



## 10 Things You Should Know About Dealing with Ports and Port Authorities

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You may be an independent trucker, a representative or employee of a steamship or cruise line, state or federal official, or a citizen, each in need of dialogue, information, response or action. The party that you believe should meet your needs is a port authority.

Before you engage, it would probably be to your advantage to shed yourself of some preconceived notions about ports and port authorities:

### 1. Not all ports are the same

This sounds a bit trite but is as good a place as any to start. Ports come in all shapes and sizes, differing in everything from cargo mix to channel depth to infrastructure/capabilities. Never assume that just because two ports superficially seem similar that they embrace any of the same business models or even philosophies. And don't assume that two seemingly different ports are, indeed, radically different.

### 2. Not all port Structures are the same

There are landlord ports, operating ports, even quasi-operating ports such as the Virginia Port Authority-Virginia International Terminals combination (full disclosure: I helped establish them) and several other variations of each. The choice of structure may deliberately reflect philosophies, or may simply be historical.

### 3. Not all port authorities are the same

Port authorities are governmental in nature, but that is where the uniformity ends. While some have taxing authority, others depend on revenue from operations, often along with forms of subsidy from still higher levels of government, especially for capital needs. Some have elected boards, and some have appointed boards (and even then, the members may not be appointed by the same authority or means). Appointed officials may not embrace the some priorities as elected ones.

### 4. Some ports are very much like governments

These ports operate according to complex, somewhat rigid rules and regulations, hold frequent public hearings, and may not be able to react like a private business could or like a private business would want them to. However, there may be benefit in the financial and human capital support in this model that makes "the hoops" worth jumping through.

### 5. Some ports are "sort of" governments.

Many ports profess to act like private businesses, but in peeling back the layers of the onion, are really quite governmental in nature, especially when it comes to how their infrastructure needs are met (Read: subsidy).

#### 6. Some ports are businesses

Counter-intuitively, perhaps this is most frustrating model for private partners, who expect these relationships to be governed by the “subsidy-by-theoretical-job-creation” philosophy, and are dismayed to find that only truly win-win commercial partnerships work.

#### 7. Don't assume the profit motive isn't important to ports

Ports are not charitable organizations even though their professed mission may be the “philanthropic” stimulation of the local and regional economy. Revenues less expenses equals income to be invested in infrastructure. Profit is a means to the end of economic activity, but it is profit, nonetheless.

#### 8. Don't assume that profit motive is any less important to ports than it is to you

Even those port authorities that are integral parts of state or county governments can be expected to be self-sustaining, not unlike a private company. The age-old port axiom “even if it doesn't make sense financially, it creates jobs,” is falling by the wayside in the face of harsher economic times.

#### 9. Given marketplace demands on ports, you shouldn't be surprised if our staffs aren't populated by bureaucrats or political hacks

I lead a richly diverse port (with traditional elements such as cruise and cargo combined with marinas, an entertainment district, beach, campground and public boat ramps) that is considered small (\$50 million in revenue) by many standards. But I also interact on a regular basis with world-class partners such as Disney, Cemex and Vitol. The diversity makes me draw from my years as deputy executive director at the Virginia Port Authority, my years of practicing corporate law, my managing a private marine terminal operation, and then directing the movement of containers to Asia for a U.S. manufacturer. The point is this: The port industry is populated with professionals with diverse backgrounds of competence and achievement at all levels. Today's marketplace demands it.

#### 10. Walk a mile in my shoes

I must compete in a marketplace that still has vestiges of subsidy throughout, sometimes obvious, sometimes not. The constituency that I must satisfy is broad, ranging from cruise lines to cargo terminal operators to taxi cab drivers to elected officials of all shapes and sizes, and to the public. The average tenure of a port director is severely limited by the breadth of this constituency, not necessarily issues of performance or competence.

In the past, it was assumed that ports were so steeped in bureaucracy and a governmental view of life that any semblance of business acumen was a meaningful surprise. That surprise should now be the norm. Expect no less.

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