

The Port of Portland: Its Value to the Region

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**Portland, Maine
October, 1993**

Sponsored by:

**City of Portland
Portland Chamber of Commerce
South Portland/Cape Elizabeth Chamber of Commerce
University of Southern Maine — Edmund S. Muskie Institute of Public Affairs**

Summary

Measuring the economic impact of the Port of Portland on the local and state economies showed the following four benchmarks:

Employment	3,700 jobs
Sales	\$ 314,000,000
Wages	\$ 70,000,000
Taxes	\$ 9,000,000

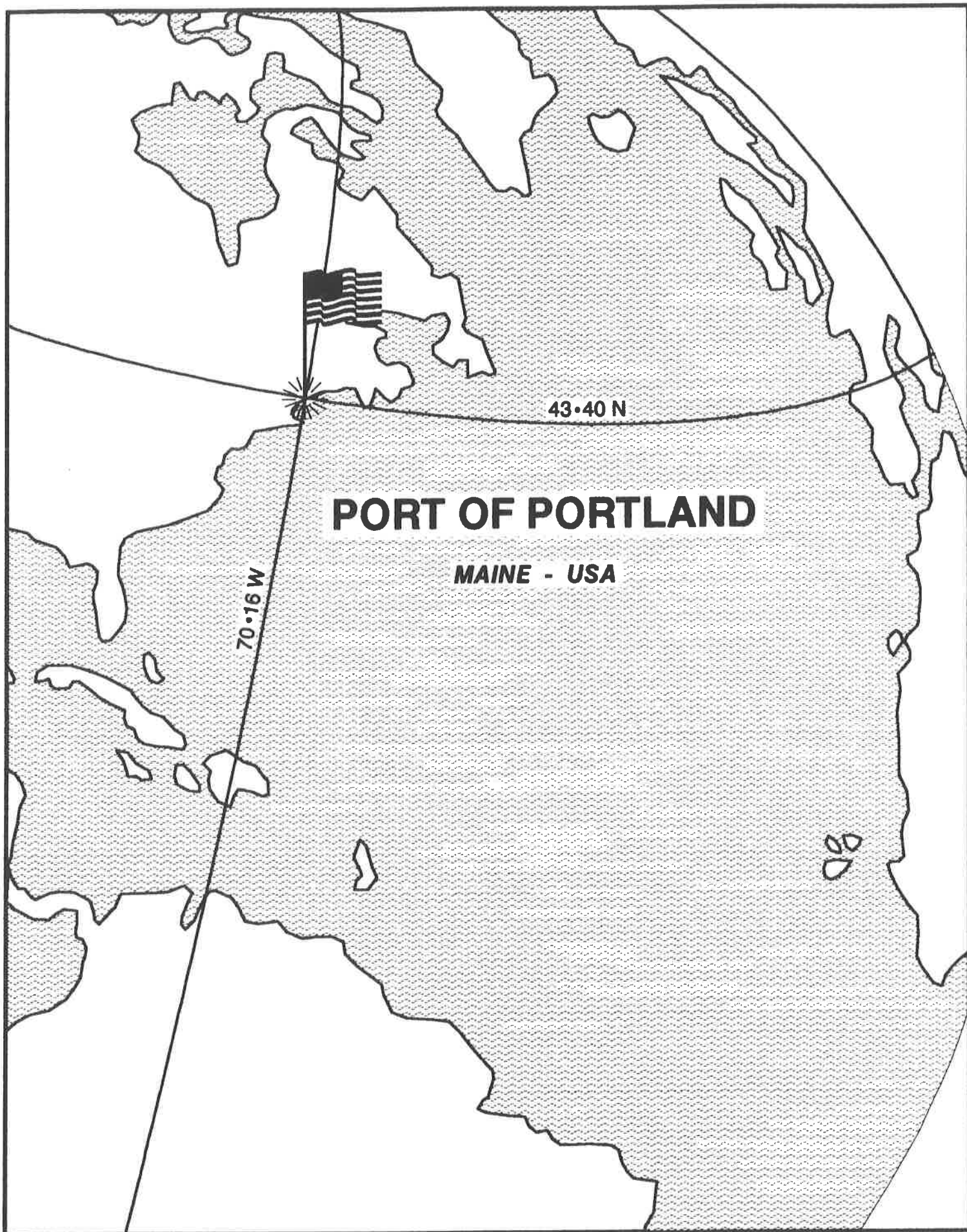
These four simple figures represent an intricate web of commercial relationships which are highly entrepreneurial in their nature, dependent upon one another for their logistical success, and impressive in their economic scope and significance to the economic well-being of the region.

These statistics were developed by gathering data in the immediate area of the Port and processing it through a computer program developed by the Federal Maritime Administration.

In terms of tonnage, petroleum products are the dominant cargo handled by the Port. General cargoes rank second and seafood products third.

Passenger operations, commercial fishing, ship overhaul and repair, and recreational boating also make significant contributions to the economy of the Port, as does the United States Coast Guard base located here.

This study was sponsored by the Portland and South Portland/Cape Elizabeth Chambers of Commerce, the City of Portland, and the University of Southern Maine Edmund S. Muskie Institute of Public Affairs.



PORT OF PORTLAND

MAINE - USA

43°40' N

70°16' W

Maine's Largest and Most Productive Seaport

The Port of Portland is the dominant New England seaport north of Boston. This is the result of ten years of planning, a multi-million dollar capital investment program, and a carefully reasoned and realistic marketing effort.

Although surrounded by much larger U.S. and Canadian ports, Portland has found its niche in the scheme of regional and global ocean commerce. Maine businesses and citizens are reaping the economic benefits of this success.

In 1992, the Port handled 12.7 million tons of cargo. Because of new and expanding trade relations with China and the Middle East, changing global oil prices and policies, and the rationalization of container cargo service routes worldwide, it is expected that Portland's cargo volumes will continue to grow in the coming years.

Tonnage through Port, 1992

Containers	26,000 tons
Breakbulk	100,000
Dry Bulk	400,000
Liquid Bulk	12,184,000
Fish	25,000
Total	12,735,000 tons

Oil

Oil traffic is increasing due principally to factors in the Canadian marketplace and the changing economies of extracting, transporting and refining petroleum products. Measured in tons, petroleum is by far the most significant product handled through the Port.

In light of high tanker traffic and the need to improve oil spill response capabilities, Portland has been selected as the home port for the *Maine Responder*, a state-of-the-art oil spill response vessel owned by the Marine Spill Response Corporation. In addition, local marine terminal operators formed Clean Casco Bay, Inc., which owns and has prepositioned oil recovery equipment and five small oil spill response vessels in the Port of Portland.



Dry Cargo

The Merrill Marine Terminal, a privately-owned bulk and breakbulk cargo facility, continues to develop new markets and is experiencing steady increases in cargo tonnage. Its excellent access to rail and highway transportation has been an important factor in the success of this terminal.

The Port continues to offer the only containerized cargo service in New England north of Boston. This service, which is operated by Hapag-Lloyd, connects with European and Asian markets through the Port of New York. This high quality ocean transportation system, global in range, has reduced costs and opened new markets for Maine exporters.

Also, as a result of more than \$3 million in capital outlay in 1993, the International Marine Terminal has been completely rebuilt, giving it the capacity to handle larger and heavier ships in both the container and passenger trades.

Cruise Ships

Over the past four years, Portland has carved out an important role in the growing cruise ship industry. In 1989, Portland received its first-ever port of call visit from a cruise vessel, the *M/V Bermuda Star*. Since then, the Port has become a regular stop for Regency Cruises in its seasonal New York to Montreal routing and has attracted an impressive list of other touring cruise vessels. In 1993, there were 14 port of call visits involving 10,000 passengers and bringing an economic benefit to the Portland area in excess of \$1 million.

1993 also marked the 22nd year of service by Prince of Fundy Cruises, which operates a high quality car and passenger ferry between Portland and Yarmouth, Nova Scotia, attracting a ridership from all across the United States.

Commercial Fishing

Over the past five years, Portland has made a dramatic rise to become one of the dominant commercial fishing ports in the Northeast. This is the result of a \$15 million investment in commercial fishing facilities, the centerpiece of which is the Portland Fish Exchange. The Fish Exchange, America's only wholesale display fish auction, is currently handling in excess of 30 million pounds of fish annually and has become the quality and price benchmark for the North Atlantic fishing industry. Because of the unique Portland fish auction, the Port has seen a substantial increase in market share at a time when fish stocks are in decline and many fish ports are experiencing losses.

Vessel Repair

Through a \$45 million joint venture among Bath Iron Works, the City of Portland, and the State of Maine, one of the largest ship overhaul and repair yards on the East Coast is now located in the Port. Operated by one of America's leading shipbuilders, Bath Iron Works, this facility gives the Port a unique capacity to service very large vessels of both military and commercial design.



Recreational Boating Industry

Recreational boating continues to be a significant economic factor in the Port of Portland. Through careful planning and zoning, this important business has been able to expand and prosper while avoiding conflicts with the needs of larger, ocean-going vessels. Because of the unique beauty and desirability of the Maine coast as a cruising ground for yachts, the Port is playing an increasing role as the departure point for very large cruising vessels needing fuel, supplies, repairs, and airline connections for passengers and crews.

New Bridge

The Portland-South Portland bridge is being replaced with a \$160 million high-level span which will greatly improve navigation to the upriver terminals and make the Port accessible to greater sizes and classes of ships. Work on the replacement span is now underway and is scheduled for completion in 1997.

Bright Future

All of these factors taken together paint a bright picture for the Port of Portland. While ocean transportation technology has changed greatly over time, the Port has always played and will continue to play a major role in the economy and lifestyle of the region. Facilities have been thoughtfully planned and constructed. Niche markets have been identified and developed. Public policy has been focused in a way which allows the Port to be progressive and flexible. We expect these favorable trends to continue.



What the Numbers Tell Us

The Port of Portland, the largest New England seaport north of Boston, annually contributes \$314 million in economic activity and provides 3,700 jobs to the region.

In this study sponsored by the Portland and South Portland/Cape Elizabeth Chambers of Commerce, the City of Portland, and the Muskie Institute, data were collected on Port services, capital expenditures and activities of local industries which rely on the Port to ship their products. An econometric model created by the Federal Maritime Administration (MARAD), and used in many other ports throughout the United States, was used to analyze this information.

The study concluded that the impact of the Port is extensive, measured by sales, wages, jobs, and taxes:

Total Impact of the Port

Employment	3,700 jobs
Sales	\$ 314,000,000
Wages	\$ 70,000,000
Taxes	\$ 9,000,000

The results are based on data collected from firms that work closely with waterfront resources, as well as models representing the way companies and their employees spend money on supplies and consumer goods. The results indicate clearly the size of the impact of the Port on the local economy.

First, activities directly associated with the Port cause a measurable level of sales and employment ("primary" spending). Second, the money spent on those activities cycles further through the economy causing more purchases in various industries and related labor skills ("secondary" spending). The total economic impact is a combination of both types of expenditures and is computed by the econometric model provided by MARAD.

The Three Components of Port Activity

Port Services

Port Services are firms and organizations that comprise the Port's service industry. They include tugboat companies, freight forwarders, stevedores, and transport companies, among others. Every ton of freight moved through the Port relies on some combination of these services. Each service receives compensation and its employees receive wages. See Table 1 for a list of typical Port services.

Table 1: Port Services

Banking and Insurance	Equipment Rental	Stevedoring/Cargo Handling
Bunkers/Fueling	Freight Forwarding	Supplies and Repairs
Custom House Brokerage	Inland Transport	Warehousing
Drayage	Navigation	Wharfages

Port Users

Port Users are companies that manufacture goods and ship those goods through the Port. This includes companies that need the Port as part of their business logistics strategy. Many companies located near the Port of Portland that manufacture products often use ships to receive raw materials or to transport finished goods to other parts of the world.

The study conservatively examined businesses located very close to the Port that clearly use its services for shipping goods. While it would be possible to examine industrial users of the Port throughout Cumberland County and even the State of Maine, the study team limited the research to firms located very near the waterfront in Portland and South Portland.

By relying on the Port for transportation, these companies employ people, generate sales, and pay taxes. See Table 2 for a list of the industrial classifications for companies that use the Port of Portland.

Table 2: Port User Categories

Agricultural Services, Forestry, Fish	Machinery, excluding Electric
Chemicals	Motor Vehicles
Construction	Primary Metals
Electric/Electronic Equipment	Retail Trade
Fabricated Metal	Services
Federal Government	State & Local Government
Finance, Insurance, Real Estate	Transportation, Communications,
Food Products	Public Utilities
Instruments	Wholesale Trade
Lumber & Wood Products	

Capital Expenditures

Capital Expenditures are investments made on wharfs, docks, or other facilities located in the Port. The government (local, state, and federal), as well as private industry, makes improvements and repairs to the Port's facilities each year. Money spent on these improvements is used to buy goods and pay wages to employees. While not every dollar goes to local labor or companies, the study team was able to make calculations about local expenditures. See Table 3 for examples of capital expenditures.

**Table 3:
Capital Expenditures**

Creation of storage and handling areas	New Equipment
Dredging of channels	New Piers
Major Upgrades	

Measuring Economic Impact

Employment: 3,700 Jobs

Employment impact in the Port of Portland totals 3,700 jobs, which breaks down as follows:

Port Services	1,100
Port Users	2,550
Capital Expenditures	50
Total Jobs	3,700

These employment levels are a combination of primary jobs associated specifically with these three components, and secondary jobs created when dollars are spent elsewhere in the local economy. Examples include longshore labor, fishing, construction and repair services, government including the U.S. Coast Guard, manufacturing, white collar employment and navigation services.

Sales Activity: \$314 Million

Annual sales activity in the Port of Portland totals over \$314 million. This refers to sales revenue from goods and services as a result of commerce through the Port of Portland. The breakdown is as follows:

Port Services	\$ 108,000,000
Port Users	\$ 201,000,000
Capital Expenditures	\$ 5,000,000
Total Sales	\$ 314,000,000

Stevedoring and transportation services generate the bulk of primary sales activity for Port services. Major sales activity classified as secondary includes print shops, food stores, personal and business services, and financial institutions.

Capital expenditures cause primary sales in construction services and construction materials. Secondary sales activity includes transportation, finance, retail trade, and wholesale trade.

Finally, Port user primary sales are concentrated in metal fabrication, fishing, and wholesale/retail trade. Their expenditures have a secondary impact in the construction, transportation, finance, and service industries.

Wages: \$70 Million

Wage impact of the 3,700 jobs in the Port of Portland totals \$70 million. In terms of the three components, the breakdown is as follows:

Port Services	\$ 24,000,000
Port Users	\$ 45,000,000
Capital Expenditures	\$ 1,000,000
Total Wages	\$ 70,000,000

State and Local Tax Contribution: \$9 Million

In this study, the analysis computes an estimate of taxes collected from Port activities by both the state and local authorities such as sales, income, and property taxes. Federal taxes, although very substantial, were not counted since they do not remain in the local economy. No effort is made to allow for redistribution of tax revenues back to the Port of Portland area. The breakdown is as follows:

Port Services	\$ 3,000,000
Port Users	\$ 5,900,000
Capital Expenditures	\$ 100,000
Total State and Local Taxes	\$ 9,000,000

How This Study Was Done

The Federal Maritime Administration's port economic impact model, called "PortKit," helps assess the effect of port activities on the surrounding economy.

The PortKit contains four modules, three of which measure economic activity occurring within the port — industry cargo flows, port capital spending, and local port users. The fourth module uses city and county data to show how port activity stimulates the regional economy. The following discusses how data were collected.

Industry Cargo Flows

The analyst entered the amount of tonnage carried by vessel type, percentage of vessels bunkering in the port, the amount of tonnage by transportation mode (rail, truck, barge), and the average haul by transportation mode. Tonnage by vessel type was provided by industry and port officials and the Maine Department of Transportation. The amount of tonnage by transportation mode and average haul by mode was obtained through telephone surveys with trucking firms and port officials.

Port Capital Spending

Data for port capital spending were collected by survey and telephone interviews with port terminal operators and owners. Capital spending categories included dredging, building construction, pier installation and renovations, equipment purchases, and land acquisition. All information was aggregated so that no individual company's capital expenditures could be identified.

Local Port Users

The analyst entered data concerning the total number of workers, by standard industrial classification (SIC) code, for businesses directly involved in port activities. Information for this module was collected by telephone interviews and port records.

City And County Data

Total personal income (TPI) for Cumberland County by SIC code was collected from the Bureau of Economic Analysis publications. General revenue, earnings, and total intergovernmental revenue data were collected from the City and County Data Book, Bureau of the Census.

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