philadelphia for
10 many years.

11 The customers and the trade
12 lanes that are supported by the seaport's
13 public general cargo handling facilities
14 are growing. The proposed PRPA Southport
15 facility, general cargo facility, is
16 well-positioned to compete for new
17 general cargo and container business
18 because of its location and proximity to
19 superior highway, rail, and even air and
20 distribution facilities, as well as
21 having the business and skilled workforce
22 enterprise that is available in the City
23 of Philadelphia to serve these customers.

24 Some believe it is possible
25 that the relatively small by industry

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2 standards, 200 plus or minus, Southport
3 acres can support both public general
4 cargo operations alongside of an energy
5 operation. By comparison, the Port of
6 Savannah is developing 2,000-plus acres
7 to support the lucrative and
8 job-producing public general cargo and
9 container business. But that question
10 can only be answered by qualified
11 engineers and only after there are
12 specific development plans that can be
13 considered.

14 In the meantime, customers
15 depending on the public general cargo and
16 container facilities in the City of
17 Philadelphia need to be assured that the
18 port can meet their needs today and into
19 the future.

20 The City of Philadelphia has a
21 maritime industrial base for which it has
22 few rivals, hosting the only commercial
23 builder of large ships on the U.S. East
24 Coast, three Class I railroads, an
25 international airport, and public general

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2 cargo and container seaport facilities
3 supporting both commercial and military
4 shippers, as well as being the center of
5 a revitalized and growing regional energy
6 center.

7 Dallas and Kansas City would
8 love to have what Philadelphia has, and
9 so too would Paulsboro, Salem,
10 Wilmington, Charleston, Norfolk,
11 Jacksonville, Houston and others. Maybe
12 that's why the Port of Philadelphia is
13 the only industry mentioned in the City
14 of Philadelphia Charter. It's important,
15 and it matters.

16 Thank you, Mr. Chairman. I
17 appreciate the opportunity.

18 COUNCILMAN JOHNSON: Thank you
19 very much. Ms. Howland, I also want to
20 just acknowledge you being a woman small
21 business.

22 MS. HOWLAND: Thank you.

23 COUNCILMAN JOHNSON: I like
24 that, being in front of City Council,
25 particularly in this field of

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2 infrastructure dealing with the port and
3 your vast knowledge of how it operates.
4 So I just want to personally thank you
5 for your insight and thank you for your
6 testimony.

7 MS. HOWLAND: Thank you.

8 COUNCILMAN JOHNSON: I don't
9 have any questions at this time.

10 MS. HOWLAND: Thank you. Thank
11 you, Mr. Chairman.

12 COUNCILMAN JOHNSON: Thank you
13 very much.

14 If there are no more witnesses,
15 I would like to say this concludes the
16 business of the Transportation and Public
17 Utilities Committee. I want to
18 personally thank everyone for coming out
19 here today.

20 Anyone else want to testify?

21 (No response.)

22 COUNCILMAN JOHNSON: Thank you
23 very much.

24 (Committee on Transportation
25 and Public Utilities concluded at 2:45

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter, and that this is a true and
correct transcript of same.

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