

REPORT OF THE
COMMISSION TO STUDY A PLAN FOR
FINANCING VIRGINIA'S UNIFIED PORTS

To

THE GOVERNOR

And

THE GENERAL ASSEMBLY OF VIRGINIA



HO 17, 1972

COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1971

MEMBERS OF COMMISSION

WALTER B. MARTIN, *Chairman*

RICHARD M. BAGLEY

EDWARD L. BREEDEN, JR.

GEORGE C. GARRIS

R. PIERCE LUMPKIN

GEORGE P. SHAFRAN

WALTER H. STEEL

ERWIN H. WILL

EDWARD E. WILLEY

STAFF

JOHN B. BOATWRIGHT, JR.

WILDMAN S. KINCHELOE, JR.

JOHN A. BANKS, JR.

LAURENS SARTORIS

ROBERT B. COUSINS, JR.

SALLY T. WARTHEN

KATHERINE L. GOOLSBY

G. WILLIAM WHITE, JR.

ARTHUR H. HORWITZ

ROGER C. WILEY, JR.

L. WILLIS ROBERTSON, JR.

Report of the
Commission to Study a Plan for
Financing Virginia's Unified Ports

to

The Governor and The General Assembly of Virginia

Richmond, Virginia

TO: HONORABLE LINWOOD HOLTON, *Governor of Virginia*

and

THE GENERAL ASSEMBLY OF VIRGINIA

Among Virginia's primary resources are the natural harbors situated within her jurisdiction. The realization of the value of these harbors and the need of a unified administrative organization to coordinate port activities throughout the Commonwealth, if their full potential is to be developed, prompted the General Assembly in 1970 to enact legislation creating the Virginia Port Authority. By 1971, however, it had become apparent that in addition to the existence of an organizational structure a long-range plan for financing a viable unified system of ports was needed. To this end in its 1971 special session the General Assembly approved the following Resolution:

HOUSE JOINT RESOLUTION NO. 37

Creating a Commission to study a plan for financing
Virginia's unified ports.

Whereas, the General Assembly of nineteen hundred seventy passed certain legislation permitting the unifying of the ports of the Commonwealth under a single authority; and

Whereas, unification of Virginia's ports is presently underway under authority of the aforestated legislation; and

Whereas, it is advisable that a plan for long-range port financing be developed; now, therefore, be it

Resolved by the House of Delegates, the Senate concurring, That a commission be and hereby is created to make a study and present a definite plan for financing long-range development of Virginia's ports.

The Commission shall consist of nine members to be appointed as follows: three to be appointed by the Speaker of the House of Delegates from the membership thereof; two to be appointed by the President of the Senate from the membership thereof; and four to be appointed by the Governor from the State. The Committee (Commission) shall elect its own Chairman.

Members of the Commission shall be reimbursed for their expenses, but shall receive no other compensation.

All agencies of the State shall cooperate with the Commission in its investigation.

The Commission shall complete its report and submit its recommendations to the Governor and the General Assembly on or before November one, nineteen hundred seventy-one.

Pursuant to the terms of this study directive, the Governor appointed to serve on the Commission George C. Garris, Norfolk; R. Pierce Lumpkin, Richmond; Walter H. Steel, Kilmarnock; and Erwin H. Will, Richmond. The President of the Senate appointed Senators Edward L. Breeden, Jr., Norfolk, and Edward E. Willey, Richmond. The Speaker of the House of Delegates appointed Delegates Richard M. Bagley, Hampton; Walter B. Martin, Jr., Norfolk; and George P. Shafran, Arlington. Mr. Martin was elected by the members to serve as Chairman of the Commission and Dr. Lumpkin as Vice-Chairman.

The Virginia Advisory Legislative Council and the Division of Statutory Research and Drafting made staff and facilities available to carry out this study, assigning Laurens Sartoris to assist the members. Jo-Ann S. Fitzgerald served as recording secretary.

The tremendous volume and complexity of the matters to be considered by the Commission further necessitated the retaining of the services of a professional consultant. For this purpose an agreement was made with Wheat and Company, Incorporated, a stock brokerage firm, with its home office in the city of Richmond. This firm has begun an examination of possible sources of income for financing the activities of the Virginia Port Authority, but its work is far from completion.

Activities which members of the Commission have pursued include the following:

Examining existing agreements, contractual arrangements and bonded indebtedness relating to pier facilities in Portsmouth, Newport News and Norfolk;

Obtaining detailed information from officials from the Virginia Port Authority relative to growth projections and capital improvements anticipated for the unified authority during the next decade, including consideration of various financing methods suggested by Virginia Port Authority officials;

Conferring with officials of the Norfolk Port and Industrial Authority relative to the operational cost, growth projections and anticipated capital expenditures at Norfolk International Terminal;

Exploring various possible sources of continuing revenue such as diverting to the Virginia Port Authority revenues from various toll facilities or marking one quarter ($1/4$) of a cent of the gasoline tax over a designated financing period to the Virginia Port Authority;

Retaining, as noted above, as financial advisers the firm of Wheat and Company with whom the Commission has conferred on various occasions and received progress reports;

Consulting with bond counsel relative to various factors involved in issuance of bonds based to a degree on port produced revenue.

Despite the exercise of due diligence, time and circumstances have not been such as to allow for the finalization of the Commission's task. Consequently there is no satisfactory recommendation which we can make except that:

THE COMMISSION SHOULD BE CONTINUED IN EXISTENCE FOR AN ADDITIONAL TWO-YEAR PERIOD IN ORDER THAT ITS CHARGE TO FORMULATE A PLAN FOR FINANCING LONG-RANGE DEVELOPMENT OF VIRGINIA'S PORTS MAY BE ACCOMPLISHED.

In view of the very complex financial arrangements existing at Norfolk, Newport News and Portsmouth relative to existing facilities; the present unsettled status of negotiations between the Virginia Port Authority and the City of Norfolk as to Norfolk International Terminal; the necessity further to study alternate means for issuing bonded indebtedness as well as possible sources of continuing revenue; there is no other recommendation which can be made at this time. The members of this Commission have been apprised of many of the facts and statistical data which will permit the intelligent resolution of port financing problems. We should like to have the opportunity of completing our work and therefore also request that the Commission's present membership be retained. It is our hope that the General Assembly will see fit to approve the appended resolution, thus implementing our recommendations.

Respectfully submitted,

WALTER B. MARTIN, *Chairman*

R. PIERCE LUMPKIN, *Vice-Chairman*

RICHARD M. BAGLEY

GEORGE C. GARRIS

GEORGE P. SHAFRAN

WALTER H. STEEL

ERWIN H. WILL

EDWARD E. WILLEY

DISSENTING STATEMENT OF SENATOR EDWARD L. BREEDEN, JR.

I cannot concur in the above report of my colleagues on the Commission to Study a Plan for Financing Virginia's Unified Ports because:

1. This interim legislative Commission was authorized to expend \$10,000. As stated in the report "nothing productive has been received from our consultants." I do not believe any further funds should be used in this manner. If there is any unexpended part of this authorization it should be returned to the State treasury.

2. Any future funds available to study the feasibility of long term financing for the Virginia Port Authority's capital expenditures should be appropriated to that agency. Financial consultants when needed should be employed by and report to the Port Authority.

3. Exploring possible sources of continuing revenue for port development has been exhausted. The General Assembly should appropriate to the Virginia Port Authority funds necessary for its functions in the same manner as it does for all other such agencies of State-wide importance.

4. The Virginia Port Authority has progressively promoted port unification and has worked out tentative agreements for acquiring all local port facilities, hence another agency in this field is superfluous and might well become conflicting.

5. For the reasons stated the continuation of this Commission is not justified particularly in view of the fact that three of the five legislative commissioners are no longer members of the Assembly. I believe such legislative commission should, if at all possible, have active legislative members to explain and guide its recommendations through the legislature.

Respectfully,
Edward L. Breeden, Jr.

JOINT RESOLUTION NO. ____

To continue the Commission to study a plan for financing Virginia's unified ports.

Whereas, in the nineteen hundred seventy-one special session this General Assembly did approve House Joint Resolution No. 37 thus creating a Commission to study a plan for financing Virginia's unified ports; and

Whereas, such Commission has employed its best efforts in carrying forth its charge in the best interests of the Commonwealth; and

Whereas, due to the tremendous volume and complexity of the matters under consideration by such Commission, it has not had sufficient time, opportunity or funds to formulate satisfactory plans for the financial development of a unified port system; now, therefore, be it

Resolved by the _____ the _____ concurring, That the Commission created pursuant to House Joint Resolution No. 37 of the nineteen hundred seventy-one special session of the General Assembly be named the Unified Ports Financing Plan Study Commission and continued in existence for the purpose of continuing its study in order to present a definite plan for financing long-range development of Virginia's ports. The present members shall continue as the members of the Commission, provided that if any member be unwilling or unable to serve, or for any other reason a vacancy occur, his successor shall be appointed in the same manner as the original appointment was made.

All agencies of the Commonwealth shall cooperate with the Commission in its investigation.

Members of the Commission shall be reimbursed for their expenses incurred in the performance of their duties as specified herein, for which and for the purposes of the Commission there is hereby appropriated from the contingent fund of the General Assembly a sum sufficient not to exceed thirty thousand dollars.

The Commission shall complete its study and submit its report and recommendations to the Governor and the General Assembly on or before November one, nineteen hundred seventy-three.

