

1988

# The Impact of Public Policy on Portland's Waterfront

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**THE IMPACT  
OF PUBLIC POLICY  
ON  
PORTLAND'S WATERFRONT  
BY  
JOHN G. FERLAND**

A MAJOR PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF MASTER OF  
MARINE AFFAIRS.

UNIVERSITY OF RHODE ISLAND  
1988

## **ACKNOWLEDGMENTS**

This project required the support and assistance of many people. Dennis Nixon and the graduate faculty in Marine Affairs at the University of Rhode Island provided encouragement throughout. Assistance on the text was provided by George N. Campbell Jr., Jack D. Humeniuk, P.D. Merrill and Dr. James A. Wilson.

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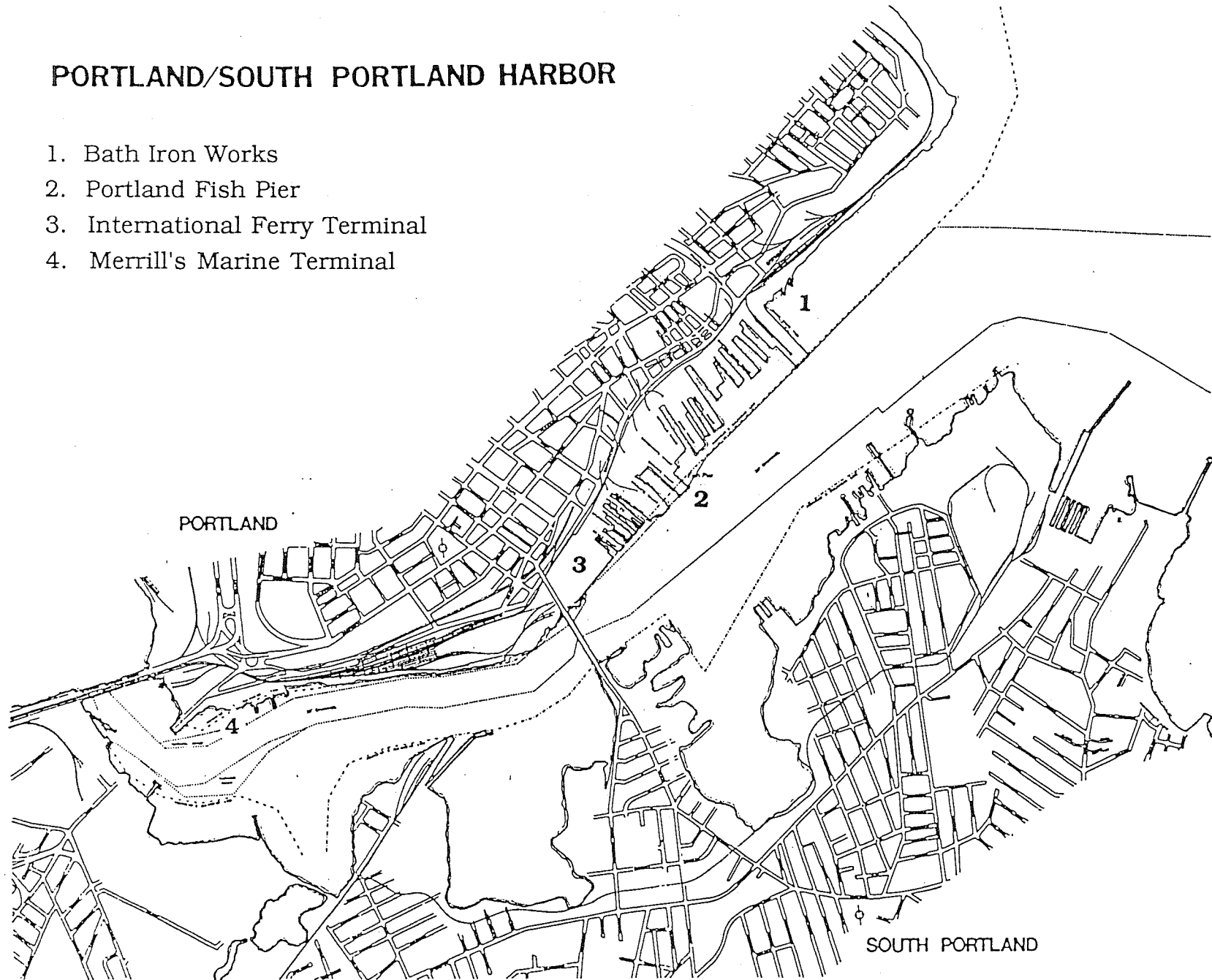
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**PORTLAND/SOUTH PORTLAND HARBOR**

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11A

**SECTION I**  
**THE NEW WATERFRONT**

## INTRODUCTION

In May, 1987, Portland voters approved by a 2-to-1 margin a referendum preventing non-marine development along its waterfront for at least five years. It has become clear that the vote was not just a Portland waterfront issue. To many, the vote was a statement of no confidence in growth regulations and unhappiness with the pace of development throughout the Greater Portland region.<sup>1</sup>

The vote illustrated that there is no consensus on Greater Portland's future. For Portland's waterfront, a lack of consensus is nothing new. Portland has debated waterfront policy in fits and starts for most of the 20th century. As will be explained, this is no local phenomenon. But what is clear is that Portland in the 1980s continues to suffer from inconsistent public policies, political infighting and unawareness by the general public of how the Harbor operates.

The intent of this book is to record the impact of public policy on Portland's waterfront and suggest methods for improving local waterfront planning. The methodology used for this book included the review, analysis and evaluation of public records, planning documents, published guidebooks, academic reports and media coverage; interviews; and the documentation of the experiences of other ports.

### **TWO FACTORS: MARITIME PROTECTION/DEVELOPMENT PRESSURE**

Two factors deserve emphasis:

1. Portland's first extensive implementation of waterfront planning in the early 1980s was based on two strategies: The pumping of millions of taxpayer dollars into economically depressed maritime industries combined with allowing market forces to spur non-marine development along a small section of the waterfront.

2. The city is the hub of an environmentally stunning state whose coastline is under unprecedented development pressure.<sup>2</sup> Portland's experience will be useful for other communities, either for successes to be emulated or failures to be avoided.

Each factor is explained below.

Regarding the first factor, it is not unusual for port communities to seek to improve their working waterfronts by helping traditional maritime industries. In New England, alone, Boothbay Harbor in Maine; Gloucester, Plymouth, Provincetown and Fall River in Massachusetts; and Newport, R.I. are among many small ports which have tried to protect their fishing industries against non-marine development. Even a large port such as Boston seeks to help its traditional fishing and shipping industries.<sup>3</sup> But Portland is prominent among small ports because of the breadth of the public's maritime investment and, even before the moratorium, the extensive zoning protection the city gave marine industries.

Taxpayers contributed \$30 million toward a shipyard during a shipbuilding depression, spent \$15 million on a fish pier during an era of retrenchment in the fishing industry, and approved a \$4 million bond issue for cargo development without a clear cargo development plan.

In addition, Portland placed about 75 percent of its central waterfront area into a maritime zone to protect marine industries from encroachment by non-marine development. Citing such a commitment to maritime industries, a national report compiled in 1983 by the Washington, D.C.-based Waterfront Center included Portland (along with Seattle, Washington, Miami, Florida and Sausalito, California) as one of the best examples for other cities around the country concerned with working waterfront issues.<sup>4</sup> Interestingly, Portland voters saw a lack of commitment and overwhelming approved a moratorium. Part of this book will attempt to explain that discrepancy. (Portland's waterfront zoning ordinance is in Appendix I. The overlaying zoning ordinance created by the referendum is in Appendix II.)

Regarding the second factor, the city's role along the coast of Maine is one of example as other Maine communities deal with the inevitable: Change caused by whirlwind development flowing north from the eastern megalopolis. While it is too early to draw conclusions on the fate of Maine's coastline, it is interesting to keep in mind a rule of thumb espoused by onetime State Planning Office economist, Lloyd Irland: "People invest in attractive places until they are no longer attractive."<sup>5</sup>

### **AN OVERVIEW OF RECENT HISTORY**

Before delving into the specifics of the waterfront, perhaps an overview is in order.

In 1977, 14 million gallons of raw sewage a day flowed into Portland Harbor.<sup>6</sup> In 1978, a National Science Foundation study described Portland's waterfront as possibly one of the most dilapidated on the East Coast.<sup>7</sup> In the 1980s Portland Harbor has been undergoing some of the most rapid changes in its history. In the last six years:

1. A world-class builder of war ships built a \$50 million repair yard that can accommodate anything short of an aircraft carrier.
2. A partnership involving the local, state and federal governments developed a \$17 million fish pier that may be one of the most important innovations in the New England groundfish industry in this century.<sup>8</sup>
3. Before the referendum Portland's waterfront was one of the hottest real estate opportunities in New England, a place where condominiums priced in six figures attracted interest from potential buyers within days of going on the market.<sup>9</sup> It was the condominium issue that laid the foundation for support of the referendum measure banning non-marine uses.



The changes in the port have been difficult for waterfront property owners, who are faced with skyrocketing market value and increased taxation, a slow-growth marine economy, and, in one instance, a foreclosure; for people who use the waterfront, who see development threatening commercial berthing space, public access and the rawness that gives the waterfront its fundamental appeal; and for Portland's political system, which underwent philosophical changes on the City Council and in the city administration.

Why so much trauma over a central waterfront area, a strip of land roughly a mile long? There is no single reason. Traditionally, urban waterfront development in North America has been disjointed and incremental.<sup>10</sup> Portland has made great strides in the 1980s, but the Portland waterfront of today continues to derive its characteristics from a coincidental mix of federal funding priorities, federal tax law, consultant reports, and personalities among investors, city councilors and city administrators. There is no unified vision of what Portland's waterfront ought to be.

#### **COMMON WATERFRONT THEMES**

One may view Portland as exemplifying many waterfronts, especially those of old, small, eastern cities that have been forced by economic and technological changes to alter the use of their shoreline. Certain themes and issues are common to Portland and other waterfronts in varying degrees.<sup>11</sup> They include:

1. Underutilization of buildings or land.
2. Increased competition for limited space for housing, offices, shops, tourism, public access, recreational boating; commercial fishing, shipping and marine transportation.
3. Economic concerns regarding increased tax revenues from development, public financing priorities and the impact of interest rates on development.

4. Environmental issues regarding air and water quality, wetlands protection, shoreline maintenance, erosion control, and storm and flood control.

5. Legal issues regarding Riparian Rights (rights that accrue to owners of land on the banks of waterways, such as the use of such water or ownership of the soil under the water) and multi-level jurisdictions among state, local, regional and federal agencies in charge of public safety, development or the environment.

6. The role of citizen participation in the decision-making process.

7. Aesthetic issues related to landscape and architectural design, and use of the natural features of the waterfront area.<sup>12</sup>

#### **HISTORIC FUNCTION OF WATERFRONTS**

Portland and other waterfronts also have much in common regarding their historic functions. During the early urban development of North America, a city's waterfront served primarily to support its immediate resident population. The basic functions were commerce, shipbuilding, transportation, commercial fishing and defense. Commercial and industrial development traditionally located on or near waterfronts, and railroads, the dominate land transportation mode of the late 19th century, sprouted facilities near shipping docks. Eventually, the expansion of the railroad system drastically reduced the dependence of cities on their waterfronts to provide the basic functions of transportation and commerce. When the wharves and other waterfront facilities became inadequate for their original purposes, they served as storage, wholesale or vehicular parking facilities.

From the late 1950s through today, communities have used federal urban renewal and community development grants to rebuild their downtowns. Because 70 percent of the more than 400 cities in the United States with populations over 50,000 are on the edge of a river, lake, bay or ocean, it is obvious why cities turned to their waterfronts to help revitalize their communities.<sup>13</sup>

## **ORGANIZATION OF THIS BOOK**

This book's first section is a general look at the waterfront. It explains the woeful history of waterfront planning in Portland and presents a case study of the early 1980s, the years leading up to the moratorium. The section blends personality, public policy, and economic changes. It also proposes a planning methodology for Portland's waterfront.

The second section looks at the evolution of the traditional industries which have characterized the port's development through the years: Fishing, shipping and shipbuilding. The section blends personality, public policy, and technological and economic changes.

## **TWO VIEWS OF PORTLAND**

The Economist, the authoritative British newsweekly, reported on Portland's citywide resurgence in 1981. The magazine emphasized that Portland was unusual because the city progressed despite "no obvious strengths" from which to build.

"The story of Portland, Maine, is even more impressive, in some ways, than Boston's. Boston at least had its banking acumen and faded gentility to build on."<sup>14</sup>

In Maine terms, of course, Portland does have gentility, although it is not as glittering as Portlanders may think. In 1983, columnist Davis Rawson, then with the Bangor Daily News, wrote:

"People who live in Portland have an unpleasant tendency to regard their city as a little more equal than the rest of the state -- sort of the Athens of Maine -- whereas Bangor is a distant Sparta, where people shoot moose to eat in their backyards because there aren't any decent restaurants."<sup>15</sup>

Perhaps a look at Portland's waterfront will illustrate both views.

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## **I-1 CONFRONTATION**

In the early 1980s, Custom House Wharf exemplified Commercial Street, Portland's waterfront thoroughfare. On the one hand, the wharf appeared to be crumbling into Portland Harbor. Its wooden and metal buildings sagged, its deck had holes and loose boards, and the road was smoother in winter because snow filled the ruts. On the other hand, it bustled with variety. At one end of the pier, fishermen unloaded cod, haddock and pollock. At the other, people patronized a fish market, a diner or a gift shop. In between were a ferry company and an oil cleanup firm.<sup>1</sup>

It was fitting, then, that a turning point for Portland's waterfront occurred on Custom House Wharf.

In a freewheeling and angry meeting featuring impromptu political campaign speeches and verbal attacks on City Manager Stephen T. "Tim" Honey, waterfront activists denounced a \$65 million development plan of condominiums, offices, shops and a hotel proposed by the American City Corporation (ACC). City officials left the March 11, 1982, meeting with a clear idea of what was necessary to make waterfront renewal succeed in Portland: The city must improve relations with waterfront property owners and provide tangible proposals to help the city's maritime industries.<sup>2</sup>

The 1 and 1/2-hour meeting inside Boone's Restaurant was both dramatic and bizarre. Democratic congressional candidate Philip Merrill was the first speechmaker, addressing the gathering for 10 minutes. Meeting organizers had asked Merrill to speak because he had decided to support fishermen's opposition to the ACC plan. Merrill told a story. A friend had told him he would lose the primary election because of his allegiance to fishermen. They were

disorganized and undependable, the friend said. But Merrill noted that Jesus had chosen fishermen as his disciples.

"Maybe fishermen were different then," the friend responded.

Merrill said either that was the case "or Jesus had met condo developers and preferred fishermen over them."

He sat down to a round of applause.

Not to be outdone, State Sen. John Kerry, one of Merrill's opponents in the primary, stepped out of the crowd and introduced himself. He said that he, too, was concerned about the waterfront and was eager to discuss issues. He said he was a co-sponsor of the bill that helped bring Bath Iron Works (BIW) to Portland. The \$50 million BIW shipyard project promised 1,000 new jobs but required a \$30 million subsidy from state and local taxpayers. "You'd better change," a man shouted. Everyone laughed.

But there were no applause or laughs for Honey. He became the meeting's sacrificial lamb. The audience grilled him about the ACC report and held him accountable for other issues, even those remote from the waterfront, such as downtown prostitution.<sup>3</sup>

The crowd's perception that ACC's plan was incompatible with Portland's maritime industries was only part of the problem. The other was the belief that ACC had not conferred with enough waterfront property owners or workers. This was considered inexcusable because city businesses had donated \$25,350 toward ACC's \$95,000 fee.<sup>4</sup> Few Commercial Street businesses had actually donated money, but one that did was the W.L. Blake Co., one of Portland's oldest firms. Its president, Robert Snyder Sr., awoke one day to read in the newspaper how ACC had proposed converting his industrial supply firm's building into a parking garage. Snyder was not amused. At the meeting at Boone's, he suggested Honey was

dishonest. He claimed the city manager's name fit the man because he was as "smooth as honey" when dealing with waterfront businesses.<sup>5</sup>

Honey remained cool, but a picture in the next morning's Portland Press Herald captured an intense expression as he stood next to Snyder in front of the meeting. Previously, Honey had told people that ACC was not supposed to talk to a lot of Portlanders. The company was supposed to give city officials its professional judgment about the future of the waterfront. It was the responsibility of city officials to meet with citizens, Honey had explained. But at the Boone's meeting Honey said ACC had tried to speak with many people. When several people shouted, "Who?," Honey replied he could not remember names, but had a list in his office. The questioners shook their heads in frustration.<sup>6</sup>

Three city councilors attended the meeting. Only Councilor Edward I. Bernstein rose to Honey's aid, but most of the crowd ignored his remarks. Councilor J. Donald MacWilliams was one of several people who left the meeting during Bernstein's speech. Councilor Joseph D. Casale, a former longshoreman whose district included the waterfront, told a reporter after the meeting he was concerned about the meeting's loose decorum. "They did everything but . . ." His voice trailed off and he gestured with clenched fist.<sup>7</sup>

In an interview nearly four years after the meeting, Casale said, "I had never been treated so rudely as a public official."<sup>8</sup>

But then, fishermen and waterfront businesses had never felt so betrayed as citizens. They felt their futures were at stake.



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## I-2 A POLICY EMERGES

When the Portland City Council hired the American City Corporation in 1981, Portland was beaming from national publicity about its "renaissance," but the waterfront had been neglected by government and private enterprise alike for decades. An explanation of Portland's recent past may help explain why.

Before the 1960s, Portland had experienced several decades of decay and was considered a typical, dying northeastern industrial center. Most observers credit the beginning of citywide renewal to two events: A political change around 1960 and the appointment of a new city manager in the late 1960s.<sup>1</sup>

Grocer Ralph Amergian and bricklayer Harold G. Loring led a group of new City Council activists willing to gamble tax money on street and building improvements as a way of stimulating private investment.

John Menario, a hometown city manager who took over as the city's chief executive in 1968, was a student of local government and its impact on the city. According to Menario, Portlanders of the early 1920s tired of the strong mayor form of government and its characteristic of political patronage.<sup>2</sup> They turned to the city manager form of government, placing the day-to-day details of government into the hands of professional administrators operating under general policies approved by the popularly elected city council. For years, the leader of the city council was called "chairman," not "mayor." Supporters of the change claimed the city manager form of government would cost Portland less. Menario's theory suggested that in order to prove the system worked, government chose to cut financial corners. Capital investment in city property and financial support of economic development were not politically palatable.

Other events also took hold. The 1930s were marked by the Depression and general business stagnation. World War II gave the city an entirely new personality, transforming Portland Harbor into a military center, complete with 30,000 shipyard workers, emergency blackouts and anchorages filled with Naval destroyers and support vessels. The war-years' economic boom became a bust when the military activities ended.<sup>3</sup>

When government finally became active in rebuilding the city in the 1950s, it marched according to the narrow orders of federal urban policy. The 50s became the era of slum clearance and the 1960s became the Model Cities era in which millions of dollars flowed for neighborhood improvements and social programs.<sup>4</sup>

By the time Menario took over as City Manager in 1968, the rebuilding of downtown was viewed as critical to the city's future. It represented about a third of the city's economic base, but no major office construction had occurred since early in the century and there was no large-scale public parking area. In order to get downtown, motorists maneuvered narrow streets through neighborhoods featuring slums and open dumps. Competition for downtown business loomed in the suburbs. The huge Maine Mall, under construction in suburban South Portland, featured easy access off the Maine Turnpike. Portland's public facilities were a disgrace. Menario recalled that the police station was in such sad shape, "if it had been a private building it would have been condemned."<sup>5</sup>

The problems were easily identifiable. Eventually, so were the sources of money needed to solve them.

"We needed to look for grants that specifically met our needs," Menario said. "It was easy. Portland needed to do everything. It was just a matter of finding a grant that filled your need. We organized ourselves at City Hall to become good at grantsmanship."<sup>6</sup>

By the late 1970s, downtown Portland bore little resemblance to the faceless city of earlier decades. It was rimmed by a new Interstate-295 and Franklin Arterial, a renovated Spring Street and a one-way traffic artery system involving High Street and State Street. A building boom began. Casco Bank & Trust Co. (now Casco Northern Bank) built a \$3.5 million, 10-story corporate headquarters. It was the first office complex over four stories tall to be built in Portland since the late 1920s. The towers of Maine Savings Bank and Canal Plaza sprouted into the skyline. The Cumberland County Civic Center became the anchor of the central city. Brick sidewalks, trees, lanterns and benches graced downtown streets.<sup>7</sup> Some of the changes sacrificed neighborhood identity. To someone returning to Portland after a several years absence, seeing the city was like getting reacquainted with a long-forgotten nephew: The familiarity was apparent, but the face had fewer blemishes, the personality was less innocent and, by golly, how the kid had grown.

Officials had their hands full during the downtown redevelopment era. There was no time to devote to the waterfront. The harbor continued as an uncovered cesspool, with at least 14 million gallons of untreated sewage entering daily. One year, a cleanup effort retrieved 80 tons of floating debris from the water. Pollution would remain heavy until the cities of South Portland and Portland opened waste treatment facilities in 1978 and 1979 respectively.<sup>8</sup>

One major waterfront development did occur in the early 1970s, but it came about inadvertently. City officials lured Lion Ferry Co. Ltd. to Portland after the company had initially sought to locate to Gloucester, Mass. The Swedish firm intended to operate a cruise ship to and from Yarmouth, Nova Scotia. Clark Neily, Portland's economic development director, recruited Lion Ferry. In the beginning, Menario tried to squelch the idea. For one thing, the city looked bad. The waterfront was rundown and the harbor was polluted. Downtown was a dustbowl of construction. For another thing, Lion Ferry asked for a \$1

million revenue guarantee and no rental costs. But Neily was well-connected to regional development interests and the old-boy business network. He and Menario raised \$1.2 million of private pledges in three weeks. The \$2 million of government money spent creating the International Ferry Terminal out of an old Portland Terminal Co. cargo pier was the first large-scale public investment on the waterfront since construction of the Maine State Pier for shipping operations in 1923. Interestingly, Lion Ferry's operation was so successful, it never collected on the pledges. The company now serves over 100,000 customers a year, a figure nearly twice Portland's population.<sup>9</sup>

With the exception of the Lion Ferry episode, the history of waterfront development prior to the American City Corporation report in 1981 was a legacy of failure. Between 1944 and the release of the ACC report, the waterfront and harbor had been the focus of, or part of, 24 studies. By late 1983, at least six more studies were underway, making the waterfront-harbor area the focus of 30 reports in 40 years. Some 25, alone, had been initiated since 1978. Only about four studies focused on major development changes similar to the ACC report. Most centered on specific issues such as management, transportation, cargo piers, fishing piers, the environment, traffic and parking. Some were descriptive reports that required no action. Others were required by the federal government in order to qualify for grants. And still others never produced results because of political problems or a change of events.<sup>10</sup> (A list of recent studies and reports is in Appendix III.)

Why did so many reports produce so little action? There is no simple answer.

Donald E. Megathlin Jr., planning director for Portland in the late 1970s, said in a public lecture series in 1978 that the waterfront suffered from "Alice in Wonderland" development proposals.<sup>11</sup> The newspaper coverage of his talk did not mention specifics, but

perhaps a 1969 plan for putting housing above the Harbor's only bridge -- requiring vehicles to pass through the building's ground floor -- came to mind.<sup>12</sup>

More recently, City Councilor Joseph D. Casale cited indecisive planning. Proposed sites for an island ferry terminal and the Portland Fish Pier seem to bounce from location to location, confusing the public and public officials alike. He also believed there were poor communications and a lack of political acumen by people on both sides of Commercial Street.<sup>13</sup>

Government spending philosophies and the economy also played roles. As Menario explained, government investment in Portland was virtually non-existent until after World War II, and then it followed specific federal urban policies geared for neighborhoods and social programs. Also, Portland could not justify emphasizing the waterfront when the rest of the city was in shambles.

The history of federal aid since the early 1960s provides a glimpse at how the federal government influenced local spending.

Kenneth T. Palmer, a political science professor at the University of Maine at Orono, has studied the issue. He wrote in the Brookings Institution's The Changing Politics of Federal Grants that the greatest expansion of federal grant programs occurred in 1965, during the Johnson Administration.<sup>14</sup> Between 1960 and 1980, the amount of federal aid increased from \$7 billion a year to over \$90 billion a year, and the number of assistance programs increased from about 160 to more than 500.<sup>15</sup>

So cities began getting more revenues. But as the grant system grew in size and complexity, local governments urged changes to give state and local officials more discretion

in spending money. The Nixon Administration decentralized many grant programs in the early 1970s. Communities finally began spending the money on different activities,<sup>16</sup> such as general economic development or waterfront projects. Other federal factors in the 1970s regarding waterfronts were the availability of grants for pollution projects and for coastal zone management planning projects.<sup>17</sup>

Economic factors have included recessions. The mid-1970s began with the severest post-war recession up to that time, only to be eclipsed by record inflation and slow economic growth at the end of the decade.<sup>18</sup>

But as the 70s drew to a close, Maine, Portland and the waterfront were catapulting into a new era. The city's population had dropped from 77,634 in 1950 to 61,572 in 1980, a loss of 20 percent, but the rate of population drop was lessening. Research by University of Maine sociologist Louis A. Ploch showed that the 1970s was the decade of the "in-migrant" in Maine. Between 1940 and 1970, 156,000 more persons moved away from the state than migrated to it. The trend reversed dramatically in the 1970s. Some 75,000 more persons took up residence in the state than left it. About half of Maine's overall population growth from 1970 to 1980 can be attributed to net in-migration, and 72 percent of the in-migrants were not natives.<sup>19</sup>

In general, they were young, well-educated professionals who valued their quality of life. They wanted rural living, but they also wanted restaurants, theaters, museums, symphonies and recreation. Portland, thanks to a massive influx of federal money, had rebuilt its core. The city became an attractive place for residents again, while suburban towns grew, taking advantage of their country flavor and proximity to Portland's attractions.<sup>20</sup>

Blending city, county, state, federal and private money, Portland entered the 1980s with an \$8 million civic center, a \$6 million library, \$7 million worth of airport improvements,

\$70 million worth of renovated and new downtown buildings, \$38 million worth of neighborhood improvements, a \$20 million sewage treatment plant and \$13 million in street improvements. The convention business had tripled to 150 groups of 50 or more delegates annually. There were 6,000 more metropolitan area jobs and bigger banks. Downtown became a service center of accounting firms, lawyers, retailers, restaurants, arts and craft stores, and boutiques. Chamber of Commerce membership doubled to 1,000. Over \$100 million worth of new projects were on the drawing board.<sup>21</sup>

The waterfront seemed destined for renewal because it neighbored the trendy Old Port section of downtown, a several block area redeveloped mostly with private dollars. And for the first time in anyone's memory, the waterfront began getting representation in City Hall.<sup>22</sup> The nearly defunct longshoremen's union was revitalizing itself with new, young leadership. Among the new breed was Joseph D. Casale, who became union president and won election to the Portland City Council. He eventually served a term as mayor.

The waterfront's potential also represented a ripe opportunity for the new city administration that took over in 1980. The new city manager was the then 33-year-old Stephen T. "Tim" Honey, who had served as Portland's deputy city manager since 1977. Although he prided himself on being a generalist, Honey's waterfront contributions would be his most tangible legacy when he resigned in 1985. The occurrence was no accident.

"Just for me, personally, and professionally, it was important," he said. "I really could say after five years we changed things on the waterfront. I didn't want to say that during my term as city manager I led an organization of 1,100 employees and that's it. We needed something to accomplish."<sup>23</sup>



In summary, Portland's waterfront declined over several decades, paralleling the city's overall decline. There were many reasons for both problems, such as conservative city leadership in the middle decades of the 20th century, general economic stagnation and Washington's narrowly defined Federalism policies. Before 1980, repeated efforts at waterfront renewal failed because of pollution problems and an insufficient planning focus. The waterfront emerged into public policy as a result of Portland's success with federal grants and downtown renewal, private enterprise's rebuilding of the Old Port section of downtown, the waterfront's strong political representation and a new city administration's prioritization of the waterfront as a professional opportunity.

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### I-3 THE ACC CONTROVERSY

One of City Manager Honey's first challenges was to begin a serious planning effort and convince the public that government was finally going to be a leader in waterfront change. There was little disagreement among city officials about to whom they would turn. At the time, few development companies were achieving the notoriety of the Rouse Company. The Columbia, Md., firm created Boston's Faneuil Hall Marketplace and Baltimore's Harbor Place, two of the most successful waterfront-downtown developments in the world. Rouse's planning arm was called the American City Corporation (ACC). Portland's contract with ACC was one of the few times city officials secured a consultant agreement without seeking bids.

"It was my feeling we didn't have the experience in house," Casale said. "And as far as stepping into the community for experience, there would have been too much parochialism, too much pressure brought upon a company by others to do certain things. We wanted a company with a track record. There was only one company to do the job."<sup>1</sup>

City officials asked ACC to perform three tasks:

1. Conduct a market analysis of the future potential of the waterfront.
2. Provide the city with a land-use report outlining general zoning principles to guide development.
3. Propose specific projects that were financially achievable in a short amount of time.<sup>2</sup>

ACC's plan recommended:

\* A 94,000-square foot office building and a 750-vehicle parking garage on the block bounded by India, Commercial, Franklin and Fore Streets.

\* A 135,000-square foot office building and a 195-vehicle parking garage at Franklin and Commercial Streets.

\* A \$2.8 million island ferry terminal at the end of Custom House Wharf.

\* A 330-vehicle parking garage and 60 residential condominiums on Long Wharf.

\* A 45-unit residential condominium on Central Wharf.

\* A 275-room hotel, a 330-vehicle parking garage and a fishermen's memorial park on Commercial Street at the landward side of Widgery's and Union Wharves.

ACC estimated that the proposed projects would generate \$1 million annually in taxes.<sup>3</sup>

ACC's market analysis projected that over the next six years the waterfront may support:

- \* 400,000 square feet of new office space.
- \* 1,000 units of housing.
- \* 1,000 parking spaces.<sup>4</sup>
- \* As many new retail shops as there are storefronts to house them.

When the plan was publicly released in December, 1981, city and ACC officials supported it enthusiastically. Honey told reporters the study was "indeed do-able. It's not a pie-in-the-sky-dream. It is realistic and can be done." Gregory Droege, ACC's development director at the time, said "We don't propose pie-in-the-sky things. We propose small projects that work. Every place we go we see piles and piles of studies. The missing thing is, we see ourselves making it happen."<sup>5</sup>

Something else was missing -- gut-level support of ACC's plan. And the ambivalence posed a problem for city officials.

The truth was that city officials were disappointed with the ACC study and ACC never envisioned building the specific projects it proposed in the model accompanying the plan.

Members of Honey's staff in economic development and planning were unimpressed with the specific development ideas. They found little support for the working waterfront.

Honey himself believed the report's housing and office space predictions lacked substance. He said the predictions were based on mostly generalized census data, information that could have been compiled by any planner. City staff briefly raised the possibility of terminating the ACC contract.<sup>6</sup>

But in the end, officials felt bound to the report, at least initially. If they rejected the report, it would hurt the impression that progress was being made on the waterfront after years of inaction.<sup>7</sup> In addition, ACC's national prominence gave it more prestige than the largest city in one of the nation's least populated states. "A firm like that, you don't discredit," Honey said.<sup>8</sup> Added Casale, "As irritated as I was with what they had come forward with, I couldn't question their professional integrity. They had the track record, not I."<sup>9</sup>

Throughout the controversy, ACC played the part of the disinterested consultant, the role for which it was hired. Company officials said they did not mind opposition by city officials. The company believed the purpose of the report was to show market pressure for a variety of businesses and activities, or mixed use. It did not expect the planning model or proposals to be taken literally.

"The mixed use idea was what we were trying to promote, not where the hotel is at, or whether it should go on Long Wharf," said Dennis J. Connolly, ACC's vice president at the time of the Portland project. "The location is unimportant as long as the use is down there."<sup>10</sup>

When reminded by a reporter of the company's support of the projects during the public unveiling of the plan in 1981, Connolly said, "We couldn't stand up and say, 'There needs to be a hotel, but we don't know where, so we'll put it here.' You have to get specific in order to get people excited about it."<sup>12</sup>

The handling of the ACC episode illustrates one of Honey's philosophies: "Once you commit to a project, don't let the pieces slip away. Do everything you can to keep it going."<sup>12</sup> Honey gained a positive reputation for his resourcefulness as city administrator, but his approach on the waterfront met criticism. Critics did not mind that Honey was moving the waterfront into a new era, but they questioned the direction he wanted development to take.

The loudest criticism came from a group calling itself the Waterfront Preservation Association, or the WPA. The 60-member organization of fishermen, property owners and business owners challenged city officials for much of 1982. It was the WPA which held the colorful meeting at Boone's and gave Honey a public spanking.

At the center of disagreement was the term "mixed use" -- planning jargon for different land uses in one area.<sup>13</sup> ACC and city officials said the idea was appropriate for the waterfront. They said it was possible to have condominiums or a hotel near berths for fishing vessels. It was possible to have a retail shop near a commercial marine supplier. And it was possible to assure that fishing and other marine industries would not get pushed out by development. They said the Bath Iron Works shipyard, the Portland Fish Pier and Merrill's cargo pier guaranteed that Portland would have a blue collar, marine-oriented waterfront.

The WPA insisted that ACC's plan did not protect marine industries and that it resembled a repackaged Faneuil Hall Marketplace in Boston. The organization said the proposal would drive out fishermen by removing berthing spaces, and bringing in residents and shop owners who will eventually complain about odors and noise. It would also increase property values so that people who need waterfront locations would be unable to afford them.<sup>14</sup>

The WPA argued that the ACC staff did not speak to enough people — or the right people — when it researched Portland. Others were disturbed by the plan's impact on their properties. The report showed that two of Commercial Street's largest property owners would be better off relocating. Widgery Wharf, a small pier owned by a group of fishermen who rent space to 35 small vessels, would be replaced by a 275-room hotel and a park memorializing fishermen. The Widgery proposal did nothing to change the fishermen's view that professional planners were misguided academics who had stumbled into the real world by mistake.<sup>15</sup>

WPA and Honey continued their battle throughout 1982. It was a period of surprises. The WPA changed leadership three times in four months and changed its position on issues three times in a matter of weeks.<sup>16</sup> But like a political campaign, each change in command or public statement became a test of control between the city and the organization.

When Bob Levine, owner of Cumberland Wharf, resigned as the WPA's second chairman after only several weeks in the position, the WPA was afraid that the resignation would signal to the city that the organization was weakening. Publicly, members said disturbances within their ranks were inevitable because of their diversity. They said diversity was the group's strength because it allowed members to see different sides of an issue.<sup>17</sup>

City officials consistently denied that the WPA was a representative waterfront group.<sup>18</sup> Two other groups did emerge to influence city officials — a loosely knit coalition of businesses and a subcommittee of the chamber of commerce.<sup>19</sup> But when the Portland Evening Express reported in late 1982 that the WPA had become less active, Honey telephoned the reporter to express his happiness with the story.



Honey's problems with the WPA concerned William B. Troubh, who twice has served as mayor and was a city councilor at the time of the ACC study. He was the only councilor to vote against hiring ACC.

"I think people got carried away, frankly with their name," Troubh said. "And I think Tim recognizes that I think it wasn't very well-handled. I think Tim, through that troublesome era, discovered there are other points of view than the Rouse Company. I think it was a good experience for him. As Tim met with more groups (of businesses and citizens), he became more of a mediator and tried to resolve the issues that arose."<sup>20</sup>

In summary, Portland officials demonstrated their commitment to waterfront renewal by hiring a prestigious planning consultant. When faced with a disappointing planning report, city officials decided not to dispute it publicly. They feared anything short of support for ACC's plan would indicate a lack of planning consensus, which had been a major reason for a lack of public policy concerning the waterfront in the past. But a citizens' group helped publicize the plan's problems. City officials regrouped and responded to the public's concerns.

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#### I-4 THE ZONING ARGUMENT

To their credit, city officials offered citizens many chances to comment on ACC's plans. They hosted public discussions, which were taped for cable television, and participated in extensive media coverage.

In April of 1982 Honey gave city councilors a new plan molded from public comment, the ACC report and city staff advice. For the first time since the council hired ACC, the future of Portland's waterfront was back in the hands of politicians. Honey was no longer the point man.

The new report omitted ACC's development proposals, but included ACC's land-use recommendations. About 75 percent of the mile-long central waterfront next to downtown became included in a protective maritime zone, called W-2. The remaining area -- the four piers across the street from the Old Port section of downtown -- was set aside to continue to allow a variety of uses, or mixed use. The zone was called W-1.<sup>1</sup>

"It is important that the controversial aspects of (ACC's) proposal not overshadow and obstruct other key components of their report," Honey told councilors. "The single most important message from ACC is that change and development on our waterfront is occurring so rapidly that it is imperative to channel that development energy in order to achieve our waterfront objectives."<sup>2</sup>

Honey did outline development plans, however. Among his proposals were a rebuilt Commercial Street, a new ferry terminal for the Casco Bay Island Transit District, a new Gulf of Maine Aquarium, improvements at the International Ferry Terminal, a parking garage, public landing, public walkways and financial assistance for private property owners to improve piers for berthing.<sup>3</sup>

The ideas led to 10 additional studies worth more than \$200,000 over the next two years.<sup>4</sup> To oversee projects, city administrators hosted public meetings and city councilors chaired several citizen committees.

Zoning became the next topic of debate. The waterfront's existing zoning allowed many uses -- enough to make it "excessively open" to activity, according to the Urban Land Institute, a Washington, D.C. research agency.<sup>5</sup> Honey proposed keeping the zone on the landward side of Commercial Street and on four wharves closest to the Old Port section of downtown. He also put the International Ferry Terminal in the W-1, mixed use area. The areas from Maine Wharf to the east and Central Wharf west to Deake's Wharf would be in the strict maritime zone, W-2. Residential development would be permitted in the mixed use area only if it did not displace fishing vessels. (The ordinance permitted the relocation of vessels to other wharfs). Mixed uses would be forbidden in the maritime zone, but maritime uses would be permitted in the mixed use zone.<sup>6</sup>

The Portland Planning Board spent nearly nine months reviewing the zoning proposals. Like the debate of the previous six months, the zoning discussion featured several twists.

City officials, through the ACC report, had been promoting a varied and flexible waterfront. Business owners responded by asking for protection of fishing and other maritime industries. With its new report, city officials promoted protection, but businesses began asking for flexibility.<sup>7</sup>

Donald Spence, a Chamber of Commerce official, said a combination of factors over the previous several months had made waterfront issues more complex than ever.<sup>8</sup> He said businesses were surprised by the proposals in the ACC study and were worried about the impact

of unfinished studies on rebuilding Commercial Street, solutions to berthing shortages and building a new aquarium.

"They feel there is generally a lack of control over their own destiny," Spence said. "They'd like to see everything laid out in front of them."<sup>9</sup>

Businesses also worried about the impact of the Portland Fish Pier, which at the time was under construction. If the fish pier failed, pier owners in the fishing industry would want to seek tenants in other lines of work. But they may be prevented from doing so because the maritime zone excludes many businesses. Flexibility, Spence explained, allows businesses to survive by moving from one activity to another.<sup>10</sup>

Less emphasized, but just as important, was the business cycle. During the zoning debate, interest rates rose to nearly 17 percent.<sup>11</sup> Rising utility costs and expensive maintenance costs confronted pier owners. Many of them felt that amortizing increased costs of operation against maritime business would be impossible.<sup>12</sup>

The board eventually approved Honey's proposals with only minor adjustments.<sup>13</sup> The city council approved new zoning in early 1983.<sup>14</sup>

Two adjustments in the zoning took broader implications as time went on.

One landowner who influenced city officials was Jane Chee, owner of Central Wharf. Honey had proposed that Central Wharf be in the marine protection zone, but the Planning Board approved Mrs. Chee's request to have her property included in the mixed use area.<sup>15</sup> In early 1985, she sold Central Wharf to a condominium developer, the Liberty Group.<sup>16</sup> As

explained later, the Liberty Group's project came to symbolize conflicts between new development and marine industries.

The board also made the International Ferry Terminal a maritime area in order to plan for prospective cargo trade,<sup>17</sup> an idea proposed by board member Jack Humeniuk, the business agent for the local longshoremen's union. He and Casale, who became mayor in 1985, made public cargo development their priority. Government's role in supporting shipping and the status of the ferry terminal became intense political issues.<sup>18</sup> (The details are explained in Section II, Chapter 4, "History of the Shipping Industry.")

In summary, city officials gave the public many chances to comment about Portland's waterfront plans. The planning effort resulted in new waterfront zoning. Zoning created new issues involving the need for businesses to have economic flexibility. Zoning also set the stage for issues that would emerge later in the waterfront debate: Conflicts between new development and marine industries, and the status of cargo development and the International Ferry Terminal.

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## **I-5 MAKING THE DIFFICULT MORE COMPLEX**

Following the establishment of new waterfront zoning, several factors emerged to define waterfront issues in the interim period before the referendum. The factors included:

1. The style and performance of the American City Corp.;
2. Uncertainty over zoning;
3. Rapid development, particularly condominium pressure;
4. Politics.

### **I-5.1 THE STYLE AND PERFORMANCE OF THE AMERICAN CITY CORP.**

The major problem with the ACC report was that while ACC urged the city to maintain a working waterfront, the company offered few ideas about how to do it. The company recommended a low-interest loan program for improving privately-owned commercial marine piers,<sup>1</sup> but as a suggestion expressed in one sentence buried within a revolutionary development document, the program appeared to be backed with little resolve.

ACC also recommended that the city reserve land on the west end of the waterfront for maritime uses,<sup>2</sup> but gave no plan for developing or financing the idea.

ACC declined to deal with the economic impact of the fishing industry, a glaring omission for a company skilled in marketing and economics. According to a 1982 University of Maine study, the income generated per dollar of sale was higher for fisheries than for virtually any other sector in the state. The landed value of fish and shellfish in Maine ports totalled \$90 million. An input and output analysis undertaken in the U of M study indicated that these landings translated to an income of \$126 million generated by the harvesting sector and another \$113 million generated by the processing sector. In short, the landings generated total income of \$240 million, a multiplier of 2.58.<sup>3</sup> Granted, city officials never asked for a

specific fishing industry recommendations, but they did emphasize to ACC their interest in promoting a working waterfront.<sup>4</sup> ACC lost a chance to offer an innovative plan for nurturing a commercial port and to expand its expertise at creating waterfront projects. Instead, the company offered a standard Rouse blueprint for waterfronts.

The Waterfront Center, a Washington, D.C.-based consulting and information agency, analyzed ACC's problems in Portland in its 1985 publication, Caution: Working Waterfront.<sup>5</sup> Among the factors cited by authors Ann Breen and Dick Rigby were:

- \* ACC was from out of town. Breen and Rigby quoted one waterfront landowner: "Anyone coming in telling us what to do gets a negative reaction before you open your mouth."<sup>6</sup>

The irony here is that the Portland City Council wanted an outsider. What seemed to be an appropriate planning strategy became a political liability.

- \* ACC was associated with the Rouse Company's glamorous Faneuil Hall Marketplace in Boston, Harborplace in Baltimore and South Street Seaport in New York.

- \* ACC vice president Dennis Connolly "made what they probably would now concede was a tactical mistake in not talking directly to fishermen and to more waterfront business owners. It may well not have changed minds, but it might have lowered the decibel level of the controversy involved. Interestingly, ACC actually spoke to more people in Portland than it usually did for similar marketing studies."

- \* ACC was a "change agent." Its presentation proposed a very site-specific scheme for a sensitive, long-neglected area.

- \* ACC's model was intended to illustrate potential changes, but citizens viewed the changes as literal.<sup>7</sup>

Yet, it was hard not to take the model literally based on the enthusiasm espoused by city and ACC officials when the model was first unveiled in late 1981. The mistake seemed to be

that ACC presented its completed tasks in reverse order. As Honey explained in a report to city councilors, Portland hired ACC to determine market factors, recommend a land use plan and propose appropriate projects. When ACC went public, it began with its proposed projects. When ACC revealed the market and land-use information, the public perceived the data as merely serving to justify a corporate profit motive. ACC and city officials misunderstood the impact of their work and misread the waterfront constituency.

The entire ACC episode left the public with a skeptical view of consultants and city officials. When city officials backed away from the ACC report only a few months after offering unbridled support, their behavior suggested that ACC had been a hired gun under contract to scare property owners into taking waterfront development seriously. Such a perception was unfortunate. City officials had honorable intentions for hiring ACC. But the various circumstances stated earlier spiraled the report through the community like a tornado.

"This thing mushroomed beyond my wildest dreams," Casale said. "All we wanted was a long range plan. I never realized the study was going to shake the community like it did."<sup>8</sup>

Despite its problems in Portland, ACC distinguished itself by compiling accurate market projections.

ACC determined that the city would need an additional 431,000 square feet of office space by 1985. By early 1984, Portland was in the midst of having an additional 431,000 becoming available. Moreover, by 1986, the amount of office space in Portland was over 2 million feet, nearly double the amount of space in 1980.<sup>9</sup>

ACC predicted an increase of 1,445 housing units by 1985, a rate of 290 a year. During 1984 and 1985, 2,381 units were either constructed or pending permit approval, a rate of over 1,100 a year.<sup>10</sup>

In summary, city officials chose ACC for appropriate reasons. They needed to end the decades of inaction on the waterfront and prepare for the future. With ACC, they teamed with one of the top planning firms in the world. ACC delivered a report it thought met the goals of the city's planning effort. But ACC failed to emphasize the working waterfront, making worse the company's negative image which associated the firm exclusively with trendy, big-city projects. City officials tried to smooth over the controversy, but in the process earned a reputation for inconsistency. The irony of the ACC episode is that the company's projections have come true.

#### **I-5.2 UNCERTAINTY OVER ZONING**

Several events soon made the new zoning uncertain, clouding confidence in the city's ability to plan comprehensively.

Property owners and developers asked for zoning changes to make the marine zone less strict, the planning board undertook a rezoning analysis to determine if changes were needed, the Portland Community Chamber of Commerce studied the marine zone's vacancy rates, a citizens group sought more zoning protection for berthing and the City Council declared a six-month moratorium on marina development, which led to the banning of marinas from the W-2 marine protection zone.<sup>11</sup>

The irony here is that the city implemented new zoning to guide development; as development occurred, many parties wondered if the zoning was adequate.

The Portland City Council committed to the strict marine zoning, but not without playing politics. Between 1983 and 1986, city officials rejected two zone changes requested by private property owners and approved one change -- a change that eased requirements in the strict marine zone for two city-owned properties.<sup>12</sup>

The change affecting city property allowed more flexible use of ferry terminals. The change affected both the International Ferry Terminal and the new Casco Bay ferry terminal. The change allowed the city to try to make the new terminal more profitable by seeking more revenue generating businesses such as restaurant, retail and service establishments.<sup>13</sup> In essence, city officials granted flexibility to city properties while opposing flexibility for private properties in the working waterfront zone.

One of the zone changes proposed by a developer would have allowed housing on Cumberland Wharf, which is situated within the W-2 marine protective zone.<sup>14</sup> Approval would have allowed a \$15 million condominium and office project next to the Portland Fish Pier. The Portland Zoning Board of Appeals and the Portland Planning Board each rejected zone change requests by the McCourt Co. of Boston.<sup>15</sup>

The Cumberland Wharf issue was interesting because the project had the support of Mayor Joseph D. Casale and many members of the fishing industry.<sup>16</sup> Casale is a former longshoreman who was elected to the City Council to serve as the political spokesman for the working waterfront.

Project backers agreed that the integrity of the W-2 zone must stay intact and that non-marine uses should not be allowed to challenge activity at the Fish Pier. In fact, McCourt offered to aid the Fish Pier by building a 500-foot pier to help create additional berthing for fishing boats. McCourt and its supporters argued that Cumberland Wharf was a special case: A

hardship property. Owner Bob Levine, unable to develop a shipping and cold storage business at the site, was faced with foreclosure by his mortgage holder. One of the city's top real estate firms had been unable to market the site as a marine-use property, despite showing the property to 50 potential buyers.<sup>17</sup> Without the rejuvenation the housing project represented, Levine would lose the property and the mortgage holder probably would demolish its structures, leaving the waterfront with an empty pier.<sup>18</sup> McCourt's plea failed, probably because it was one of the first big tests of the W-2 zone. Few city officials wanted to bow to developer interests so soon after having the new zone. Levine's loss of property was one of the most unfortunate episodes of the waterfront's redevelopment story.

The other proposed private property change would have allowed more flexible use of the upper floors of buildings in the W-2 zone.<sup>19</sup> Property owners at Union Wharf and the Marine Trade Center at the Portland Fish Pier contended they were unable to find enough marine-oriented tenants for their office buildings. They contended that without zoning adjustments, their major investments in the marine zone -- and the marine zone itself -- may fail because of a lack of revenues to allow the properties to pay taxes and other expenses. The property owners and the Portland Planning Board agreed on a plan to allow more generalized use of the upper floors until 1990. In theory, the time frame would provide enough time for the city's marine economy to mature around the Portland Fish Pier and grow into the W-2 zone. But the Portland City Council disapproved, saying the agreement eroded the marine zone.<sup>20</sup>

Casale was one of the councilors to disapprove. How could he support a large housing project in the W-2 zone, but reject general use of office space in the upper floors of the same zone? The particular property owners involved were opposed to McCourt's housing proposal, which placed them opposite Casale on the issue. In essence, it probably boiled down to a matter of political style and personality conflicts. Whereas McCourt had sought changes by first seeking key City Hall support and letting a prominent elected official lead their case, the people

who wanted fewer zoning restrictions had not only fought the McCourt plan, but they had also moved their cause without building political consensus from within the established power structure.

In summary, development pressure became heavy on Portland's waterfront zoning. City officials backed the marine zone, but their action had as much to do with political maneuvering as it did with support of the working waterfront. The broad interest expressed in reviewing the zone indicated potential changes were imminent.

### **I-5.3 RAPID DEVELOPMENT/CONDOMINIUM PRESSURE**

As time went on, Portland's waterfront became one of the hottest real estate opportunities in New England.<sup>21</sup> By early 1986, nearly \$150 million worth of development was underway. Forty-four percent or \$65.5 million of the total investment was marine oriented.

Another \$100 million was proposed in mid-1986, all involving mixed uses, and each bringing to the forefront concerns about public access, building height and impact on neighboring areas.<sup>22</sup>

Nearly half of all the projects in the \$150 million group were subsidized in some way, either by direct taxpayer dollars, low-interest, tax exempt revenue bonds or investment tax credits for renovating historic buildings.<sup>23</sup> When no subsidy was easily available, developers turned resourceful. The waterfront's historic district boundaries were moved so that the Finch Group could renovate the former Porteous warehouse. The housing project then received tax benefits.<sup>24</sup>



Future use of the subsidy opportunities is unclear. Locally, city officials are skeptical about committing large amounts of public dollars to projects and most buildings in the waterfront area eligible for historic tax credits have been redeveloped. On the federal level, the federal grant system is changing and the overhaul of the federal tax system changed how the real estate market viewed interest and depreciation deductions and capital gains taxes.<sup>25</sup>

One project, the 88-unit Chandler's Wharf condominium project at the former Central Wharf, symbolized conflicts brewing along the waterfront. The project advertized prices between \$150,000 - \$300,000. Initially, buyers began making commitments to the project within three days, although not all followed through.<sup>26</sup> But in one fell swoop, the project illustrated to waterfront landowners the value of their land and heightened concern about potential displacement of fishing boats.<sup>27</sup>

One knowledgeable broker estimated that Central Wharf's value grew from about \$65,000 to \$3 million in the last decade. Long Wharf, purchased in the late 1970s for \$600,000, was worth about \$6 million by the mid-1980s.<sup>28</sup> The value of Hobson's Wharf went from \$300,000 to over \$500,000 in just two years.<sup>29</sup>

The W-1 zone allowed housing, but only if no fishing boats were displaced or if "reasonable" alternative berthing was found. About 25 lobster boats and groundfish draggers used Central. Most found space at Hobson's Wharf, a property renovation financed mostly by other fishermen. In essence, Hobson's space replaced Central's space, but the tradeoff was not good enough for some fishermen and waterfront activists. They emphasized that no net gain in berthing existed in the tradeoff, so that berthing space remained as tight as ever.<sup>30</sup>

The Central Wharf issue put the Liberty Group at the forefront of the waterfront controversy, and triggered the eventual arrival of the referendum zoning. Instead of being

perceived as a developer using the city's zoning laws as they were intended, i.e. putting housing in the W-1 mixed use zone and providing for alternative fish boat berthing elsewhere (Liberty had helped the Hobson's Wharf owners finance their project), many in the community viewed Liberty as a threat to the working waterfront and the leader in an unwanted transformation of Commercial Street.<sup>31</sup>

A subsequent Liberty project at Long Wharf, a \$50 million condominium office project, fueled the controversy. The Portland Planning Board approved the project with a 24.5 foot height extension, resulting in a lawsuit by Greater Portland Landmarks, the local historic preservation agency. Landmarks and Liberty eventually reached a settlement on a height compromise, but criticism lingered about City policy which would allow nearly full development of a large waterfront parcel close to the central city and how the zoning ordinance's recognition of public access was non-existent, relying instead on public access being negotiated between developers and city officials.<sup>32</sup>

Another project which contributed to the perception that the city's waterfront policies were out of control was the \$50 million Eastern Point project, situated in an industrial zone east of Bath Iron Works at the foot of Munjoy Hill. The project's core of high priced condominiums became the focus of opposition, overshadowing the project's other characteristics: Its rejuvenation of a dilapidated property, greater public access than had ever existed on the site and a large marina which accomplished two things: It took the pressure for recreational boating space out of the central waterfront area and provided berthing for commercial vessels. Activists who opposed non-marine uses and supported the moratorium successfully painted a picture of the project as one which promoted exclusivity through high-priced condominiums, threatened public access because of the exclusivity and hurt commercial berthing by having housing and fishing boats on the same property. Eastern Point became a casualty of the referendum, forcing the developers to give up on its plans.<sup>33</sup>

Recreational boating development also experienced a surge in the 1980s. In 1988, Portland Harbor had over 800 marina slips, nearly triple the amount available in 1980. Another 600 were being proposed. Locally, boating growth increased pressure for improved harbor management. Statewide, boating growth led to the creation of a two-year study effort to determine the impact of marina growth on the coast.<sup>34</sup>

In summary, development increased the value of waterfront property and created conflicts about compatibility with the fishing industry and management issues regarding recreational boating. City officials have begun taking a more cautious attitude regarding public participation in projects. Changes in federal grants and tax law have created uncertainty about future private development.

#### **I-5.4 POLITICS**

Joseph D. Casale became mayor in 1985 and made public cargo development his priority, despite the operation of a private cargo pier on the waterfront. His support of keeping land near the International Ferry Terminal available for cargo development placed him at odds with the \$40 million Waterfront Park proposal.<sup>35</sup> The plan would have created an improved terminal and a hotel, shops, offices and an aquarium.<sup>36</sup> Also, City Councilor Ronald Dorler (who became a two-term mayor) came on to the council opposed to projects requiring major commitments by the city, such as the BIW deal. Honey's support for Waterfront Park and the opposition by Casale and Dorler contributed to Honey losing political support on the council.<sup>37</sup> He resigned in September of 1985 and left for a new job in Rhode Island in early 1986.<sup>38</sup> Dorler summed up the situation when a City Council committee rejected the Waterfront Park Plan in July, 1985.

"I think what you're seeing is a committee and a (City) Council which is starting to say, 'Hey, wait a minute. What do we want to do as councilors? Which way do we want to see the city go?'"

"You're starting to see a little power struggle between the city manager and the council as to what direction we want to see the city take. The other thing I really feel strongly about (is that) if the city people who worked on this project spend half their time and energy on the day-to-day business of running the city, I think we'd be just as far ahead."<sup>39</sup>

Perhaps the best analysis of the city's changing political mood was provided by Bryan McNulty, former city hall reporter for the Portland Press Herald and Evening Express. When city councilors selected South Portland City Manager Robert Ganley as Honey's successor, McNulty wrote about how the City Council was beginning to reflect the mood of longtime residents of the city who did not feel touched by the Portland Renaissance.

"In recent years, working people saw a real estate boom as Portland grew in sophistication and in its attraction to people from away. At the same time, they began to worry about their tax bills . . . That worry led to the birth of the watchdog Portland Taxpayers Association. Dorler used his presidency as a springboard to a council seat.

"Small-business men with chronic pothole complaints felt ignored by the three-piece-suit crowd, the downtown movers and shakers. They rallied around one of their own -- sandwich store owner Danny Lee.

"East Deering residents felt passed by as all the money seemed to get spent on the peninsula. They elected one of their own: Homemaker, student and tireless organizer Cheryl A. Leeman.

". . . Theoretically, the part-time council is supposed to make policy and the full-time city manager implements that policy as he administers daily affairs. But the Portland council today draws the line of distinction differently than it did five years ago -- when strong City Manager Tim Honey took over from his mentor and strong city manager, A.J. Wilson. Dorler made no secret of his dislike for Honey's management style. Dorler believes the mayor should know more about what's going on; he should have more influence than Honey allowed with his tight control over information. Honey played his cards close to the vest. He worked hard and came to every council meeting with answers for every question. He revealed his information carefully, even cleverly, always mindful of policy he wanted to cultivate.

"Ganley is considered more direct. In South Portland, he provides regular background papers from his office to councilors on major topics. Ganley is more deferential to councilors, more likely to let them bask in the glory. He is respected by his council, but is not as assertive in public with them as Honey was in Portland."<sup>40</sup>

Perhaps the ultimate political act was the campaign waged by supporters of the marine-only use referendum. It has been a long time since an issue has left Portland so divided.

The basic message of the campaign -- "ban condos" -- was well-supported. Most waterfront observers agreed that the construction of housing on wharfs in the central waterfront area was a bad idea. But the breadth of the campaign's message disturbed many people who had a depth of waterfront experience, including most property owners. Their message was that piers could not be developed efficiently for marine uses without allowing other uses on the upper floors. In essence, they also opposed condos, and also supported strict maritime zoning but only for the pier's edge and first floor areas. With higher valued uses on the upper floors, use of the pier would remain economical to the marine industry. For example, a 1983 berthing study stated, "present market rules for berthing (\$30-\$40/ft./yr.) are not adequate to pay for new berthing rates. The least expensive new facilities would require rates of about \$70/ft./yr. if they are to be carried entirely by berthing fees."<sup>41</sup> Owners contended that it would take non-marine uses -- excluding condos and other upscale uses -- to keep berthing fees at relatively low rates. Referendum supporters claimed if the port was better marketed, then there would be plenty of marine uses to help pay costs.<sup>42</sup>

Needless to say, the "ban condos" argument prevailed over the waterfront economics argument by a 2-1 landslide. Many people have analyzed the vote and saw it as a combination of:

- \* An "anti-condo" vote;
- \* An "anti-growth in Southern Maine" vote;
- \* An "anti-Portland City Council" vote; and
- \* A vote to allow the city to reorganize itself regarding the waterfront.<sup>43</sup>

In summary, waterfront development has made city politics more complex and even led to a shift in attitude regarding the independence of the city manager. Newly elected city officials continue to promote waterfront development, but want to be more involved in its details. Waterfront development issues were also contributing factors in the resignation of City Manager Tim Honey and a moratorium on non-marine development. In addition, different perceptions about the waterfront's future led to deep divisions within the community.

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## I-6 SUMMARY

Portland's waterfront declined over several decades, paralleling the city's overall decline. There were many reasons for both problems, such as conservative city leadership in the middle decades of the 20th century, general economic stagnation and Washington's narrowly defined federal urban policies. Before 1980, repeated efforts at waterfront renewal failed because of pollution problems and an inadequate planning focus. The waterfront emerged into public policy as a result of Portland's success with federal grants and downtown renewal, private enterprise's rebuilding of the Old Port section of downtown, pollution abatement in Portland Harbor, the emergence of strong political representation for the waterfront and a new city administration's prioritization of the waterfront as a professional opportunity.

Portland officials demonstrated their commitment to waterfront renewal by hiring a prestigious planning consultant, the American City Corporation (ACC). City officials chose ACC for appropriate reasons and ACC delivered a report it thought met the goals of the city's planning effort. But ACC failed to emphasize the working waterfront, worsening the company's reputation in Portland for specializing in slick, big-city projects. City officials decided to support ACC's report publicly despite their private disappointment. They feared anything short of support for ACC's plan would indicate a lack of planning consensus, which had been a major reason for a lack of public policy about the waterfront in the past.

City officials tried to smooth over the controversy, but in the process earned a reputation for inconsistency. A citizens' group helped publicize the plan's problems. City officials regrouped and responded to the public's concerns, allowing the public many chances to comment on the waterfront's future. The irony of the ACC era is that the company's projections about housing and offices have come true.

The city's overall planning effort resulted in new zoning for the mile-long strip of central waterfront area next to downtown: A W-1 Zone, which allowed a variety of uses and a W-2 Zone, which intended to protect marine industries from encroachment by non-marine uses. The protective zone is an example of social engineering. The inclusion of 75 percent of the waterfront into a protective maritime zone was not based on economics or water planning. It was based on public opinion and an urge to maintain heritage. Without the zone, however, more non-marine development would have come to the waterfront, spoiling the rawness which gives the waterfront its appeal.

Zoning created new issues. Businesses in the W-2 zone claimed they needed more economic flexibility than the zone allowed. Zoning also set the stage for issues that would emerge later in the waterfront debate: Conflicts between new non-marine development and berthing for fishing vessels and the status of both cargo development and the International Ferry Terminal.

Development pressure became heavy on Portland's waterfront zoning. City officials backed the protective maritime zone, but their action had as much to do with political maneuvering as it did for support of the working waterfront. The broad interest expressed in reviewing waterfront zoning indicated changes were imminent. Opposition to condominium projects came to symbolize public discontent with city waterfront policy, leading to a 5-year moratorium on non-marine development.

Development increased the value of waterfront property. In the public sector, city officials have begun taking a more cautious attitude regarding public financial participation in projects. Prospective changes in federal grants and federal tax laws have created uncertainty about future public and private development.

Waterfront development has made city politics more complex. A fundamental change has been a shift in attitude regarding the independence of the city manager. New elected city officials continue to promote waterfront development, but want to be more involved in its details. Waterfront development issues contributed to the resignation of City Manager Tim Honey and a moratorium on non-marine development. In addition, differences in perception about the future of the waterfront created deep divisions within the community. (A chronology of public actions relating to the Portland waterfront, 1975-1988, is contained in Appendix IV.)

## **I-7 CONCLUSION: AN APPROACH**

On the face of it, Portland's approach to waterfront development in the early 1980s was rife with contradictions. The city promoted a variety of private, non-maritime development, but spent tax dollars on and created strict land-use protection for economically depressed maritime industries.

This conclusion asserts that the approach made sense for Portland, but the city was unable to properly implement the strategy. The public perceived a loss of control over the pace of non-marine development, leading to support for the moratorium. A program including conditional zoning and a legally defensible system of exactions on developers in the mixed use zone would have made the former W-1/W-2 zoning concept enhance marine-related protection and development. In light of the referendum, however, the city must review its waterfront policies in the context of the following three points:

1. Portland needs better information about how its waterfront and harbor works in order to improve the city's methodologies for managing waterfront development.
2. Housing is an unwise use of the water's edge in the central waterfront area.
3. Portland's diversity requires support for a variety of maritime and non-maritime waterfront uses.

Each point is addressed below.

### **I-7.1 BETTER INFORMATION NEEDED**

Portland needs better information about how its waterfront and harbor works in order to improve the city's methodologies for managing waterfront development.

The zoning problems outlined earlier illustrate the complexity of the development issues on Portland's waterfront, but they also suggest that Portland's approach to waterfront development remains disjointed and incremental.

In the past, the city has influenced waterfront development by the public acquisition of land (The Portland Fish Pier), providing direct financial assistance (the Bath Iron Works shipyard), making capital improvements (sewers, street lights, road reconstruction) and creating new zoning (the implementation of a mixed use zone and a maritime protection zone).<sup>1</sup> But the measures have not reduced the community's unhappiness with waterfront policies nor have they adequately addressed all issues.

#### **I-7.1A WATER-BASED HARBOR PLANNING**

Traditionally, Portland's waterfront planning has focused on land use planning strategies. Over the last couple of years, however, evidence is increasing that proper waterfront planning begins with water-use planning. This approach is articulated in model harbor management plans developed by Connecticut and Massachusetts and draft plans being developed by Rhode Island. In Maine, the approach was implemented for the first time in the state by the Town of Scarborough, which won awards for innovation from the Maine Association of Planners and the Greater Portland Council of Governments.<sup>2</sup>

Conceptually, a harbor management plan may be understood as a "wet side" application of more traditional land use planning theories and techniques.<sup>3</sup> Guidelines for harbor management planning are contained in Appendix V. In its basic form, harbor management planning involves:

1. Inventorying all water-based facilities and how the water is used;
2. Conducting a needs assessment and market analysis of each activity using the water;

3. Establishing appropriate linkages between use of the water and the land. Examples of linkages include:

A. Ensuring that water-dependent uses get support from land-use zoning regulations;

B. Ensuring that commercial and recreational boating facilities have adequate shorefront access;

C. Ensuring that parking and public facilities such as restrooms are available; and

D. Ensuring that access to the shore remains open for both existing and proposed areas identified as water-dependent use sections of the harbor.

Specific steps recommended for Portland are described below. They include:

1. A harbor needs assessment and market analysis;
2. Shoreside needs; and
3. A berthing and facilities improvement plan.

#### **I-7.1A(1) HARBOR NEEDS ASSESSMENT/MARKET ANALYSIS**

As stated earlier, the first step in a maritime-oriented waterfront plan should begin with the water. Waterfront planning should be based on the perspective one would get from the bow of a boat instead of traditional land use approaches. A needs assessment and market analysis must be compiled of each marine activity using the water -- the fishing, shipping and shipbuilding industries, the recreational boating, tour/excursion/charter boat and cruise ship industries, and public water transportation. The idea would be to determine all existing and potential uses of the water and the amount of water space needed for dockage, moorings, maneuvering and anchorage. Portland also needs up-to-date information regarding the number of vessels using the water, the number of jobs associated with the vessels, the services

required by the vessels and employees, and the economic impact on the community of marine businesses.

#### **I-7.1A(2) SHORESIDE NEEDS**

With the water information compiled, one may then determine the types of shoreside uses necessary to service the industries and the amount of shoreside space needed to accommodate the support activities. Shoreside support means accessory businesses such as marine retail and wholesale operations, eateries, businesses serving tourists, storage, office space for marine business owners, and public facilities such as piers, public landings, boat ramps, public toilets and parking. Analysis of the shoreside means determining the needs of the particular marine industries, as well as determining the opportunities for public access and waterfront-related tourism development. An investigation is also needed to determine if upper floor space can provide more revenue-producing uses than are possible from berthing and marine-related first floor uses.

When information about the harbor and related shoreside needs is completed city officials can then answer these critical questions:

1. What is the economic and social impact of Portland's maritime industries?
2. Which zoning plan more accurately serves the city's marine economy: A strict system of marine-only uses or a mixture of uses, such as strict protection of marine industries at the water's edge combined with less strict zoning to allow non-marine uses on upper floors?

There are two general views here. One contends that the zoning must remain strict, or other zoning changes will follow. This is the "foot-in-the-door" argument which says that minor changes lead to larger changes. This argument has merit because of the intense pressure on the waterfront for non-maritime activities. The other view says that upper floor space in buildings is appropriate for mixed use. This allows property owners to recoup costs without

hurting maritime operations on the first floors and on piers. The latter argument is valid because the fishing industry has not historically been an upper floor business. Its historic shoreside needs have been related to berthing and pier top space.

3. Do public revenue sources exist which can be dedicated to waterfront projects? Boat excise taxes, submerged land lease payments, and user fees should be considered as revenue sources.

### **I-7.1A(3) A BERTHING AND FACILITIES IMPROVEMENT PLAN**

A lack of specific berthing space plan addressing all types of vessels is perhaps the greatest policy failure on the waterfront. The city spent \$15 million in local, state and federal money to erect a 19.5-acre fish pier that may be one of the biggest innovations in the New England groundfishery in this century (See chapter Two). The city then rezoned its waterfront with the intention of protecting the fishing industry. Three times in the last eight years, major studies have focused on the need to increase berthing space. The Fish Pier feasibility study of 1980 projected a need for up to 5,700 linear feet by 1983 and up to 13,000 in 1990. The American City Corp. study of 1981 projected a need for 10,000 linear feet by 1990 and the Greater Portland Berthing study of 1983 projected a need for up to 8,000 linear feet by 1990.<sup>4</sup> In a 1985 report to the City Council, City Manager Tim Honey wrote:

"The City recognizes that a serious berthing problem exists in Portland Harbor and the general Casco Bay area. The shortage of adequate berthing space is compounded by a City/State commitment to expand the Maine fishing industry with the construction of a major fishing complex in Portland. An expanding Maine fishing industry requires that the City of Portland make every effort to maximize fishing vessel berthing in Portland Harbor and the surrounding region."<sup>5</sup>

But little progress has been made on the issue. Clearly, it makes no sense to nurture an industry that provides over \$100 million to the local economy and not fulfill one of its basic needs: A place to tie up a boat, along with deck space for storage, parking and maintenance.



State officials have tried to help. The Maine Department of Transportation prepared a \$10 million bond issue in 1986 that provided money for pier improvements, but voters defeated the bond in a referendum. MDOT expects to resubmit the idea sometime in the future.<sup>6</sup>

Updated berthing information, for all types of boats using the waterfront, is necessary before anyone can sensibly address the issue. For instance:

1. Demand for fishing vessel berthing must be projected according to these four factors:

(A) The impact of the Portland Fish Pier on local vessel berthing practices and the recruitment of both transient and permanent vessels from other ports;

(B) The slowdown in new vessels entering the fishery because of overcapitalization in the late 1970s and early 1980s, and overfishing of the resource;

(C) The impact on Portland's and New England's fleet of the new Gulf of Maine boundary between the United States and Canada, a dividing line that has pushed more U.S. boats into a smaller area.

(D) The impact of all of the above on vessel upgrading practices by fishermen.

2. Berthing space must be studied to see if it is practical to allocate berthing according to the different water depths required by various vessels.

3. Now that the recreational boating boom has hit Portland Harbor, more information is necessary about the impact of marina growth on commercial vessel berthing space.

Details are needed about the compatibility of including commercial vessel and recreational boat berthing space in the same project, or the plausibility of establishing zoning in water areas to delineate berthing uses.

4. Berthing must also be studied from the standpoint of land speculation on the waterfront and what it is doing to berthing rates.

For instance, Hobson's Wharf was developed by fishermen. It has the highest fishing vessel berthing rates in Portland -- and possibly New England.<sup>7</sup> One reason is that the value of the property increased 67% (\$300,000 to \$500,000) in two years.

5. How willing are city officials to finance berthing?

Some fishermen are worried about berthing space becoming expensive.<sup>8</sup> City Hall should not be in the position of subsidizing a business operation's rent, but the fact remains that the W-2 zone (both before and after the referendum) was implemented to create a place for the lower-cost marine market. A publicly operated berthing pier would go a long way toward helping that market survive. Not everyone agrees with putting government into a situation that might be handled by free enterprise, but government involvement may be the only way to compete for scarce waterfront space with high-valued non-marine development.

6. Do tax incentives exist for pier owners to construct pier improvements? If providing for the marine economy is indeed a priority in Maine, use of industrial revenue bonds and tax credits should be made more available to pier owners.

The guidelines expressed above are consistent with recommendations contained in the 1983 Greater Portland Berthing Study. The study ought not to be hidden on a shelf.

#### **I-7.1B A MODEL PLAN**

Portland is hardly the only waterfront dealing with zoning issues. Throughout New England, communities are in the midst of resolving zoning dilemmas, economic issues affecting landowners, and various strategies for protecting Maine industries. Interestingly, many are looking to Portland for guidance.

But a good model for Portland to follow is located halfway down the east coast in Annapolis, Maryland. The Maritime Zoning and Economic Strategy for the City of Annapolis was given a planning award in 1988 by the American Planning Association.

Like Portland, Annapolis recognizes the importance of maritime industries to the community's economy and quality of life. Its plan establishes two goals:

1. The waterfront must be reserved for water-related uses; and,
2. Relief is necessary from the pressure of competing land uses.

Annapolis is attempting to ready its goals through a series of land use, economic and administrative actions.

#### **LAND USES**

1. The establishment of four separate zoning districts. While all districts are designed to provide incentives to the maritime industry, some flexibility is offered property owners incorporating higher valued uses. For instance:

\* With limited exceptions, maritime districts should be exclusively for maritime operations. The area within 100 feet of the water cannot be built upon except for structures directly related to waterfront dependent businesses;

\* Districts which allow non marine uses must meet specific criteria: Retail, professional offices and restaurants are allowed in existing buildings by administrative review provided they do not exceed 30% of total gross floor area.

\* Retail, professional offices and restaurants are also allowed in new buildings, up to 25% of total gross floor area through approval of a conditional use permit, beyond the 100' setback.

## **ECONOMIC INCENTIVES**

1. Lower property assessments for land used for maritime purposes; and,
2. Dedication of revenues sources such as a slip tax to a waterfront development fund.

## **ADMINISTRATIVE FUNCTIONS**

Coordinated promotion of the port by the city, state and private groups and the establishment of a promotional foundation.<sup>9</sup>

### **I-7.2 HOUSING: UNWISE IN CENTRAL WATERFRONT**

Housing is an unwise use of the water's edge in the central waterfront area.

The arrival of housing at the water's edge in the central waterfront area has caused the most trouble for city policymakers, putting the spotlight on berthing shortages, the need for public access, the potential for widespread displacement of fishermen, and the lack of investment incentive in the protective maritime zone.

Housing is attractive for property owners in the mixed use zone because Portland's healthy housing market spells profitability. Housing is also a way of bringing people to the waterfront, giving it a 24-hour lifestyle that enhances public safety and perhaps allowing outsiders to gain an appreciation of the working waterfront. However, it is not clear that people enjoy living next to industrial operations, especially when they are neighbors, only a few dozen feet apart across a boat slip. Housing may institutionalize non-compatibility with maritime operations. How will residents react to diesel engine fumes and road dust filtering through their living room windows? Fishing vessels rumbling to life at 3 a.m.? The daily traffic bottleneck and parking squeeze? Fishy odors? Developers market pier housing as if the harbor and its vessels were artwork instead of places where men sweat, spit, swear and occasionally urinate overboard.

There is plenty of room for housing on the street side of piers and on the landward side of Commercial Street. Each location continues to provide a strong harbor atmosphere without increasing the potential for hurting boat operations or creating neighborhood privacy issues.

### **I-7.3 SUPPORT PORTLAND'S DIVERSITY**

Portland's diversity requires support for a variety of marine and non-marine waterfront uses.

Aside from Portland's need for more specific maritime and harbor information in its waterfront development plan, the city's support for mixed use on the waterfront makes sense. Portland is a diverse city, despite the singular atmosphere suggested by its trendy downtown and white collar economy. According to the 1980 census, one out of every four households is headed by an elderly person. Between 1982 and 1984 the city's welfare budget tripled.<sup>10</sup> Neighborhoods continue to be defined by their schools, corner bars and families in which several generations live within a few blocks of each other.<sup>11</sup> Regulations on the waterfront permitting different types of businesses would recognize the reality of Portland's economy; helping traditional maritime industries with tax dollars and zoning is a way of maintaining the city's diversity. Economically, a dose of public aid today may provide the maritime economy with the backing it needs to stabilize for the future, just as Portland's downtown benefitted from public money in the 1960s and 70s. Further, public support for maritime industries may be a critical method of offsetting rapid coastal non-maritime development, and strengthening public access to the water. Subsidies are risky, but if the community values Portland's character, the risk is worth taking.

The waterfront's past supports the mixed use concept. Before its decline in this century, the waterfront bustled with variety. One hundred years ago Commercial Street teemed with

fishing vessels, fish markets, cargo ships, passenger ships, trains, and horse- or oxen-drawn carts. There were people of many nationalities, as foreigners crewed cargo ships or immigrated to the United States through Portland Harbor. Because Commercial Street linked Portland's seaward and landward personalities, a variety of businesses called Commercial Street "home." City directories from the 1880s and early 1900s show Commercial Street's diversity. In addition to the dozens of fishing and shipping-related businesses, Commercial Street included artist studios, pool halls, bookstores, clothing stores, grocery stores and restaurants. There were manufacturers of canned goods, furniture, belts and cigars. Other storefronts housed drug stores, candy stores and hair dressers.

At the turn of the century, a day's outing might include a steamer trip to Peak's Island, a band concert or play at Greenwood amusement park, a clambake and a moonlight ride back to the mainland.<sup>12</sup> Today's diversity was illustrated in a 1988 survey of the waterfront by the University of Southern Maine's Public Policy and Management Program. "The most immediate and striking feature" reported by the survey was "the heterogeneity of the waterfront business community."<sup>13</sup>

One must recognize differences, of course, comparing the waterfront of the late 20th century to the waterfront of the late 19th century. Housing relates differently to a working area than tourist ships and passenger trains. The success of a mixed use area seems to be its reliance on business uses instead of including residential uses. Businesses have generic similarities such as the willingness to provide for the public or the need to negotiate in order to operate successfully. By contrast, residents prefer privacy and look for ways to enhance it.

If a mixed use approach returns to Portland's waterfront city officials ought not to be afraid to demand more from developers regarding fees to promote investment in the marine

zone or the creation or retention of public access. Portland has a scarce resource. Where else in Maine is there an urban waterfront?

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**SECTION II**  
**THE TRADITIONAL WATERFRONT**

## **II-1 HISTORY OF THE FISHING INDUSTRY**

### **II-1.1 INTRODUCTION**

In the early 17th century, a model of international trade operated from Richmond Island, off Cape Elizabeth. About two dozen vessels employing nearly 60 men provided dried cod to Spain and Portugal. The cod provided the barter for wine, which landed on the shelves of Boston merchants via England.<sup>1</sup> The only interruptions in the 6,000-mile roundtrip flow of commerce were bad weather and Christmas.<sup>2</sup>

The boss of the Richmond venture, John Winter, was a tough businessman. One of his jobs was to evict George Cleeve and Richard Tucker, who in 1630 had staked claims to land on the Spurwink River in Cape Elizabeth. Cleeve and Tucker ended up a few miles to the northeast on a neck of land situated next to a protected harbor. It was a peninsula of hills, shrubs, trees and swamps flanked by waters fresh and salt. It was known as "Machigonne," meaning "great knee" or "great bend" for its angle to the mainland. Cleeve erected the first permanent settlement there in 1632. It is now known as Portland.<sup>3</sup>

Portland and the fishing industry remain linked today. The potential displacement of the fishing industry by non-maritime, waterfront development has become a symbol for the negative aspects of growth citywide.<sup>4</sup>

This chapter and the next outline the evolution of the fishing industry in Portland. They examine the impact the industry has had on port operations, putting into perspective the industry's role in the city. The first chapter gives an historic overview of the industry. The second chapter focuses on what is undoubtedly the biggest impact ever on Portland's fishing industry: The Portland Fish Pier.

## II-1.2 A BRIEF LOOK AT PORTLAND'S FLEET TODAY

Despite being a traditional industry, the fishing industry is anything but tradition-bound. Consider the changes in Portland and throughout the New England region over the last 25 years:

\* In 1972, Portland's waterfront averaged 39 trawlers (including a one-month low of 21) in Portland Harbor, probably the fewest boats in history. Today, there are over 90 trawlers, with a five-year average of 82.<sup>5</sup>

\* In 1964, the average captain of Boston's offshore fleet was 56 years old and his crew averaged 59 years, a situation considered typical throughout New England. By 1980, most men entering the dragger fleet in Maine were in their early 30s.<sup>6</sup>

\* In 1974, the mean age of Maine's fishing fleet was 27 years old, and some of the boats had been built between 1910 and 1920. By 1980, half the fleet in Portland had been purchased over the previous six years. There was an annual turnover rate of 20 percent, with most of the transactions reflecting "trading up."<sup>7</sup>

\* For years fishing was regarded as a poor-man's trade in which individuals were shunned by traditional credit and investment institutions. By 1980, fishermen's incomes in Maine were up 132 percent from 1970 and the standard of living of fishermen throughout New England had probably never been higher. Private and public financial institutions have become more open to the needs of the industry.<sup>8</sup>

\* The major technological and regulatory factors affecting the industry have also changed drastically. The most common groundfish boat, the stern dragger, has been common

in New England for only about 20 years. The extensive use of electronic navigational and fish-finding gear dates back just 15 years.<sup>9</sup>

Fishing today requires stiff capital commitments. Chances are good fishermen leave the port in a relatively new or well-maintained second-hand vessel worth between \$250,000 and \$1 million. For navigation, they will use the Loran C, which electronically provides accuracy up to 50 feet. The Loran C helps fishermen record the location of productive fishing grounds, helps them get home in a thick fog or helps them get located by rescuers during a time of distress. To find fish and avoid net damage, they will rely upon sonar images translated by depth finders, depth recorders and fish scopes. To stay in contact with others or for general entertainment, they will install C.B. radios, televisions, and stereos. They may have over \$30,000 invested in electronics. That would be about triple the investment for the actual tools that catches the fish — the winch, cable, doors and net that form the trawl.

Why the need for deep capitalization? To be successful, fishermen must be versatile. Federal closures require fishermen to exploit different fishing grounds and different species. The focus on versatility illustrates another point: Comprehensive federal regulation of the industry is just 12 years old.<sup>10</sup> (The impact of this regulation will be explained in the following chapter on the Portland Fish Pier.)

Using the above changes as a barometer, it appears the industry is doing very well. But many changes have come about as a result of the industry innovating to overcome repeated problems. A look at the industry's past will increase understanding of today's industry. The past explains how the industry got to where it is at today, and, more importantly, how the industry's recent changes are major transformations. Furthermore, events in the 19th and early 20th centuries continue to have an impact on the industry today.

### II-1.3 19TH CENTURY PROMINENCE

In the 1800s, Maine's fishing industry was internationally prominent.<sup>11</sup> Between 1820, the year Maine became a state, and 1865, the end of the Civil War, Maine supplied 25-to-50 percent of the nation's fish.<sup>12</sup> Portland was an important port in the state, but its status fluctuated. The industry's growth in Maine occurred primarily because of the settlement of eastern Penobscot Bay. Portland participated very little in the cod boom of the mid-19th century. On the other hand, it dominated the state's mackerel fishery throughout the 19th century. The Northern mackerel grounds extended the entire length of the Gulf of Maine, from Massachusetts Bay to the Bay of Fundy, and up to 60 miles seaward of the coast. An area off Cape Elizabeth, one of Portland's suburbs, was considered one of the best mackerel grounds.<sup>13</sup>

Still, Portland was renowned more as a shipping center than a fish port. (See "History of Shipping," Chapter Four). The fishing industry later centralized operations in Portland in the late 1800s, but only because the city's highly-capitalized vessel owners could withstand the late 19th-century financial problems that eliminated many small-scale operators elsewhere.<sup>14</sup> This was one of the privileges of living in an urban community blessed with a broad maritime heritage of shipbuilding, shipping and marine transportation as well as fishing. Many merchants were used to owning shares in fishing vessels as a way of investing their earnings. It was not uncommon for a vessel to be financed with up to 32 shares or for many of the city's most prominent businesses to own a dozen or more schooners each.<sup>15</sup>

During the consolidation, Portland became one of the three prime fishing ports in America, along with Gloucester and Boston. (Keep in mind there were few big ports at the time.) During the 1880s, a quarter of all the salt mackerel landed in New England landed on Portland's waterfront.<sup>16</sup> Portland's peak year of the post-Civil War era was 1883, when it claimed 113 large schooners, averaging 58 tons each, and 38 smaller boats. Vessel tonnage was 6,522, probably one quarter to one third of the state total and close to 8 percent of the national

total. Servicing the fleet were 31 wholesale fish dealers. In 1884, Portland fisheries generated employment for 3,000 workers.

By 1885, two-thirds of Maine's fish dealers and three quarters of its outfitting firms were located in Portland, giving the city monopoly control over two aspects of the industry. But, again, the growth was due to a consolidation of the industry, which meant that in other areas of Maine the industry was in sharp decline.<sup>17</sup> And despite Portland's success, most fishermen remained poor. Making money meant earning enough to sustain one's family through the winter before returning to fishing in the spring. Most local fishermen lived on the islands in Casco Bay because the cost of living was less than on the mainland.<sup>18</sup>

While Portland benefitted from mackerel, industry consolidation and shipping, the rest of Maine profitted from the cod boom. Cod was the cash crop, much like the one-crop cotton economy of the South. The cod fishery required no massive capital or advanced technology and the cod market stressed quantity, not quality or diversity.<sup>19</sup>

A key source of information about the fishing industry in the 19th century is The Maine Sea Fisheries, 1830-1890: The Rise and Fall of a Native Industry, written by Wayne M. O'Leary in 1981.

How many fishermen participated in the cod economy? A specific count eluded even the best of head counters, but O'Leary makes it clear there were many.

In 1860, the U.S. Census counted 4,607 fishermen in Maine, 21 percent (one out of five) of the national total. Yet figures were deceiving. Many people worked part-time as fishermen, others went uncounted by federal workers because they were at sea and others were classified as "coastermen" or "seamen" because they also worked on cargo ships. One year, the U.S. Census

failed to count a single fishermen in Boothbay, despite the fact the community was devoted entirely to fisheries. In 1880, the Census counted 4,243 fishermen in Maine, but two federal fishing experts estimated that at least 10,000 people on the Maine coast had participated in the mackerel fishery during part of the season. The Maine Register for 1855 claimed the state had 7,500 deep-sea vessel fishermen manning 750 schooners in the cod and mackerel fisheries. In 1859, the U.S. Department of Treasury reported that Maine was home to 10,187 fishermen, twice as many as census takers recorded a year later.<sup>20</sup>

O'Leary's work explains eastern Maine's importance in the development of the fishing industry.

By the early 19th century, eastern Penobscot Bay finally became a safe place to live. It was no longer a battleground, as it was for both the French and Indian War of 1763 and the American Revolutionary War. Countless bays and inlets were available to protect the fleet. In addition, Eastern Maine ports were 100 to 150 miles closer than western Maine or Massachusetts' ports to the best fishing grounds. The distance was equal to a day's sail.<sup>21</sup>

Maine also capitalized on other growth factors: Immigration, Caribbean and slave markets, and a federal subsidy to vessel owners known as a "Bounty."

#### **II-1.4 THE GROWTH FACTORS**

##### **II-1.4A IMMIGRATION**

European immigration created a large, ethnic market in and around cities. Between 1815 and 1860, 5 million immigrants came to America. Forty percent were Irish Roman Catholics, who were required by religion to eat fish at least once a week. On the eve of the Civil War, the Irish were the largest non-native population in the country. Religion wasn't the only



reason for eating fish. The Irish were poor. Fish has long been considered a poor-man's food, and in 1860 cod sold for just four cents a pound.

#### **II-1.4B CARIBBEAN AND SLAVE MARKETS**

The Spanish had an insatiable appetite for dried cod. By 1832, 90 percent of U.S. cod exports were going to the Caribbean — Cuba, Haiti, Puerto Rico, Santo Domingo and a host of other islands. And don't forget, like the Irish, the Spanish were Catholic. Other markets opened when England opened the ports of the British West Indies to U.S. trade in 1830, and when Southern plantations expanded slavery. Between 1840 and 1860, the number of slaves in the U.S. grew from 2.5 million to 4 million. In the Caribbean, slavery on the Spanish Islands remained until the late 19th century.<sup>22</sup> Slaves required cheap, but nourishing food. Fish — the poor-man's food — fit the bill.

#### **II-1.4C THE BOUNTY**

Maine fishermen also benefitted from the Federal government's first comprehensive commercial fishing policy — a "Bounty" or annual subsidy based on vessel tonnage. Fishermen had to work at least four months a year to collect it. A vessel owner received three-eighths of the allowance and the crew divided the remaining five-eighths. The bounty existed in various forms from 1792 to 1866. Between 1820 and 1851, Maine collected \$4 million, or 40 percent of the U.S. bounty. For Maine fishermen, the impact of the bounty was what O'Leary termed a "codfish democracy." The bounty kept fishermen as individual operators and kept fishing from monopoly capitalism, or ownership by just a few.<sup>23</sup>

But immigration, the Caribbean and slave markets and the Bounty were not enough to prevent the Maine fishing industry's decline after the Civil War. Among the factors contributing to the industry's downfall were:

1. War Tariffs on imports.

2. General financial problems from inflation and high insurance costs.
3. Repeal of the Bounty.
4. A technological revolution.
5. A migration out of fishing into other jobs.
6. New competitors in the marketplace.
7. A change in consumption and transportation patterns.
8. The growth of the Canadian fishing industry.

The factors need explanation as a way of explaining the broad issues that affected both Maine and Portland on the eve of the 20th century. Interestingly, many of the issues continue today, indicating fishing's susceptibility to traditional problems.

## **II-1.5 THE DECLINE FACTORS**

### **II-1.5A TARIFFS**

The tariff rate went from 30 percent to 50 percent during the war. The New England fishing industry was vulnerable because much of the equipment used in fishing — salt, hooks, leads, lines, cables, iron, hemp and twine — was imported.<sup>24</sup>

### **II-1.5B INFLATION AND RISING INSURANCE COSTS**

Between 1860 and 1864, the Civil War era, the average price of 25 articles used for fishing in the Portland wholesale market was up 141 percent.<sup>25</sup> Insurance costs doubled because of the threat of seizure.<sup>26</sup>

What was the impact of higher costs? Vessel tonnage statewide was reduced by half between 1864 and 1865, from 75,000 tons to 31,000 tons.<sup>27</sup> The depression of the 1870s, climaxed by the Financial Panic of 1873, hurt small operators — the backbone of the industry

— the most. The panic lasted six years and resulted in bank closings, business failures, plummeting prices and widespread unemployment.<sup>28</sup>

#### **II-1.5C REPEAL OF THE BOUNTY**

The repeal in 1866 ended three-quarters of a century of public support for fisheries. According to O'Leary, repeal ushered in a "long, dark period of official neglect." Many small operators were eliminated and a post-war trend began toward monopoly and centralization. This begins the era of centralization in Portland. The industry was increasingly concentrated in fewer hands at fewer places.<sup>29</sup> The lack of government involvement and the monopoly capitalism of centralization continued well into the 20th century.

#### **II-1.5D TECHNOLOGICAL REVOLUTION**

A technological revolution occurred with the emergence of monopoly capitalism. Until the 1860s, the New England sea fisheries were carried on in a relatively simple and inexpensive manner. Fishermen caught cod by the time-honored hand-line method, conducted from the deck of a vessel. The technique required no major outlay of capital for purchase or upkeep of gear. Beginning in the late 1850s and early 1860s, dory hand-lining and "trawling" began to replace vessel hand-lining. The trawl, a single, multi-hooked line, allowed each individual fishermen to multiply his catch. The use of dories, with or without trawls, allowed a given vessel to fish a much wider area. The improvements accelerated the fishing process. Vessel catches nearly doubled, and boats accomplished in two days what normally took a week. The new technology allowed boats to fish in deeper water and catch larger fish.<sup>30</sup>

In the mackerel fishery (which, remember, had the greatest impact on Portland) fishermen changed from using the hook and line to using a purse-seine, essentially a huge net with a drawstring. It permitted fishermen to surround and capture fish without the use of bait. The impact of technological change on mackerel fishing was more dramatic. Seines allowed

mackerelmen to quadruple their daily catch. In the Gulf of Maine, the new efficiency resulted in brief trips. One seiner left Portland on an October day in 1881 and returned 21 hours later with a full catch. Up until that time, a fast trip was considered 10 days.<sup>31</sup>

The new technology required capital. Only well-financed capitalists could engage successfully in trawling and seining. Portland was the center of capital in Maine.<sup>32</sup>

#### **II-1.5E A MIGRATION OUT OF FISHING**

In the late 19th century, Maine's fishing industry suffered a manpower shortage. Men left the industry because of pay problems and awareness of less dangerous job opportunities.

A fishermen's standard of living was hurt by several factors: A wage-system, which replaced a system involving a share of the catch; the importation of cheap Canadian labor, which kept wages low; and the elimination of the federal bounty.

The bounty, worth about a 13% annual bonus in wages to fisherman before the Civil War, protected fishermen from the industry's credit system. The system, by which fishermen borrowed against the returns of a voyage, was described by O'Leary as the industry's "social curse."<sup>33</sup> Like farmers, fishermen required advance capital for the tools of his trade months ahead of his cash crop. Fishermen had to obtain gear and provisions in the spring in order to bring in the "crop" in the fall. Someone had to provide the fishermen with the means to go fishing and to provide for his family in his absence. This need was filled by the outfitting merchant, who also doubled as the fish dealer. On the one hand, a fisherman had unlimited credit. On the other hand a fisherman returned from fishing in debt and paid interest charges of 10 to 25 percent for the privilege of borrowing. Fishermen were also victimized by a manner in which fishing trips were traditionally settled. Payment was rarely made at the end of a voyage. Instead, merchants waited until the catch was processed and marketed before paying

fishermen, a delay that could take months. Some fishermen never got out from under their debt, and their share of a voyage merely served as an annual payment on their ongoing debt.<sup>34</sup>

Over time, a chasm opened between those who owned vessels and those who fished on them, a division that did not exist a generation before.

". . . it left a residue of economic dissatisfaction and social antagonism which was bound to undermine the internal vitality of the fisheries," O'Leary wrote. "In the end, it led to a wholesale desertion of the industry in Maine, as fishermen sought first to ply their trade elsewhere, and ultimately, to abandon that trade altogether."<sup>35</sup>

Safety problems also played a role in reducing the industry's labor force. In 1886, the United States Fish Commission reported that "probably no other industry carried on in this country shows yearly such a large loss in life and property as the New England fisheries." In 1884, a typical year, the region lost 21 schooners and 134 men. Portland was not immune. In the five year period 1873-1877, the city lost 14 vessels and 46 crewmen.<sup>36</sup> Rough weather, leaky boats and collisions with merchant vessels in the fog were the major problems. Of course, if a person did not die at sea, he endured a difficult life physically. Constant exposure to cold, damp conditions created chronic rheumatism and neuralgia, indigestion from an unbalanced diet laced with salt and scarred hands from handling trawls. New England residents easily identified fishermen in their communities — they were the men with the rounded shoulders and stooped posture.<sup>37</sup>

As a result of health and safety problems, many vessel owners and crewmen in the late 19th century moved to Gloucester to take advantage of a better system of boat insurance and a social security system designed for the city's fishing population. "By the 1870s and 1880s, the migration from Maine fishing ports had become a virtual coastal exodus," O'Leary wrote.<sup>38</sup>

Census figures from 1880 indicate that 8 percent of Gloucester's 348 fishermen were natives of Maine, and a substantial transient population of Mainers also used Gloucester as a home port. In 1880, 40 of the city's skippers were from Maine.<sup>39</sup> If fishermen did not move to Gloucester, chances are good that they either moved west as that section of the country opened up, or moved to cities. In either case, they sought safer employment. The substitute work force became Canadians who were still willing to go to sea. In 1880, about 3,200 Canadians served in the New England fleet.<sup>40</sup>

#### **II-1.5F NEW COMPETITORS**

Profitable fisheries emerged after 1865 in other regions of the country and challenged New England in the marketplace.<sup>41</sup> The South marketed mullet, striped bass, bluefish and snapper. From the Great Lakes came lake herring and lake trout. And the Pacific Northwest entered the arena with Pacific salmon. In New England, the shore fisheries — those close to the coastline — grew. Shore fisheries were less expensive to enter and less dangerous to endure. Fishermen concentrated on day trips, which meant a more typical family life. The menhaden fishery grew as industrial processes made it useful for fertilizer. (Menhaden is an oily, bony fish related to the shark family). Commercial lobstering was inconsequential before 1880, but its late 19th century development was one of the most far-reaching events in the state's coastal economy in late 19th century. Only 188 men fished for lobster in 1876. By 1898, the fishery included 3,304 people. In 1880, lobstermen landed 14 million pounds worth \$269,000. Nine years later they landed 25 millions pounds worth \$574,000. Market growth corresponded with a growth in tourism along the Maine coast.

#### **II-1.5G CHANGES IN CONSUMPTION AND TRANSPORTATION**

By 1880s consumers preferred fresh foods at the expense of salted products. Beef, poultry and dairy products began challenging fish in the market and companies met demand by transporting their product on refrigerated rail cars. In New England, the fresh fish market

emerged.<sup>42</sup> Boston became the center of fresh fish trade, capitalizing on its role as a regional transportation hub. Proximity to markets and not to fishing grounds became a criterion for port success. Portland, Maine's rail center, became Maine's leader in fresh fish. But in an era when rail systems dictated the nature of the fresh fish markets, Portland's railroads went in the wrong direction. In Boston and Gloucester, tracks went westerly and southerly toward population centers. Portland's rails ran mostly north and east, away from large markets. More than half of city's fresh fish was sold to buyers in Canada and interior sections of New York and northern New England — hardly markets of sufficient growth potential. Portland stagnated. It landed about the same amount of fresh cod and haddock in 1889 as in 1880, while Gloucester was increasing its take in those same species by almost 50 percent.<sup>43</sup>

#### **II-1.5H GROWTH OF THE CANADIAN INDUSTRY**

Maine and Portland were also hurt by the growth of fishing in the Canadian Maritimes. The population of the Maritimes grew faster than the population of Maine, the Maritimes were closer to major fishing grounds and Canadian fishermen benefitted from cheaper vessel costs. Canadians enjoyed either low tariffs or none at all. The overall cost of entering the Canadian fishery was considered one-third less than entering the U.S. fishery. This made it easy to overtake the Caribbean market. After 1880, the Canadian government instituted subsidies, including a bounty system similar to the one formerly used in the United States. The bounty kept fishermen in Canada instead of losing them to Maine. By 1889, Canada had 8,400 more fishermen than in 1882.

#### **II-1.6 THE 20TH CENTURY**

The Maine fishing industry was battered as it entered the 20th century. It had lost the competition for fresh fish to Gloucester and Boston, and the competition for the dried and salted fisheries to Canada. Canada's industry was growing because of subsidization. Maine fishermen were no longer entrepreneurs. They were debtors in the hands of vessel owners as

the industry consolidated into fewer units. There was minimal support from government.<sup>44</sup> In Portland, the industry remained secondary to shipping and tourism.

In general during the 20th century, five general factors have influenced the fishing industry:

1. A lack of firm government policy during the century's first four decades.
2. Technological improvements.
3. The influx of foreign vessels into the waters off New England.
4. The abundance of various species of fish.
5. New comprehensive federal regulation of fisheries beginning in 1976. (See Section II-2, The Portland Fish Pier).

#### **II-1.6A LACK OF FIRM GOVERNMENT POLICY**

In the years leading up to World War I, Maine's fishing industry experienced growth, probably because of better use of technology, and growing domestic markets. The value of the state's catch rose from \$3.8 million in 1908 to \$5.9 million in 1912. Employment was 11,662 in 1908 and 12,326 in 1912. During the same years, the groundfish catch went from 54 million pounds worth \$910,000 to 61 million pounds worth \$1.1 million; herring went from 68.2 million pounds worth \$450,000 to 142 million pounds worth \$1 million. The lobster volume dropped from 17.6 million pounds to 16.2 million pounds, but its value increased from \$1.8 million to \$2 million, indicative of the resource scarcity that resulted from growing markets and increased fishing pressure.<sup>45</sup> The state fisheries commission reported that at least 50,000 Mainers were dependent in some way on the industry.<sup>46</sup>

Despite the importance of American fisheries to the United States economy at the turn of the century their regulation had been left exclusively to the states, except as affected by a few international agreements.<sup>47</sup> Maine was one of the few states that had a fisheries agency in the



late 19th century, but for decades the agency operated mostly as a warden service. It was not until the late 1940s and early 1950s that state government began offering research and marketing services.

In 1924, state officials were seeking more help to boost fishermen, whose industry had been disrupted by World War I. Fisheries Commissioner Horatio D. Crie of Castine wrote an impassioned report to legislators, pleading with them to treat fishermen like farmers. Farmers get educational and technical support from the University of Maine and some state subsidies, Crie said, yet the farmer does not risk his life to provide food. Crie said fishermen also needed support as thanks for the effort many of them gave as soldiers during World War I. High on his list of demands was improved law enforcement to protect fishermen "from the persistent violator, the worst pest and enemy they have to contend with, who keeps and sells the lobsters the honest fishermen throw back into the sea to grow."<sup>48</sup>

Little help came and by 1934, the industry was in deep trouble. Fishermen landed just 98 million pounds, worth \$2.3 million. As a comparison, 33 years earlier the industry had landed 242 million pounds worth \$2.1 million. Maine's misfortunes in the early 1930s were not shared elsewhere in New England. In 1934, Massachusetts landed 374 million pounds worth \$9.5 million.<sup>49</sup>

Government tried to help the industry during the Great Depression by including it in programs for the needy. A Federal relief agency bought surplus Maine fish to provide sustenance for state residents on welfare. Part of the plan involved helping fishermen who were head of households to earn at least \$16 a week.<sup>50</sup>

Commissioner Rodney E. Feyler of Thomaston tried to resolve Maine's woes by urging Maine citizens to look more to the Gulf of Maine as a food supply. He proposed an exchange

with the farmers of Aroostook County. He envisioned fresh fish delivered inland in refrigerated trucks, with the trucks loaded with farm produce for the return trip to the coast. Farmers would also use fish waste for food for their cattle and poultry.<sup>51</sup>

Feyler blamed Maine's decline on the lack of modernization and marketing. He emphasized that Massachusetts' success resulted from cooperation between government and industry to develop new ways of harvesting, handling and merchandising.

"When the fish gave out near port they built bigger and better boats to go longer distances after them," Feyler wrote in a 1936 report. "When a certain product lost favor in the market they developed a better one to take its place. When other foods threatened to push fish out of the picture they found ways to overcome this threat by high pressure merchandising . . . Today there is great competition in the food market. A fish is no longer a fish or a potato just a potato. It has become a matter of skillful selling; attractive packages, new ways of preparing products, new methods of distribution and transportation, and the adoption of scientific methods for freshness and sanitation. Behind this is packed the dynamite of advertising and promotion."<sup>52</sup>

Part of Maine's problem, Feyler added, were the fishermen themselves. They did not understand the need for quality products. Many used second hand salt, inadequate amounts of ice and pitchforks to handle fish. He said an education program for fishermen was necessary.<sup>53</sup>

As recently as 1947, the industry still lacked comprehensive state government interest. Wrote Commissioner Richard E. Reed:

"The Maine fishing industry has never had the advantages of scientific research, skilled marketing promotion and assistance, of its share of federal expenditures for study of fisheries problems, of progressive development of by-products and elimination of wastes, of comprehensive statistical data, of an up-to-the-minute informational service, of intelligent management of conservation and propagation, of an efficient and well-trained warden force or of the fundamental attention and protection of its rights and needs."<sup>54</sup>

The neglect began to change in the 1950s. Early in the decade, the Department of Sea and Shore Fisheries boasted of its research ability and its enforcement capabilities regarding conservation and sanitation, and marketing. Between 1952 and 1956, the department's budget grew from \$211,000 to \$302,000. Commissioner Stanley R. Tupper worked for import protection, the earmarking of import duties for fishery development programs and Small Business Administration aid for 85 fishermen who lost \$1 million worth of gear in the 1954 hurricane.<sup>55</sup>

The promotion of Maine seafood succeeded in reaching a national audience, although advertising techniques were misguided when judged by today's standards. Between 1958 and 1960, the department combined Maine seafood promotion with national advertising of cigarettes. Full-page advertisements in Life, Look and Saturday Evening Post magazines, the most powerful publications of the day, featured Maine lobstermen smoking Chesterfields.<sup>56</sup>

But Madison Avenue could not reverse the dwindling fortunes of the industry, which by the early 1960s was reeling from events around the Globe. Commissioner Ronald W. Green's annual report in 1962 warned about the impact of the era of the factory trawler. Foreign nations such as the Soviet Union had invested heavily in fishing after World War II. Their large ships ravaged the resource and processed the product at sea. They fished in areas traditionally the grounds of New England fishermen. Before the War, the United States was the world's largest fish producer. By 1960, the U.S. was fifth.

"What happens today in Moscow or London or Washington may tomorrow mean more to Maine fishermen than anything which might happen before their eyes on their own lonely, familiar stretch of sea," Green wrote.<sup>57</sup>

(A detailed account of the impact of foreign fleets occurs in the next chapter on the Portland Fish Pier.)

Green continued his grim picture of the industry in 1964. The industry was made up of small crews using outdated boats and gear. Fishermen were plagued by increased insurance and operational costs, and high maintenance and repair charges. Green called for construction subsidies, import restrictions, and more research and marketing efforts.<sup>58</sup>

Yet, change occurred slowly, if at all. In 1972, Green cited similar problems to the ones he listed eight years before. To them he added pollution of rivers and wetlands.

"Never before in the long history of the Maine commercial fishing industry," Green wrote, "has there been a greater need for governmental assistance and management of marine resources . . . The food chain itself, on which all other marine resources depend, has been placed in jeopardy."<sup>59</sup>

#### **II-1.6B TECHNOLOGICAL IMPROVEMENTS**

While state government policy toward fisheries remained indifferent and disorganized for much of the 20th century, rapid changes were occurring in the marketplace. Technological advances led to further depletion of the resource and the costs of operation continued to increase.

The greatest revolution in fishing gear in the U.S. was the introduction of the otter trawl in 1905.<sup>60</sup> The trawl net is basically a large bag made of netting that fishing vessels drag along the seabed to scoop fish on or near the bottom. The net is shaped like a funnel. Fish enter the net at a wide end called the mouth. The net tapers to a closed end called the cod end, where the fish are trapped. The horizontal spread of the mouth is set by "otter doors," rectangular wood and steel structures. The otter doors are towed ahead of the net, but are connected to it by cables.<sup>61</sup> Unlike gear that involved handlines or use of individual hooks, otter trawls indiscriminately captured fishes of all sizes, most of which were dead or dying by

the time they reached the vessel's deck. Any food fish of unmarketable sizes were discarded at sea and lost to the fishery. In addition, steam-powered vessels were not dependent upon winds and tides, as were sailing schooners. Steam-powered otter trawls traveled more rapidly to and from fishing grounds. By 1948, otter trawls were the dominate gear in New England because fishermen needed a large catch in order to maintain their boats economically. But the trawl's impact on the resource was profound, and efforts to make trawls more selective continue through today.<sup>62</sup>

After World War I, three more technological changes took hold: The development of quick-freezing processes by Clarence Birdseye of Gloucester and Harden Taylor of the federal government's Bureau of Fisheries, the introduction in 1921 of a method for filleting fish at the port (instead of at the retail markets) and the conversion of vessels from steam power to diesel engines. The freezing and filleting methods opened new markets for species such as haddock and ocean perch (otherwise known as redfish). Filleting improvements also reduced shipping weight by 60 percent, sharply cutting transportation costs. In fact, in the heyday of the salt market, haddock, today's highest valued groundfish, was considered a trash fish because it was unsuitable to being dried. The diesel engine enabled vessels to operate more efficiently — with a slight cost, of course. A better vessel meant fishermen would catch more fish, another challenge for the resource.<sup>63</sup>

The industry continued to mechanize in the 1930s and 1940s. There even was experimentation with a fishing-finding gear that would attract fish by electronic impulses and bring them on to the board via a suction device.<sup>64</sup> Further improvements in electronic navigation, fish-finding devices and boat design led to a technological boom in the 1950s and 1960s. Between 1950 and 1970, the world catch rose from 20 million tons a year to 60 million tons a year.<sup>65</sup>

Innovation also showed its presence on Portland's waterfront. The R.J. Peacock Co. was the first commercial fishing fleet in New England to be equipped with marine radio telephones when the company's seven sardine carriers were so equipped in 1939. Peacock was also a leader in processing technology. In 1946, plant manager John D. Toft patented a pipeline system of unloading boats. The suction system unloaded 60 tons in 35 minutes. The sardine fishery out of Portland enjoyed robust times — one fisherman paid off a three-year debt after fishing for just several days in one cove — before shutting down in the 1970s. The former site of Peacock's processing plant is now incorporated into the Portland Fish Pier. Another local innovator was the Portland Fish Company, which in 1938 was touted as having the "most modern facilities in this section of New England." The company became noted for its state-of-the-art fish cutting operation. The firm was diverse, producing cod liver oil, dog food and cat food, as well as fresh fish and frozen filets.<sup>66</sup>

Perhaps the greatest innovation of Post-World War II era for the entire New England fishing industry was the development in the 1960s of the stern trawler, which hauled fish from the stern instead of the side. The change was initiated by companies operating factory ships. The design accommodated their need for merging the catching, handling and processing of fish in a safe, efficient manner. Soon, trawlers of all size switched to stern trawling. Safety was a big reason. The stern trawler reduced safety problems from the boat's motion in the sea and was not susceptible to seas washing over the deck. The stern trawler improved crew comfort, leading to improved productivity and handling of fish.

The change in boat design appears simple on paper, but in the minds and pocketbooks of fishermen it was a giant step. The side trawl method was considered a traditional approach and traditionalism looms large in the fishing industry. And few fishing enterprises before recent times had the financial resources available to invest in a radical departure in vessel design.<sup>67</sup>

Despite the technological improvements, the fortunes of fishermen remained marginal. In the late 60s and early 70s, the number of fishermen in New England declined 17 percent and nearly half of the region's vessels operated at a loss. Wages were comparable with other industries, but the cost of insurance and gear, and competition from the foreign factory fleets were too much to handle.<sup>68</sup>

#### **II-1.6C SPECIES**

A way to look at the port is the species (other than the basic groundfish species) that help the industry profit: Redfish (or ocean perch); whiting and shrimp.

#### **REDFISH**

The industry considered redfish a trash fish until the late 1938s, when technological changes enabled the fish to be used as a quality frozen fillet. Redfish waste was also vital to the lobster industry as bait.<sup>69</sup>

The processing industry for redfish was labor intensive, with companies employing 80 to 100 cutters each.<sup>70</sup> As in the 19th century, there were few individual operators of boats. Processing plants owned fleets, controlling product from shore to market. Redfish began to decline in the 1960s and 1970s.

"The U.S. Army used to buy them. Now they're so scarce, they're almost a gourmet item," said Harry Tiensivu, who fished out of Portland for 38 years. "That's an industry that came and went during my lifetime."<sup>71</sup>

Redfish landings statewide remained at the 60 million-80 million pound annual volume level in the 1950s and 1960s, but suffered drastic declines in the 1970s. Landings dropped from 46 million pounds in 1970 to just 9 million in 1981.<sup>72</sup>

## **WHITING**

Whiting, or silver hake, developed as an industry similarly to redfish. Like redfish, its growth in the marketplace is due to technology. For years, no regular market existed for whiting because of its tendency to soften rapidly after being caught. In Maine, however, the fish are close to shore. Fishermen land their catches daily. Quick freezing ensures quality. Firms marketed whiting to the south and midwest.<sup>73</sup>

The late George Lewis, a local entrepreneur with investments in both the poultry and fishing industries, (his mammoth Cumberland Cold Storage building remains a waterfront landmark despite having closed several years ago) had a substantial whiting operation during the 1950s and 1960s. He once controlled as many as 25 vessels and carried mortgages on others.<sup>74</sup> "A lot of people wouldn't have boats today if not for him," Tiensivu said.<sup>75</sup> Whiting landings statewide fluctuated between 14 million and 30 million pounds in the 1950s and 1960s, at times representing nearly 20 percent of all finfish landings. In 1979, fishermen landed just 143,000 pounds of whiting.<sup>76</sup>

## **SHRIMP**

Primarily a winter fishery, shrimp are notorious for their fluctuation. In 1939, fishermen landed just 19,864 pounds of shrimp. By 1945, the amount had climbed to over a half-million pounds. Landings declined, then an upward swing began in the early 1960s. Fishermen landed 352,000 pounds in 1962 and 515,000 pounds in 1963. Harvesting reached its height in 1969 when fishermen landed 23 million pounds. But the resource again dwindled. There was no shrimp season in 1977-78.<sup>77</sup>

Yet money had been made. By the end of the 1960s, the number of boats fishing for shrimp had risen from a handful to over 200.<sup>78</sup>



"It brought the greatest influx of new vessels into the state's dragger fleet that had ever been seen during so short a period," Marine resources commissioner Spencer Apollonio wrote in his 1974 annual report. "It produced many millions of pounds of valuable new raw material. It resulted in the establishment of numerous processing plants. And it created hundreds of new jobs for Maine people."<sup>79</sup>

## **II-1.7 TRADITIONAL RESOURCEFULNESS**

By now, you have sense of what it takes to be in the fishing industry — an understanding of the latest ocean technology and of the biological processes that influence the ocean habitat; knowledge of both international politics and markets; and a penchant for financial management. There are safety issues and family stresses. There is a lot of money to be made, but the risk involved also leads to losses. Fishing is a gamble.

To address the challenges, the people who fish out of Portland blend tradition and resourcefulness. Perhaps there is no better example than Genaro "Gerry" Balzano.

Balzano began fishing fulltime in 1956 at 16. At the time, Portland's fleet consisted of two to three dozen draggers, mostly old wooden vessels which for the most part remained tied to the docks in winter. The industry was still considered a poor man's job. As in the late 19th century, it was the shoreside companies — the equipment suppliers and processing firms — which controlled the industry. The banks would finance those firms, but rarely got involved with fishermen themselves. The only credit Balzano's father had was with the local equipment suppliers and processors. The shoreside firms controlled the market and could repossess boats if fishermen could not pay their debts.

Balzano and his brother, Vincent, bought a wooden 60-foot sardine carrier that had been built in 1910, then converted it to side trawling. In 1960, they bought two boats. One was

just as old and just as rickety as the old sardine carrier. Many nights were spend caulking so it would be safe for the next day.<sup>80</sup>

The other boat required several co-signers for the bank to approve Balzano's loan. His mother and brother each put up houses as collateral and a friend also attached his financial assets. The boat was no gem. It became renowned for mechanical problems. It was damaged by fire. The bills piled up and a fuel supplier cut Balzano off his credit list.

By the mid-1960s, however, Balzano, at the tender age of 25, had 10 years of business experience under his belt. He managed to upgrade to another boat and bought his first Cadillac. By 1970, he had his first steel dragger and owned three boats in all. The whiting and shrimp resources provided income. The boats did not break down. Balzano, by now accustomed to fishing's boom and bust personalities, invested in real estate to stabilize his finances. At one point he owned five rental properties in Portland.

He bought and sold his boats with care. A dragger he bought in the early 1970s for \$32,000 he sold in the early 1980s for \$110,000. A vessel that had been put on the market for \$290,000 was bought by Balzano for \$150,000.

But the maturity of Balzano was not without problems. One of his vessels crashed on the rocks off Cape Elizabeth, forcing Balzano to swim to shore and pay for the expensive removal of the boat from its precarious perch.

Today, Balzano owns one boat, the 56-foot Jerry and Joe. The ultimate lesson of Balzano's success is that he changed with the times. He still chases shrimp, and he still owns real estate, but now he has also expanded his operations shoreside. He is part owner of Vessel Services Inc., a fuel and ice business; of Hobson's Wharf, and of Simonton Cove, a brokerage

specializing in shrimp and flounder. When he began fishing, his energy went into maintaining a boat. Today, he must exert as much control as possible on all business channels related to harvesting: fuel and ice, wharfage, marketing.

"My prime interest is to have a place to put my boat and take out my fish," he explained. "Whatever I have to do to do it, I will. The way I see it, we have to compromise to get what we want. If I shut the door and say 'no,' I'm a fool. I'm cutting myself. In order for me to be viable in fishing, I need to do the other things."<sup>81</sup>

## **II-1.8 SUMMARY AND CONCLUSIONS**

In the 1800s, Maine's fishing industry was internationally prominent. Portland was an important part, but its status fluctuated. Portland participated very little in the cod boom of the mid-19th century, but dominated the smaller mackerel fishing. In general, Portland was renowned more as a shipping center.

In the late 1800s, Maine's fishing industry centralized operations in Portland, making Portland one of the three top fishing ports in America. Although Portland benefitted from the growth, the consolidation reflected a sharp decline in the industry statewide.

Maine's fishing industry entered the 20th century suffering from major problems. It had lost competition for fresh fish to Gloucester and Boston, and for the dried and salted fisheries to Canada. Canada's industry was growing because of subsidization. Maine fishermen, regarded as poor men serving low-cost markets, were subservient to vessel owners. There was minimal industry support from government.

The industry stagnated for much of the 20th century, experiencing significant growth only in the last 10 years. Up until 12 years ago, the industry reacted haphazardly to such factors as

- \* A lack of firm government policy
- \* Technological evolution
- \* The influx of foreign vessels
- \* The health of various species of fish, such as redfish, whiting and shrimp.

To survive the industry, fishermen need a range of talents: An understanding of the latest ocean technology and of the biological processes that influence the ocean habitat; knowledge of both international policies and markets; and a penchant for financial management.

Certain themes are evident when one reviews the last two centuries of the fishing industry. The fortunes of the industry result from a complex mix of:

1. Government management and regulation;
2. International events, such as the subsidy and/or trade policies of foreign nations toward their fishing fleets;
3. Technological innovation;
4. The health of the resource; and
5. The ability of fishermen to adapt to changes in government policy, technological development and financial/business challenges.

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## II-2 THE PORTLAND FISH PIER

### II-2.1 Introduction

The Portland Fish Pier is a pioneer effort to strengthen a segment of the United States fishing industry.<sup>1</sup>

The \$17 million taxpayer-financed project began in the mid-1970s when a new federal law with international implications converged with local efforts to end decay along Portland's waterfront. Planners initially designed the 19.5-acre pier to:

1. Implement a European method of buying and selling groundfish called a display auction and make Portland the seafood marketing center of New England.
2. Generate 2,100 jobs statewide, a 20 percent increase in fisheries employment.
3. Create more berthing for trawlers.<sup>2</sup>

But for many years the pier was the city's boondoggle. It did not increase berthing. It did not generate the vast jobs. It suffered from financing problems, construction delays and \$100,000 worth of design mistakes. Each issue challenged the credibility of city officials. Yet a variety of circumstances over the last six years have made the pier an enterprising idea:

1. Prospects for opening the first display auction in the continental U.S. raised the potential for the pier to not only improve dockside prices, but also to minimize problems with Canadian imports.
2. Fishermen began diversifying their financial interests by investing in shoreside operations.
3. Non-marine development elsewhere on Portland's waterfront made the pier a refuge for the industry.

"People say we're taking fishing out of the 19th century and putting it into the 20th century," said Donald E. Olsen, formerly Portland's waterfront administrator. "But I say we're taking it out of the 19th and putting it into the 21st."<sup>3</sup>

## **II-2.2 THE RATIONALE BEHIND THE FISH PIER**

In 1976, Congress passed the Magnuson Fishery Conservation and Management Act (MFCMA), expanding U.S. control over fisheries to 200 miles offshore and limiting foreign fishing off the U.S. coast. The act created a Fishery Conservation Zone (FCZ) enclosing 2.2 million square miles of ocean and giving the U.S. control of 20 percent of the world's seafood resources.<sup>4</sup> It was the federal government's first attempt at comprehensive fisheries regulation.<sup>5</sup>

The New England groundfish industry led support for the MFCMA. Groundfish is a catchall term for bottom feeders such as cod, cusk, flounder, haddock, hake, pollock and Atlantic Ocean perch. Several problems affected the industry in the early 1970s, but the most visible threat was fishing by foreign vessels. Between 1938 and 1973, the quantity of fish harvested off the U.S. tripled, increasing from about 4.4 billion pounds to 11.8 billion pounds. But landings of American vessels remained virtually constant during the same period, increasing from 4.3 billion pounds to 4.7 billion pounds.<sup>6</sup> The foreign pressure focused on New England. Vessels were able to fish within three miles of shore. Between 1960 and 1970, the U.S. share of the harvest from the Georges Bank-Gulf of Maine area dropped from 88 percent to 10 percent.<sup>7</sup>

The size and technology of the foreign vessels outclassed Americans. The vessels displaced up to 2,500 gross tons, ten times the displacement of New England vessels. Many foreign vessels processed the fish they caught. Joining the trawlers were battalions of support

ships that repaired equipment, provided fuel and supplies, and offered medical services and recreation.<sup>8</sup>

"Some of their lifeboats were as big as my boat," said Tommy Jordan Sr. of Falmouth, who fished out of Portland for 35 years.<sup>9</sup>

After competing against larger, better vessels for the resource, Jordan and other Portland fishermen faced slum conditions ashore. A University of Maine Sea Grant report to the National Science Foundation described Portland as possibly "one of the most decrepit waterfronts on the entire east coast."<sup>10</sup> In 1977, vessel captains Jordan, Pete Kelly, Larry Scola, and Stanley Bayley sought help from Portland Economic Development Director Clark Neily and the Portland City Council. The fishermen said a berthing shortage existed and many of the available piers were unsafe. Fishermen had to move their boats during storms, old pilings were damaging boats and some piers were so dilapidated people were stepping through rotten planks.<sup>11</sup>

The city council formed the Fish Pier Task Force. Chaired by City Councilor John Sturgis, a Portland attorney, it included representatives from government and industry. The Task Force studied berthing problems and how Portland may take advantage of the new Fishery Conservation Zone. The inquiry came on the heels of a State Planning Office study of how Maine may benefit from the FCZ. The efforts produced the concept of the largest shoreside improvement proposal for the industry in Maine history. Like the Magnuson Act, the fish pier put government and the industry on a precarious path over the next 10 years.

### **II-2.3 BOOM TIMES — THE YEARS OF ENTHUSIASM**

In the late 1970s, fishing was like a gold rush. Fishermen, bankers and investors believed the Magnuson Act would create a bright future for the American fishing industry.

From the end of World War II until the early 1970s, fishing was one of the world's fastest-growing industries. Twenty-five years of 5 percent annual growth doubled the expansion rate of other kinds of food such as cereal and meat.<sup>12</sup>

With foreign fishing limited by the Magnuson Act, prudent business planning suggested New England would experience growth. Portland organized a plan to get nearly \$20 million from taxpayer and private sources. The approach was grandiose, but plausible. Federal programs were available to help finance big employment projects and the city had two decades of experience using federal money to rebuild itself into one of the nation's prominent small cities. Portland was also in the envious position of having an aggressive fishing fleet and a location at the edge of the Gulf of Maine, one of the most productive fishing (if overfished) areas in the world.<sup>13</sup> (Figure II lists Portland landings through the years.)

Stanley Bayley of Scarborough, one of the vessel captains who had initiated action with Portland officials, said industry support for the pier stemmed from a realization that the time "was ripe" for getting government help. For the first time in anyone's memory, government policies toward the industry appeared coordinated. On the national level, Congress agreed to reduce foreign competition for the resource. On the local level, the city council agreed to develop a modern pier as the industry's headquarters.<sup>14</sup>

Fishermen throughout New England showed their enthusiasm for the Magnuson Act by investing. During 1977 and 1978, the first two years of the law's implementation, New England's fleet experienced its greatest period of profitability over the last 20 years. Between 1976 and 1979, an additional 362 fishing boats and 1,872 fishermen joined the New England industry.<sup>15</sup> In Maine, the number of boats above 5 net tons increased from 199 in 1970 to 490 in 1980, a 140 percent increase.<sup>16</sup> The number of commercial fishermen licensed by the Maine

Department of Marine Resources jumped from 852 in 1976 to 1,365 in 1981, a 60 percent increase.<sup>17</sup>

In Portland, the number of groundfish boats using this port increased from 54 in 1978 to over 90 in 1988, with a five-year average of 82.<sup>18</sup> Landings increased from 27.3 million pounds in 1976 worth \$3.4 million to 43.8 million pounds in 1987, worth \$35.8 million.<sup>19</sup>

Under the administration of Gov. Joseph E. Brennan, fish piers gained political momentum. In 1979, voters approved a \$9 million referendum to help finance the Portland pier as well as smaller piers in Rockland, Kennebunkport, Stonington, Vinalhaven and Boothbay Harbor. When Boothbay Harbor withdrew its plans, Saco and Eastport received money.

In Washington, D.C., fish and feds enjoyed a cordial connection. On a January day that was 11 degrees below zero, Sen. Edmund S. Muskie hosted Department of Commerce official Robert T. Hall on a tour of the proposed pier site. They viewed the waterfront from a Harbor vantage point aboard the city's fireboat. Muskie joked he wouldn't let Hall off the deck until he committed to the project.<sup>20</sup>

Hall told Portland in late 1980 the pier would receive \$5 million in federal assistance.<sup>21</sup>

#### **II-2.4 BAD TIMES — THE YEARS OF DOUBT**

In 1980, pier plans began to unravel. The major issues affecting the pier included delays in federal money, \$100,000 worth of design mistakes, uncertainty regarding fish waste rendering, and industry fears that the pier may do more harm than good. The issues combined to create changing explanations about pier design, finances and management. The vessel

captains who helped initiate the project became discouraged with government bureaucracy and new faces joined the pier effort. The Fish Pier Task Force evolved into two different groups: The Fish Pier Construction Committee and the Fish Pier Operations Committee. But by late 1981, the waterfront grapevine contended that city officials had lost control of the project. "You'll find people who want to string me up to the nearest tree," lamented Clark Neily, Portland's economic development director.<sup>22</sup>

A look at the major issues illustrates the confusion.

The federal problems relate to Congressional politics and the arrival of the Reagan Administration.

The Economic Development Administration (EDA) under President Carter pledged \$5 million to the pier. In making commitments to Portland and other cities, the EDA was counting on a new appropriation that would double its 1979 budget of \$550 million. But in early 1980, the House and Senate approved different EDA budgets. The Senate approved a budget of \$1 billion and the House approved a budget of nearly \$1.9 billion. The House version also contained a \$2 billion amendment to pay for a proposed public works program. The two budgets created a stalemate for most of 1980. EDA projects went unfunded for most of the year and Portland waited until autumn to receive \$2 million.<sup>23</sup>

In 1981 the Reagan Administration considered abolishing the agency because so many EDA projects had defaulted nationally. The proposal left in doubt future money for the pier. Again Congress debated. Again Portland waited until late in the year to get \$2 million, but not before spending much of the year deciding whether to abandon the project, invest more local taxes, or seek private developers.<sup>24</sup>

Money delays slowed pier planning and created worry about costs. Remember: The inflation rate in 1980 and 1981 hovered between 9 and 13 percent, and interest rates approached 20 percent.<sup>25</sup>

Another example of confusion came in 1983 when Portland asked for \$1.2 million from EDA to pay for a cooler-auction building. City officials and the state's Congressional delegation worked closely with EDA staff to ensure a solid application. Republican Congressman John R. McKernan Jr., now Maine's governor, called EDA weekly for five months. He even called during his August vacation. As the deadline approached for the release of the money, EDA assured McKernan that Portland would receive the money.

But no money came. City Manager Stephen T. "Tim" Honey learned about the denial while attending an international waterfront conference in Washington, D.C. He had been leading a presentation on the effectiveness of Portland's waterfront planning efforts. In an interview after the conference, Honey was discouraged — one of the few times during his administration when he was willing to publicly acknowledge defeat. He was convinced that federal participation in the pier had ended and City Hall's credibility was at stake.<sup>26</sup>

The EDA explained that too many projects had been waiting for money, so it gave money on the basis of unemployment rates. EDA considered Portland's 6.8 percent rate as low, especially when compared with the national rate of 9.5 percent. In addition, EDA noticed discrepancies in Portland's application concerning investment and property ownership.<sup>27</sup> McKernan offered another reason: EDA was short of cash and decided to base awards on political need. "As McKernan's theory suggests, there are no hard-and-fast criteria for who gets EDA cash and who doesn't," wrote Kendall Holmes, former Washington correspondent for Maine's Guy Gannett newspapers.<sup>28</sup>



Honey, McKernan, Democratic Senator George J. Mitchell and Republican Senator William S. Cohen reiterated that the pier was a statewide project, not something that should be based on local figures. In the meantime, Honey and the Congressional delegation tried virtually every method possible to influence the federal government. They participated in extensive media coverage of the pier. City administrators worked with EDA officials to improve the application. They hosted an EDA official in Portland. Mitchell harangued the Reagan Administration's domestic policies in the Senate. City officials even used a chance meeting with former House Speaker Thomas "Tip" O'Neil to promote the fish pier. "That's how panicked we were at that point," Honey said. "We were willing to do about anything."<sup>29</sup>

In the spring of 1984 Portland received the money.

How important was it? The day of the approval, Deputy City Manager Brian Dudley and Mitchell's staff called reporters. McKernan arrived in Portland later in the day and held a press conference. Joining him were Honey, Cohen, and City Councilors Llewellyn C. Smith and Joseph D. Casale. They thanked virtually every politician who participated in the project dating back to the late Gov. James B. Longley. For Honey, the grant restored the city's credibility.

"There's a lot of people who said the city would never be able to put funding together, that it would never be built," he said. "We have not accepted that."<sup>30</sup>

Most of the design problem involved pilings on the edge of the pier. They were too short. At high tide the potential existed for vessels to rise over pilings and become damaged. At low tide the potential existed for vessels to slide under the pilings. The committee planning the pier ordered the replacement of 146 pine pilings with longer, stronger, oak pilings.<sup>31</sup> City officials and the pier's architect, Parsons, Brinkerhoff, Quade & Douglas, negotiated over responsibility for the damage. It was a sensitive issue. The industry criticized city officials for

mismanaging pier berthing. City officials needed to begin collecting revenues from the pier, but were faced with a delay in receiving berthing fees of \$36,000 a year.<sup>32</sup>

In a close brush with shortsightedness, the City Council nearly approved a new zoning ordinance for the waterfront without allowing rules for fish waste rendering. Many observers thought the issue symbolized how some city officials were naive about the industry.

The handling of waste is critical for processors and, because of potential odors, the public. In the early 1980s, between 20 tons and 40 tons of waste accumulated each day on Portland's waterfront. Processors discard about half of a fish (its skin, bones, head and tail) while making seafood fillets. The need for a local waste processor is economically important to the fishing industry because trucking and handling costs rise if the waste needs to be transported away. The company that had handled waste locally for the previous 17 years, Pine State By-Products of South Portland, closed in early 1983 because of odor problems. And other rendering plants in New England were also having odor and financial problems, leaving in doubt the future of waste handling.<sup>33</sup> In essence, city officials were promoting the industry's growth with the fish pier while simultaneously hindering growth by overlooking the importance of waste disposal. City officials resolved the situation by devising a strict ordinance and supporting new methods of waste handling. They further redeemed themselves by negotiating for a time with a company planning a new rendering technology and helping processors form a waste transportation co-operative.

Actions by the industry also slowed the pier's development. The pier's uncertainties discouraged a group of fish processors on the planning committee from initially helping the city implement a plan to attract investors.

The committee had spent months trying to devise trading and management rules for the pier. City officials needed a general idea of the rules so they could tell business prospects how the pier would operate.

Twice during the previous 12 months, the committee endorsed three methods of selling fish:

1. A display auction in which fish are shown by species, size and quality.
2. A trip auction in which fish are bought by the boatload.
3. Contract sales, the existing informal trading network of private arrangements.

But at a May, 1983, meeting, the processors questioned the trip auction. They asked James A. Wilson, a University of Maine at Orono economics professor who was the committee's consultant, to poll fishermen about their feelings. Processors got their way because they were in a majority. Fishermen, taking advantage of a break in rainy weather to do their jobs, did not attend the meeting. Government officials, in an effort to keep the industry happy, would not take action without an industry consensus.

Some of the processors had agreed privately before the meeting to question the trading systems. The request was a strategic move to give them more time to think things over. Processors were faced with difficult decisions. Many were investing in their own expansions. At the same time, they had to determine if the fish pier would hurt existing businesses by subsidizing competition or raising costs of operation for local companies choosing to move to the pier. "It's a tough position to be in," said committee member Nick Alfiero, manager of Harbor Seafoods Inc. "I don't think it's happened in any industry."<sup>34</sup>

The processors' indecision bought several weeks of time. At a later meeting, the committee decided that the display auction would be the primary trading mechanism of the pier.<sup>35</sup>

Fishermen, meanwhile, had other worries. Many fishing industry transactions are cash. The fish pier's prospective formal trading structure threatened anonymity.<sup>36</sup> The feeling was understandable. From 1973 to 1975, the Internal Revenue Service audited the income tax returns of many fishermen. Since then, economic matters have become private.<sup>37</sup>

By late 1983, the industry was discouraged. Instead of increased berthing for the fleet, it was faced with a vague plan to make Portland the seafood marketing center of New England — a plan rife with financial and design woes, and unclear management authority.

For fishermen like Stanley Bayley, the situation created mixed emotions. "I think it blew out of proportion quicker than I anticipated," he said. "I wasn't ready for the result that came out of this." But he had no choice but to stay involved. The pier was destined to have a big impact on the industry and industry participation was necessary. Still, the pier was viewed as a device of the bureaucrats. "I don't think you wouldn't have gotten the money from Washington if you hadn't had as big a proposal as you had," Bayley explained.<sup>38</sup>

## **II-2.5 FEDERAL PROBLEMS**

As pier plans unraveled in Portland, relations between federal regulators and fishermen were deteriorating.

The 1976 Magnuson Act regulates the commercial and recreational fishing industries. In general, it established a 200-mile fishery conservation zone, gave the U.S. management authority over most species, regulated foreign fishing in U.S. waters and created eight regional

councils to develop fishery regulations. Council membership includes representatives from industry and government. The arrangement appears to decentralize fishery management and pacify fishermen's fears of Washington bureaucrats exercising control over their lives. But in reality the Secretary of Commerce has final approval over fishery management plans.

The industry's effort aimed at eliminating foreigners from U.S. waters had resulted in a bureaucratic network aimed at conserving and managing overall fishing effort. At the annual Maine Fishermen's Forum in 1981, former Maine Commissioner of Marine Resources Spencer Appollonio, a member of the regional council, rose from his chair at a seminar and unfurled a yard-long sheet of wide paper covered with type. It was a summary of government regulations for harvesting groundfish. "The department," he said, deadpan, "is going to print this on waterproof paper for quick and easy reference in your wheelhouse. Good luck."<sup>39</sup>

In New England, the council sought to manage fishing by quotas, minimum size restrictions, closed areas, closed seasons and mesh size regulations. The first fishery management plan began in 1977, was revised over the next three years, then abandoned in favor of another plan in 1981.

Fishermen considered the management measures too restrictive, especially with stock conditions healthier than biologists predicted. Fishermen grew cynical. They ignored mesh size regulations, landed fish in excess of quotas without reporting information and misrepresented their catch.<sup>40</sup>

Stanley Bayley recalled how the Magnuson Act changed fishing. Fishermen altered the way they fished and spend much time ashore arguing with bureaucrats.

"I always had a job making payments on my boat, but I could catch anything that went in my net and I could go anywhere. Then the government, with no money in my boat, started

telling me where I can fish and where I can't. I stopped working the boat the way I should. I had the boat tied up while I went to meetings. I bet I wasted thousands of dollars trying to protect my interests and those of the city of Portland. It was just a helpless feeling. You couldn't do what you had done."<sup>41</sup>

New England fishermen also began realizing that growth had its drawbacks. As the number of vessels increased by 126 percent between 1965 and 1981, the number of fishermen increased 100 percent. But average landings per vessel decreased by about 56 percent and average value per vessel fell by 16 percent.<sup>42</sup> By 1984, redfish in the Gulf of Maine, exported to the midwest as ocean perch, and haddock on Georges Bank, the highest valued groundfish for New England, were wiped out to the point that fishery managers doubted their ability to recover.<sup>43</sup> Americans, not foreigners, were overfishing.

For veteran fishermen like Tommy Jordan Sr., the growth of the fleet made it tougher to fish their favorite grounds.

"Maybe it took me 5 or 10 years to learn a fishing ground. Now someone could follow me around and learn it in a day. There's too much competition today."<sup>44</sup>

The growth highlighted the conflicting goals of federal fishery management: While regional councils sought to manage effort, the federal government encouraged fishing by offering financial subsidies and tax credit incentives. The National Marine Fisheries Service (NMFS) operates the Fishing Vessel Obligation Guarantee Program (FVOG) for financing up to 87.5 percent of the cost of constructing, reconstructing or reconditioning fishing vessels and fisheries shoreside facilities. Interest rates are below market levels. The Fishing Vessel Capital Construction Fund Program (FVCCF) allowed vessel owners to defer payment of federal tax on any portion of income earned from the operation of fishing vessels of at least two tons. The fund must be used toward the cost of vessel construction or reconstruction. In essence, the fund is an interest-free loan from the federal government equal to the taxes which otherwise would have been paid on vessel income.<sup>45</sup>

Despite the government support, NMFS actually financed less than 30 percent of the fleet growth in the late 1970s.<sup>46</sup> At the time, the investment climate was so strong, most boats were being built privately. Tax accountants and bankers were pushing fishing vessels as a "super tax shelter," said Bob Sedgewick, who administers vessel finance programs for NMFS. Although exact information on investor behavior is unavailable, many doctors and lawyers became vessel owners, and many investors bragged they didn't need to turn a profit to benefit from the fishing industry.

"I think it was a gold rush mentality," Sedgewick said. "I think everyone felt it."<sup>47</sup>

As the 1980s went on, fishermen grew worried. For 20 years, they had battled imports, increased costs for fuel and interest,<sup>48</sup> and in recent times, an insurance crisis.<sup>49</sup> The new era of partnership envisioned in 1976 seemed another headache.

## **II-2.6 A NEW ERA — RESURRECTION AND IMPLEMENTATION**

Despite the problems, the key component of the fish pier remained virtually unchallenged: The potential benefit of the display auction.

The auction evolved from research by James A. Wilson, an economist at the University of Maine at Orono. He explored the idea in the late 1970s while doing Sea Grant and State Planning Office research examining the Magnuson Act's impact on Maine. Wilson then became a pier consultant for C.E. Maguire Co. and the city's Fish Pier Operations Committee.

A display auction is just what the phrase says: A display of species upon which buyers bid. Buyers judge the fish for quality before offering a price. In theory, fishermen will have a

financial incentive for taking better care of their catch at sea and buyers will be lured by better quality.

Typically, fish shipped from Portland to Boston are worth 5-to-7 cents a pound less in Boston because they are sent by truck. Boston has historically influenced fish prices even though the prices are not always indicative of quality or supply and demand conditions in New England.<sup>50</sup> The situation probably dates to the turn of the century, when Boston became New England's seafood marketing center after evolving into a northeast transportation hub.

The idea of having buyers see the product before they spend is uncommon in the New England groundfish industry. Despite auctions in Boston and New Bedford, most of the region is not set up for face-to-face business transactions. A Wilson report about the industry's fragmentation in 1980 explains.

The source of supply ranges from the Mid-Atlantic coast to the waters off Nova Scotia and the Gulf of St. Lawrence. Within the area were roughly 1,800 vessels ranging from 25 feet to over 150 feet long. They were equipped with almost every conceivable kind of fishing gear. Fishermen land their catch at more than 200 ports from Maine to Connecticut. More than 400 licensed dealers and processors buy directly from the fishermen. The product includes 27 commercially valuable species. Each varies in size and in determinants of shelf-life, such as time out of the water, and on-board handling and storage.<sup>51</sup>

Fishermen do not have time to canvas ports for the best price. Processors spend much time trying to match quality with quantity, and reselling species they do not want. The easy way out is for suppliers and buyers to form individual relationships.<sup>52</sup> But the method does not work for everyone. Buyers generally control the market and fishermen are unable to pass on the costs of their operations.<sup>53</sup>



In addition, the traditional marketing system does not respond well to these industry trends:

1. Sixty percent of seafood consumed in the U.S. is eaten in restaurants. This indicates the need to supply a quality product.<sup>54</sup>

2. Canada is the world's largest exporter of fish. Canada's largest market is the U.S. It is difficult to determine the amount of Canadian fish on the market on any given day. This results in unexpected price changes — changes that New England's industry contends results in depressed prices for domestic fish. This indicates a need to consolidate supplies from both countries so more information is available about day-to-day volumes.<sup>55</sup>

3. Processing of fish usually generates two to three times the income than that generated by harvesting. Maine lands about 20 percent of New England's groundfish, but processes only about one-third of its own landings. This indicates a need to increase the amount of processing in Maine by consolidating supplies.<sup>56</sup>

Many Maine companies have changed with the times and are doing well in the current business environment. But despite the growth of the last 10 years, the industry as a whole has not captured the potential economic gain of Magnuson Act.<sup>57</sup> It is also interesting to note that display auctions are common in Europe and Japan. The annual per capita consumption of seafood in those areas is three-to-five times the U.S. figure of 15.4 pounds.

Another factor supporting the pier was a change in investment habits by fishermen. They expanded their financial holdings within the industry and invested in shoreside facilities. The spending behavior helps describe the makeup of Maine's trawler fishermen. According to a 1980 study for the National Science Foundation by University of Maine anthropologist James Acheson, they were politically active men in their 30s. They are near the height of their careers and willing to take financial risks.<sup>58</sup> The demographics of the industry

are perhaps an example of how the Magnuson Act raised the standard of living for many fishermen.

In 1980, 25 members of the Maine Fishermen's Cooperative Association, the groundfishery's largest lobbying group with 100 members, formed Vessel Services, a fuel and ice company. They were responding to a lack of services at the pier they rented and unhappiness with fuel prices elsewhere on the waterfront. As fish pier plans evolved, the company had to make a choice — go out of business or compete for the fuel and ice contract on the fish pier. The contract appeared hopeless. Portland Sebago Oil and Ice Co., a fixture on the waterfront for 100 years, was being displaced by eminent domain for the pier. City officials planned to give the company the contract in return for taking its property.<sup>59</sup>

But several businesses complained. They argued for a bid system. Vessel Services then defeated Portland Sebago for the bid. City officials like the company's connection to the industry and a business arrangement that provided quicker revenue to the city treasury.<sup>60</sup>

About half of the original investors joined the new \$1.3 million effort. They were joined by attorney Edward F. Bradley Jr., and Vessel Services manager David Leeman. Accountant Samuel G. Davidson coordinated the package. According to Robin Alden Peters, editor and publisher of Commercial Fisheries News, Vessel Services was a test of fishermen "can-do" attitudes:

"They have learned to work together; they have learned to weather the inevitable ups and downs of a start-up business; and they have learned to merge the shoreside perspectives of attorney Bradley, manager Leeman, and accountant Davidson with working fishermen perspectives, like those of Marshall and Carole Alexander, Gerry and Linda Balzano, Charlie and Gail Johnson, Alden and Marge Leeman, and Bobby and Brenda Tetrault. Those people were the lead risk takers — the first private investors on the new fish pier. It took guts."<sup>61</sup>

Other investments followed. In 1984, Bobby Tetrault and Davidson developed the \$1.7 million Marine Trade Center on the pier. Balzano and Bradley organized a \$2.1 million purchase and renovation of Hobson's Wharf, recruiting as investors fishermen Marshall Alexander, Charles Johnson, Keith Lane, Walter Leeman and Willis Spear, and contractor John Gibson.<sup>62</sup>

The shoreside investments epitomized another factor at work on Portland's waterfront: The emergence of housing, marinas and offices in the central waterfront area, cramping areas traditionally used by the fishing industry. Central Wharf symbolized the new era. Once the home of about 25 commercial vessels, Central became the Chandler's Wharf 88-unit condominium project. The developers advertised the housing units for between \$150,000 and \$300,000 and buyers initially reserved them for purchase within three days (although not all were actually bought).<sup>63</sup>

The pier, and subsequently the area near the pier, became the most readily available spot for the fishing industry. Davidson and Tetrault said the industry would benefit from the centralized services at the fish pier. Equipment repair and sales companies will combine with unloading and fuel and ice operations to reduce the time fishermen spend ashore. "It'll be one-stop shopping," Davidson said.<sup>64</sup>

Others invested with their boats. Between 1980 and 1986, nine new boats entered Portland's fleet, averaging about \$750,000 each.<sup>65</sup> Although the pier did not increase berthing along the waterfront, it provided a modern, if design-troubled, site. About a dozen boats representing investment of about \$5 million were renting berths by 1986.<sup>66</sup>

Processors and other marine companies also began investing. Cozy Harbor Seafood, Willard-Daggett Fish Co., Harbor Seafood and R & S Seafood each made major investments in

new buildings or equipment. Gowen Inc. opened a boat repair business and moved its headquarters from Maine Wharf to Berlin Mills Wharf, two piers west of the fish pier. Not all of the improvements were directly related to the fish pier. Some were spurred by real estate pressure, the need for upgraded facilities and a fire. But it is important to note that the companies had enough confidence in the industry's future in Portland to reinvest. All told, the fishing industry has invested over \$12 million in the last six years.<sup>67</sup>

The fish pier's varied role in the expansions is exemplified by the processor investments. Cozy Harbor Seafood Inc. proposed a \$1 million expansion and 25 new jobs for the pier, then decided to move to a South Portland industrial park instead. Cozy Harbor said fish pier costs were too expensive considering the untested operation of the pier. But the company still planned to use the pier to buy fish.<sup>68</sup>

Reggie Lamb, owner of R & S Seafood, decided to expand at his existing location on Custom House Wharf because he was unsatisfied with the city's handling of the project. The pier also is a competitor with R & S. The company has been one of only four unloading areas on the waterfront for fishermen.<sup>69</sup> John Tonneson and Everett "Sonny" Traynor of Willard-Daggett Fish Co., also expanded their company off the pier — but the firm relocated to an area near the pier with the intention of taking advantage of the pier's potential.<sup>70</sup>

As the investments occurred industry members and city officials continued to argue and negotiate about details of the pier's operation. For the most part, the work involved processors John Norton of Cozy Harbor Seafood, Nick Alfiero of Harbor Fish Market Inc., David Bergson of Maine Fisheries and Asger Jorgenson of Stinson Canning Co., attorney Edward F. Bradley Jr. representing fishermen, and City Manager Tim Honey, City Councilor Llewellyn C. Smith, Waterfront Facilities Director Thomas F. Valteau, Waterfront Administrator Donald E. Olsen and Economic Development Director Clark Neily.

In 1984, the committee's work broke down. Fishing industry members criticized the city for moving slowly on organizing auction and management rules. City officials claimed they were unable to deal with rules until they finished planning construction. But the city acknowledged the industry was right in another respect: The pier rules needed to be established before the city could advertise for a pier operator. At the industry's urging, the city hired as a consultant Thomas A. Fulham. In Valleau's words, "You could not have invented a better person for the job."<sup>71</sup>

Fulham is a former president of Suffolk University whose family has been prominent in Boston's fishing industry for three generations. The industry welcomed his call for an autonomous board of directors comprised of industry representatives and a sales method requiring same-day payment.<sup>72</sup> Issues included responsibility for movement of fish across the auction floor and the political risks of having Portland City Councilors appoint board members.<sup>73</sup>

The issues were minimized by the appointment of a board supported wholeheartedly by the industry. The appointment of the board was a turning point for the pier. While the city council remains the pier's ultimate leader on broad financial and policy questions, industry members are in day-to-day control.

The auction became known as the Portland Fish Exchange. Appointed to the Exchange board were accountant Samuel G. Davidson, processors Nick Alfiero and Asger Jorgensen, fishermen Robert Tetrault and James Salisbury, vessel broker Roger F. Woodman Jr., retired food wholesaler Charles Redman and business consultant Leo Hurtubise.<sup>74</sup> The board worked rapidly in late 1985 and early 1986 to get the Exchange operational. They planned an afternoon auction and arranged a complicated \$1 million start-up financial plan involving

bank loans, a city appropriation and a city loan guarantee. The Exchange opened in April, 1986.<sup>75</sup>

An intriguing wildcard for the pier is the potential sale of Canadian fish. In 1983, Canada exported 1.1 billion pounds of product, 60 percent of which went to the U.S.<sup>76</sup> Canadian fresh fish imports have increased 100 percent since 1978.<sup>77</sup> New England's industry has long felt that imported Canadian groundfish has depressed prices and hurt domestic fishermen. The Dept. of Commerce recently established a 5.82 percent tariff on Canadian imports as a result of New England complaints.<sup>78</sup>

Economist James A. Wilson, the originator of Portland's display auction, wrote in Commercial Fisheries News, that because the large Canadian industry probably will improve its U.S. marketing, allowing Canadian fish in Portland will help minimize the impact of imports. The pier will consolidate supplies from a large geographic area and implement controls to ensure that large Canadian companies won't disrupt the market. Buyers would offer premium prices because they would have reliable supplies. Prices would also stabilize because the predictability of supply would prevent unexpected price changes. The auction will also create better public information about anticipated supplies, allowing fishermen to time their landings for days when anticipated supplies are low and prices high.<sup>79</sup>

Wilson's idea created a minor furor within the industry as some fishermen regarded it as caving in to Canadian interests, but others, including the Maine Fishermen's Cooperative Association, saw the benefit in negotiation, perhaps as a way of regaining access to fishing grounds lost in the 1984 Georges Bank Boundary decision.<sup>80</sup> People from both sides of border discussed the potential.<sup>81</sup>

After nearly two years of successful operation, the pier faced a financial crisis in 1988. The Portland Fish Exchange reported an accumulated deficit of \$350,000, and announced that it would close.

The auction's financial problems stemmed from a number of factors. Fish Exchange officials say that landings at the auction are down because fish stocks in the Gulf of Maine are at an all-time low. Others claim that the auction is in trouble, at least in part, because of poor management and unrealistic expectations. Virtually all city and Exchange officials conceded that original projections for the auction's operating costs were underfunded in the beginning, as well.

Many felt that although the Exchange was suffering management problems, the auction method of sales was a success. Both industry leaders and city officials stepped forward to keep the Exchange afloat and begin a reorganization plan. Vessel Services, Inc. and the Portland City Council agreed to provide \$50,000 each to keep the auction running through the end of the year. City Manager Robert Ganley worked with industry and state officials to develop a new operational system. Options under discussion were:

- \* Public and private subsidization of the Exchange;
- \* Making the Exchange a city department;
- \* Making the Exchange a public authority with the city and state sharing responsibility; and
- \* Creating a special district that would offer the Exchange tax revenue.<sup>82</sup>

## **II-2.7 SUMMARY AND CONCLUSIONS**

The fish pier was born in an era of growth and evolved in an era of confusion. Many circumstances hurt the pier's progress. Most involved federal politics, government's inexperience with the fishing industry and the fishing industry's distrust of government.

There was also concern that the pier had ballooned out of proportion. For the most part, fishermen wanted improved berthing. They were soon faced with one of the most ambitious marketing projects in the country. The industry eventually accepted the pier because of the display auction, financial trends and waterfront real estate development pressures.

In essence, the pier became operational almost by accident. The pier's financial and real estate role within the industry were not part of industry trends in the 1970s and therefore not part of the pier's planning.

But accidental occurrences seem to be a hallmark of the industry. The fish pier is merely a local example of how complex the industry has become internationally since World War II. Consider this: What common bond unites Gen. Douglas MacArthur, the Japanese and Chilean whaling fleets, and a South American lawyer who cannot read a map? Each contributed toward getting 200 miles as the internationally recognized distance for coastal nation fishery jurisdiction.

World War II interrupted Japan's whaling fishery. During the war Chile built a whaling fleet to fish off its shore. After World War II, Japan rebuilt its whaling fleet, thanks to U.S.-sponsored reconstruction led by MacArthur. Chile wanted to protect its coast from Japan's distant water vessels. A lawyer searched libraries for a legal precedent that would allow Chile to claim an exclusive fishery zone. The lawyer settled on the 1939 Declaration of Panama, a U.S. initiative that formed a neutral or safety zone. The zone varied in length from 300 to 500 miles. The zone of Chile was about 300. The lawyer read a map and journal article, and estimated the distance at 200. Within four years, Peru and Ecuador also claimed 200-mile zones, and the ocean enclosure movement was underway.<sup>83</sup>



The pier also illustrates how government and the fishing industry are imperfect partners. It would not be an exaggeration to say the pier suffered virtually every possible bureaucratic snafu. On the other hand, perhaps more industry people should have taken an interest in the project during its critical moments. Plans for the auction may not have dragged on as long as they did. Historically, of course, the nature of the industry precluded having much time for such shoreside pursuits as fish pier planning meetings. Perhaps one of the impacts of the Magnuson Act and the fish pier is that they have forced more shoreside participation by fishermen — or at least have forced fishermen to hire shoreside representation.

At the very least, everyone associated with the fish pier planning committees learned to get along. Clark Neily and the late John Sturgis got the planning off the ground. City Manager Tim Honey held the planning together during the pier's weakest moments. Waterfront Administrator Donald E. Olsen centered his career on getting the pier operational. Waterfront Director Thomas F. Valteau assumed leadership at a critical transition period late in the planning process. City Councilor Llewlyn C. Smith never looked for political gain despite heading the fish pier committee for several years. For the industry's part, it is much more of a political force in the city because of early work by Stanley Bayley, Tommy Jordan Sr., Lorenzo Scola and Peter Kelly, and later work by Edward F. Bradley Jr., John Norton, Nick Alfiero, Asger Jorgenson and David Bergson.

The pier probably will focus attention on the economic and political role of fishing in Maine. It represents millions of dollars and thousands of jobs to Maine's economy. The industry employs about 8,000 people full time, but because of the seasonal, part-time and small-scale nature of the industry, total employment may double that figure. In 1985, Maine commercial fishermen of all types landed 174.2 million pounds of product valued at \$101 million. The dollar figure was the third-highest on the East Coast behind Massachusetts and

Florida. In the Portland area, about 600 people fish commercially and another 400 work in processing.<sup>84</sup> The Portland industry generates \$145 million through landings, processing and industry services.<sup>85</sup>

Politicians listen to the industry because it is a lobbying power and a force in the voting booth. To most members of the public, the industry represents Maine's coastal heritage. The fish pier and the city's zoning that protects marine industries have become tools of social engineering: They allow the industry to compete better against the threat of waterfront condominiums and upscale shops, and keep Portland from becoming a totally white-collar city.

The question everyone asks is: Will the pier be successful? There are no guarantees that the pier will result in sweeping changes in the industry in New England. But changes have already begun locally. Consider industry behavior. Fishermen and processors have united to take command of the pier's day-to-day operations. The more than \$12 million invested by the industry during the past four years indicates its strength. At a minimum, the pier will help keep Portland's fleet strong. In addition Portland taxpayers will see a financial return from the money they invested in the fish pier because shoreside improvements by the industry will generate higher real estate tax revenues. No historic information is available, but the industry improvements surely represent one of the most extensive industry facelifts in Portland's 354 years. The waterfront — and the city at large — grew from the prosperity of fishing and shipping in the 19th century, but large-scale waterfront investments have been rare in the 20th century.

Despite the recent financial problems, it is clear that the auction has benefitted the industry. In 1987 Portland was the only New England port whose fish landings increased from 34.9 million pounds valued at \$22.4 million in 1986 to 43.8 million pounds valued at \$35.8 million in 1987.<sup>86</sup>

The partnership strategy for resolving the Exchange's problems is a good approach. The city, state and industry have much at stake. It took a creative mix of city, state and industry talent to solve the complex issues during the pier's construction. The track record indicates that a group effort may be successful for the Exchange, as well.

Portland's fishing industry no longer operates from one of the worst waterfronts on the East Coast. It operates from a pier that may set a standard for industry innovation. The financial risk is great for the industry and taxpayers alike. But given the alternatives of non-marine development, it appears neither would want it any other way.

FIGURE II

PORTLAND LANDINGS

<u>YEAR</u>	<u>VOLUME</u>	<u>VALUE</u>
1947	55,494,066 lbs	\$ 2,722,394
1948	68,735,602	3,524,249
1949	77,686,585	3,530,466
1950	102,563,551	3,913,796
1951	70,839,600	4,073,073
1952	74,692,314	2,308,901
1953	75,933,095	4,238,469
1954	96,677,467	4,726,291
1955	95,714,118	4,122,654
1956	86,024,194	3,851,009
1957	89,649,774	4,058,002
1958	96,668,883	4,408,910
1959	95,921,512	4,852,857
1960	81,408,950	4,470,608
1961	74,519,326	4,679,801
1962	82,669,586	4,556,359
1963	75,258,762	4,069,525
1964	68,751,893	4,199,238
1965	58,551,245	3,950,665
1966	65,251,578	5,058,939
1967	59,305,525	4,494,334
1968	62,653,642	4,754,428

PORTLAND LANDINGS CONT'D

<u>YEAR</u>	<u>VOLUME</u>	<u>VALUE</u>	<u>BOATS</u>
1969	49,146,204	5,000,934	
1970	44.8 m. lbs.	\$ 6.1m	
1971	36.5	5.6	
1972	33.4	5.6	
1973	37.4	6.9	39
1974	34.2	6.9	44
1975	40.4	8.1	N/A
1976	37.4	9.3	35
1977	41.2	11.7	N/A
1978	45.9	7.5	53
1979	59.6	10.1	62
1980	54.9	13.6	75
1981	39.9	17.0	84
1982	67.5	15.1	86
1983	53.9	16.0	82
1984	37.0	14.5	77
1985	36.1	17.2	72
1986	34.9	22.4	75
1987	43.8	35.8	92

NOTE: The National Marine Fisheries Service changed its record-keeping methods in the late 1970s. Previously, Portland's volume was listed along with other ports in Cumberland County. Portland's volume was about 75 percent of the County's total. In 1978, NMFS records began showing Portland separately.

SOURCE: National Marine Fisheries Service

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## II-3 THE BIW ERA

### II-3.1 Introduction

What is the proper role of government in recruiting business?

Should government provide tax breaks or direct subsidies? Should government supply property or infrastructure?

Should government do nothing?

Portland's waterfront and the economic development policies of the state and local governments shared the limelight in the early 1980s when Bath Iron Works expanded with a ship repair facility.

Its cost — nearly \$50 million — and its promise of new jobs — 1,000 within five years — made it the largest peacetime port development project in the state's history.<sup>1</sup> Some observers contend that only the development of Maine's interstate highway system and the millions spent by the paper industry represent larger investments in Maine.<sup>2</sup> The taxpayers' share of the cost — \$30 million, including \$15 million apiece in bond money from the City of Portland and the State of Maine — was unprecedented in Maine. The state's share needed the approval of the Maine Supreme Court. Common Cause, a public interest lobby, called the financing unconstitutional, alleging that it involved a gift of public money for a private purpose. The court said the promises of jobs and business expansion were proof of the project's public purpose.<sup>3</sup>

The story of Bath Iron Works' expansion into Portland is a classic "damned-if-you-do, damned-if-you-don't" situation.

On the downside of the issue were the impacts of the enormous public subsidy on Maine taxpayers and of federal maritime policy which had contributed to a decline in contracts for the nation's shipbuilding industry. The upside was the presence of an unusual opportunity: The chance of a city with big plans for itself to anchor its waterfront with an historic Maine industry operated by the state's largest private employer.

### **II-3.2 HOW THE PROJECT EVOLVED**

The story of Bath Iron Work's expansion into Portland begins in an Old Port restaurant, where a city employee overheard a conversation:<sup>4</sup> A BIW official was telling a friend about his company's negotiations with the City of Boston. The Boston Economic Development and Industrial Commission wanted BIW to be a tenant in the former South Boston Naval Annex Shipyard, now the South Boston Marine Industrial Park.

City administrators approached BIW. At first, BIW denied it was looking at Boston, but soon officials from the city, state and BIW began negotiations lasting three months. In June of 1981, BIW told city and state negotiating teams that if they were serious, BIW would suspend talks with Boston.<sup>5</sup>

The offer was quickly accepted. Boston's EDIC staff would not learn they had been dropped from the running until weeks later — just 24 hours before Gov. Joseph E. Brennan's press conference a month later announcing that Portland had won. By the last week of negotiations over the Portland site, the sessions dragged on for 18 hours a day.

"This final period signaled the start of the most intensive stage of negotiations: Mornings stretched into afternoons and continued into the night," the Maine Sunday Telegram reported. "Crews of secretaries took dictation, punched revision after revision into word processing machines and then distributed the latest version around the conference table.

"Sessions were further extended by private caucuses between the city and state, and conference calls back to Brennan's office in Augusta and the Portsmouth, N.H., headquarters of Congoleum, BIW's parent corporation.

"Corned beef sandwiches and drinks were shuttled in from a delicatessen across the street. One participant recalled that 'I never had before worked under such conditions of confidentiality.'

"Secretaries were warned — only half-jokingly — that if any leaks were ever traced to them, it would mean their jobs."<sup>6</sup>

Company, city and state officials signed an agreement Aug. 1, 1981.

Why was Portland chosen over Boston?

Maine's contribution of taxpayer dollars eased BIW's financial burden. The money combined with two obvious givens: Portland was only 34 miles from BIW headquarters, making administrative logistics easier, and it also was a second source of Maine shipyard workers, whom BIW officials had credited with helping complete shipbuilding schedules up to 17 weeks ahead of schedule. At the time of negotiations, BIW had a contract backlog of \$900 million.<sup>7</sup>

The deal looked like this:

The city would use its \$15 million to:

- \* Buy the Maine State Pier from the state.
- \* Buy 134,000 feet of land adjacent to the state pier from the Canadian National Railway.
- \* Build a new, 600-foot pier several hundred feet east of the state pier.<sup>8</sup>

The city would then lease the entire 58-acre site for 20 years to BIW. Payments would begin in 1982 at \$500,000 a year and increase, by the late 1990s, to \$1 million a year.

The state would also put up \$15 million, plus the \$4.6 million it received from selling the Maine State Pier to the city. The money went towards renovation of a dry dock.

The dry dock, anchored to the new pier, cost \$24.1 million to improve. BIW paid the remaining cost of the dock, estimated at \$4.5 million.<sup>9</sup>

BIW was responsible for arranging for the dry dock to be in Portland, ready for use, by the fall of 1983.

In return for gaining the free use of the dry dock, BIW paid all of the dock's insurance, maintenance and repair costs.

BIW earmarked the rest of its \$16.7 million for working capital and purchase of equipment and services needed to outfit the site as a shipyard.<sup>10</sup> BIW spent an additional \$2 million as a result of higher than expected interest rates and delays in the project because of the court cases.<sup>11</sup>

The complexity of the deal was exceeded only by the optimism of the shipyard's impact on the state.

State officials wooed the Legislature with figures showing the statewide ripple effect from the new shipyard.<sup>12</sup>

Rodney Scribner, commissioner of the state department of finance and administration, said the BIW expansion would create 1,000 jobs at the shipyard as well as a minimum of 1,000 indirect jobs related to the project. He said most studies have shown a much higher ratio of four or five indirect jobs for every direct job created by such a development.<sup>13</sup>

Scribner told the Portland Press Herald that the state will be able to recoup its investment in 8 1/2 years and then start turning a profit. According to Scribner, halfway through the state's 20-year bonding period — 1991 — BIW will be employing 1,100 people, a figure expected to climb to 1,600 jobs when the state bond is paid off in 2001. Those jobs, coupled with an equal number of indirect jobs, would create a total payroll of \$46 million in 1991. And that would funnel an extra \$7 million in general fund revenues for the state — money that will be shared with communities under the municipal revenue-sharing program.<sup>14</sup>

William Haggett, BIW's president, speaking before the legislature's transportation committee, went even further.

"While the State's own forecasts produce attractive economic returns, we believe them to be very conservative because they are based on the State's aggregated history of business starts and failures. We used a study produced by the U.S. Department of Commerce in January of 1981 which addressed the Economic Impact of Maritime Industries on the United States' Economy . . . Using factors employed in that extensive study, BIW forecasts that state tax revenues could be increased by \$26.9 million over five years, \$87.7 million over 10 and \$328 million over twenty. Using these multipliers and looking only at the tax revenue stream, the State's investment would be returned in 3.5 years and every dollar of tax revenue produced thereafter would have a beneficial effect on taxpayers throughout the State of Maine."<sup>15</sup>

David T. Flanagan, counsel to Gov. Joseph E. Brennan, told a legislative committee about the

"underlying public purpose on which this entire project is based — a dramatic increase in employment in Maine that would not occur but for the creation of ship repair facilities that could rival those which already exist in other States and are available now for use by our competitors. In a state with our low per capita income, limited industrial base, limited private capital availability and high unemployment rates this kind of government participation in economic development is of vital importance to our success in attracting this kind of business to our State."<sup>16</sup>

An independent assessment of the project also presented a glowing picture. The First National Bank of Boston concluded in a March, 1982 report that the shipyard would "make a



significant contribution to an already diverse and strengthening economy."<sup>17</sup> While affirming the economic gains from the projected new shipbuilding jobs, the bank estimated two other substantial impacts: The several hundred construction workers on the project would increase total wages in the city by at least \$15 million annually and the Naval personnel associated with the shipyard would lead to another 263 jobs in Portland's trade, services and food processing industries, generating another \$4 million in wages annually.<sup>18</sup>

The legislature sent the question of whether to commit \$15 million of state bond money to the project to a referendum. Voters overwhelmingly approved the referendum, 134,261-100,840. But the voters were actually faced with a \$33 million bond question because the referendum lumped together several projects, including airport improvements, potato-packing facilities and grain terminals.<sup>19</sup>

Before taking the case to the state Supreme Court, Common Cause asked for a ruling from Kennebec County Superior Court. Superior Court Justice Louis Scolnik approved the project as constitutional because of the referendum vote, but he criticized the referendum for being a "polyglot group of projects."

"Whether the state's motive in joining all the projects in one ballot question was the benign one of making the voters' task less confusing . . . or the more suspect one of appealing to sectional interests with a grab bag of various projects is not for this court to decide."<sup>20</sup>

Surprisingly, there was little public discussion about the shipyard's potential as related to the United States' poor shipbuilding economy. Between 1980 and 1984, 22,000 workers — more than 25 percent of the nation's shipbuilders — were laid off. Commercial shipbuilding in the U.S. ground to a halt in the early 1980s because of the Reagan Administration's removal of construction subsidy programs and increased foreign competition. With lower wages to pay, Japan and South Korea have become two of the dominant shipbuilding nations. A Korean yard

can build a ship for 25 to 30 percent of what it would cost in a U.S. yard. No upswing for U.S. yards is in sight. Even with a projected increase in U.S. Navy orders in the late 1980s, the U.S. government expects the 1982 U.S. shipbuilding industry employment of 175,000 to experience only modest growth.<sup>21</sup>

In 1983, the Office of Technology Assessment in the U.S. Congress wrote,

"While the U.S. Navy has embarked on an expanded building program, it will not require much additional shipyard capacity until the mid-1980's, and only the few yards that specialize in warships will benefit substantially. The trends in the industry are thus toward more U.S. Navy work, more concentration in fewer large firms, and hard times for those firms that have, in the past, depended on commercial shipbuilding subsidies. Although U.S. yards have made recent strides in improving productivity in the construction of merchant vessels, the primary focus of the industry is still on U.S. Navy work where high-technology, custom work is the rule."<sup>22</sup>

Why, in one of the worst shipbuilding industry shakeouts in history, did public officials back a major shipyard expansion?

The answer is that BIW is no run-of-the-mill firm. Its history and profitability indicated that despite the shipbuilding industry's problems, the company would persevere somehow, some way. The situation is not unlike a pennant contending baseball team which signs a veteran All-Star. The player may be having one of his worst seasons statistically, but experience shows the person is a proven winner. Sometimes, the player's individual performance is secondary to the impact the player's presence as a competitor has on the team as a whole. Portland was a team searching for greatness. BIW was the crafty veteran who would have a lasting impact.

For decades, the company has been known as one of the most reliable shipbuilders in the U.S., a firm that succeeds in national porkbarrel politics and constructs world-class warships. It regularly delivers ships on time and within cost estimates, and has a work force

that produces a quality product. Companies from around the world have sought to emulate BIW. In 1981, Fortune magazine said "Bath's performance has attracted more attention than an all-night bar when the fleet is in. Delegations of Japanese and Swedes have trooped through looking for tips." In 1985, BIW won a \$322 million contract to build the USS Arleigh Burke, the first ship in a new class of Navy destroyers.<sup>23</sup>

BIW's negotiations with the City of Portland and the State of Maine merely represented another successful marketing job by the company's management. In Portland's case, public officials prided themselves on having over 10 years of successful experience in generating major changes throughout the city.

"The city's effort to revitalize itself over the last 10 to 15 years is not risk-free," said William B. Troubh, mayor of Portland in 1983. "The (City) Council is willing to take risks and we've taken a major step with BIW. That's the reason why the city has grown the way it has. It has taken some risks."<sup>24</sup>

The state's lead negotiator on the project was George N. Campbell Jr., Maine's Commissioner of Transportation. Campbell, a former State Development Director, said without aggressive recruitment by state and Portland officials, the potential was very great for Maine to lose all of BIW's operations within several years. At the time of the shipyard expansion BIW was owned by Congoleum Corp. of Portsmouth, N.H. If Congoleum could have successfully expanded its ship repair business into Boston, the company may have later decided to move its Bath shipbuilding operation to the Boston area as well, consolidating its shipbuilding profit center close to the corporate office.<sup>25</sup>

The prospect was also foremost in the mind of former City Manager Tim Honey.

"I think that I would have considered it an absolute failure if we were standing here today and BIW had relocated down to Boston," Honey said.<sup>26</sup>

### II-3.3 PROBLEMS AND OPPORTUNITIES

Despite the work of state and local officials, few projects have created such divisiveness. Viewpoints were diverse because the project was unusual — it created problems and opportunities at the same time.

The Wall Street Journal described it as an example of Maine's creativity in attracting economic growth.<sup>28</sup>

Inc. magazine sneered at it. "Bath Iron Works had finally figured out how to take the capital out of capitalism," the publication said.<sup>29</sup>

In a 1981 referendum, Maine voters supported it with nearly 60 percent of the vote.<sup>30</sup>

A year later, participants in a conference on Portland's quality of life agreed with Inc.

Residents "like the idea of using public incentives, such as property tax reductions, to attract private business yet they do not want Portland to 'sell out,'" said a conference summary published by the University of Southern Maine. "Many believe, for example, that the city made too many concessions to attract the Bath Iron Works expansion here."<sup>31</sup>

The project also had severe political consequences.

Ronald Dorler, who became mayor in 1986, ran for the City Council in 1983 on a platform that the city should back off from "complex, costly business deals. We must cut back and have a little breathing spell from major developments, such as the BIW project."<sup>32</sup>

Not surprisingly, Dorler and Honey disagreed later over the direction of waterfront development, a disagreement that contributed to Honey's resignation in 1985.

Even Democratic Party friends of Gov. Joseph E. Brennan spoke out against the project. In the 1986 primary election, each of the five candidates criticized the project. One of the candidates, Attorney General James E. Tierney, suggested that the \$30 million in taxpayer subsidy would have been better spent by giving 30 companies \$1 million apiece to expand.<sup>33</sup>

Portland, meanwhile, has been looking at a multi-million dollar debt. Portland expected to profit from the shipyard by converting an old city hospital into a dormitory for sailors. But the United States Navy decided to provide housing for sailors aboard berthing barges at shipyards instead of renting rooms in shipyard communities. Without receiving money from room rentals, Portland taxpayers faced an \$8 million shortfall over the shipyard's first 10 years. In 1986, the owner of a home taxed at a value of \$50,000 paid an extra \$29.50 a year to cover the BIW debt, or 2 percent of a total tax bill of \$1,450.<sup>34</sup>

At one point Portland City Councilors lost trust in the company, wondering if BIW had misrepresented the Navy's intentions during the expansion negotiations. BIW helped Portland along by giving the city advanced rent payments.<sup>35</sup>

The headaches did not stop, however. The shipping industry entered a depression, making BIW's job promises moot. BIW began laying off people, not hiring them.<sup>36</sup>

Although the shipyard has been having difficulty meeting its promises, it has helped BIW and Portland in several ways. The shipyard opened Saturday, Dec. 10, 1983. It quickly became the largest industrial employer in Portland.

The expansion created an overhaul and repair facility that allowed BIW to bid on work for which the company was previously unqualified.<sup>37</sup> The ease of entering and exiting Portland Harbor allowed BIW to bid on emergency work that required only a few days of dry

docking. The potential for regularly receiving those contracts had been impractical at the company's Bath headquarters because of navigational problems on the twisty and narrow Kennebec River. The Portland dry dock, an 844-foot floating platform with a 900-ton capacity, allows BIW to accept anything short of an aircraft carrier. BIW's first contract for Portland — a two year, three-destroyer overhaul contract worth \$68 million — could not have been won without the Portland shipyard.<sup>38</sup>

BIW, the state's largest private employer, said the shipyard has strengthened the economy through jobs and spending.

The company said the shipyard created jobs by giving work to employees who normally would have lost their jobs to the shipyard depression. After reaching a record peace-time employment of 8,400 workers shortly before the shipyard opened, BIW laid off about 1,400 people during what experts called the worst shipbuilding economy in 50 years.<sup>39</sup>

In October, 1984, the Portland shipyard was employing 700 workers, — all transferred from Bath. To the company, job transfers were synonymous with new jobs.<sup>40</sup>

"Admittedly it's not new hires, but it does represent new jobs because otherwise these people would have been laid off," said Jim McGregor, BIW's director of public relations.<sup>41</sup>

In terms of spending, BIW said it bought \$20.7 million worth of supplies and services from the Portland area in 1983, a 64 percent increase over 1982's figure of \$12.6 million. BIW also pays the city of Portland \$1 million a year in rent and \$15,000 annually in property taxes on equipment. The city also receives additional revenue sharing from the state government because of state taxes taken from BIW's Portland workers.<sup>42</sup>

A State Planning Office report also indicated positive impacts from the shipyard. The report said BIW's average annual employment of 621 in 1986 led to another 269 jobs in Portland, South Portland and Westbrook. The total of 890 jobs reflected \$23.6 million in payroll, \$8.9 million in retail sales and \$8.9 million in service sales.<sup>43</sup>

Ironically, another of the shipyard's economic benefits is related to the city's loss of rental fees from sailors. The Navy's barges for housing sailors are essentially waterfront hotels with over 200 rooms each. Sailors even have dubbed one of the barges the "Casco Bay Hilton." During the first few years of the shipyard the sailors earned \$800 to \$1,200 a month, much of which is spent in shops, restaurants, markets and bars a couple of blocks away in the Old Port section of downtown.<sup>44</sup>

From an aesthetic viewpoint, the 58-acre shipyard (8 acres of land plus 50 acres of water) improves an area which had fallen into disrepair. The state had built the Maine State Pier in the early 1920s as a last-ditch effort to improve Portland's dry cargo fortunes, but in recent years activity at the site had dwindled. The area also included the remains of an old grain terminal operation which had been destroyed by fire. During construction, crews yanked 15,000 pilings, dredged 625,000 cubic yards of mud and performed several million dollars worth of renovations to turn a cavernous warehouse into more than 100,000 square feet of office, shop, shipping and storage space. The emergence on the waterfront skyline of the 82-foot high blue dry dock symbolizes the vastness of Portland's waterfront development dreams.<sup>45</sup>

#### **II-3.4 SUMMARY**

BIW's shipyard project has been a complex episode in the city's waterfront redevelopment era. The project created problems and opportunities alike, resulting in diverse viewpoints about its success.

The City of Portland and Bath Iron Works got together by accident. Portland and Boston then competed for the company. Portland won out, but only after a series of tense negotiations. Taxpayers contributed \$30 million to the project to give BIW facilities in Portland — facilities which already existed in Boston and in theory gave Boston an advantage in the competition. BIW also has had a substantial financial obligation to the project, paying for \$20 million of its cost. Optimism about the project's economic impact bordered on euphoria. Public officials downplayed the shipbuilding industry's economic problems because they believed BIW, as a world-class shipbuilder, was a good risk to withstand the industry's problems. Employment grew to expected levels in 1986, but the jobs were not new positions. The city's financial loss on the project created political changes on the city council and within the city administration. Public officials in general have decided that the taxpayer investment in the shipyard was an inappropriate economic development strategy.

### **II-3.5 CONCLUSIONS**

Is the BIW shipyard a good deal for Portland and the State of Maine?

If the project is measured by the promises of the referendum campaign, the answer is no. By those standards, BIW has not delivered upon the job promises and the additional burden on Portland's tax rate was an unforeseen disaster.

But if the project is measured by broader public policy concerns, the answer is yes.

Here's why:

1. The project improved a rundown section of the waterfront, gave Portland a major development to stabilize the working waterfront and helped generate publicity about the city's



growth. Although a cargo pier had been planned on the same site, cargo development in Portland has proceeded so slowly that the property probably would still be dilapidated today.

2. Ship repair work is vital to any port with plans to build a working waterfront. By the mid-1980s, 25 percent of all waterfront industrial activity in the U.S. was ship repair work.<sup>46</sup>

3. Portland received broad economic gains from BIW's lease payments and property taxes on equipment, and from revenue sharing money from state taxes taken from BIW's Portland workers.

4. Shipyard workers, construction workers and Naval personnel stimulated spending along the waterfront.

5. BIW spent large sums of money buying goods and services in Portland.

The project probably will be less of a financial issue for Portland as time goes on. In the early 1990s, the shipyard's debt will be removed from the city's tax roles and the city will continue to benefit from BIW and Navy spending, and the sales and property taxes associated with the shipyard. Even if the shipyard should go out of business, the city would continue to own waterfront acreage that will only escalate in value. Also, the old hospital that was supposed to house sailors has been redeveloped into housing, in essence adding a property to the tax roles.

There is no doubt, however, that the project will exacerbate the poor reputation Portland has in the state Legislature. The project has been controversial enough to make legislators gun-shy about other big projects involving a public-private partnership. And the benefits Portland had received from the project will be perceived as favoring a local interest at a statewide cost. It is unusual for rural legislators to support Portland projects or legislation.<sup>47</sup> The BIW project ensures it will be a long time before they do it again.

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## II-4 HISTORY OF THE SHIPPING INDUSTRY

### II-4.1 Introduction

Portland Harbor's heyday occurred in the late 19th and early 20th centuries, when the port was a dominant dry cargo center in the Northeast. Since the 1920s, shipping in Portland Harbor has been hurt by worldwide economic and technological changes, the benign neglect by state and local governments, and political bickering.

If Portland is to once again be a prominent cargo port, it must overcome enormous odds. All around the country small ports like Portland are struggling. The reason involves economies of scale. Cargo ship operators seek to load as many goods as they can in as few ports as possible. This means that ships have become larger and goods have become consolidated in large ports dubbed "load centers."<sup>1</sup>

There are other problems. Modern ship-loading equipment is expensive and few small ports can afford the cost. Also expensive is dredging to increase harbor depths for larger vessels. Historically, the federal government has paid the full cost of dredging, but legislation has decreased the federal role. The 1986 Omnibus Water Resources Development Act requires state and local governments to put up as much as half the cost of projects. This means ports will have to devise ways of financing dredging costs locally, probably by initiating user fees, or increasing existing fees.<sup>2</sup>

Portland has been trying to buck the trends. The task has been — and will continue to be — difficult.

One may view Portland's situation as a case study of a small port seeking to regain importance. The Harbor has a lengthy shipping history. It was Canada's major winter port for 50 years and the second leading petroleum importer in the United States for 40 years.

The rise and fall of shipping in Portland Harbor and prospects for improvements are complex issues. Cargo development anywhere involves numerous interest groups, government agencies, federal regulations and the intricacies of the international economy. In Portland Harbor, it also involves two different shipping activities in two different cities: oil in South Portland and dry cargo in Portland.

One method of understanding Portland Harbor's complexity is to analyze the factors influencing cargo development. This chapter begins with a summary of current issues affecting dry cargo on Portland's waterfront. The chapter continues with a look at federal, state and local policies that have influenced the Harbor through the years, and historic details about the Harbor's operation.

The chapter intends to provide an understanding of the existing situation in Portland Harbor, the reasons why it evolved and the prospects for change.

#### **II-4.2 DRY CARGO TODAY**

Dry cargo includes all non-petroleum goods. Portland Harbor handled 308,701 tons of dry cargo in 1987, up from 86,000 tons in 1979.<sup>3</sup> Future growth is uncertain, and wounds have been slow to heal regarding a clash of visions: Union labor versus non-union labor and private development versus public development.<sup>4</sup> In the 1980s, Portland's cargo situation has been influenced by four general circumstances.

#### **II-4.2A THE EVOLUTION OF STATE POLICY TOWARD CARGO PORTS**

In 1979, the Boston consulting firm of Fay, Spofford and Thorndike provided the Maine Legislature with a statewide cargo study. It discounted Portland's potential in favor of the midcoast port of Searsport. A coalition involving the cities of Portland and South Portland, the Chamber of Commerce of the Greater Portland Region and the Portland Longshoremen's Benevolent Society, Local 861 ILA, lobbied against the study. In 1980, the Maryland firm of Booz, Allen & Hamilton provided the legislature with another study, this time supporting cargo development in Portland. The implementation of the study was interrupted by the Bath Iron Works Corp.'s expansion to the Maine State Pier in 1982. Bond money proposed for cargo development went instead to the BIW shipyard project.<sup>5</sup>

In 1983, voters approved a \$4 million bond issue to keep cargo development alive in Portland. Consultant Robert E. Whitney provided a local cargo advisory committee with another study, updating the Booz-Allen report. He focused on the potential for roll-on/roll-off trade, or "RO/RO," as it is known in shipping circles. A RO/RO vessel is designed to allow trucks or other vehicles to drive on with trailers of cargo.<sup>6</sup> Whitney suggested the city develop a relationship with an existing ship service in the northeast region, explore a connection involving Halifax or Boston, or develop the International Ferry Terminal to handle specialty products such as automobiles or grain. No action has resulted from the Whitney report, despite the fact there are now at least four "feeder" ship services traveling between Halifax and New York.<sup>7</sup>

#### **II-4.2B EFFORTS BY GUILFORD TRANSPORTATION INDUSTRIES TO DEVELOP ITS LAND**

Guilford is the parent company of the Maine Central Railroad, the Boston and Maine Railroad and the Delaware & Hudson Railroad. It owns more than 30 acres of waterfront land upon which state officials wanted to build the Portland cargo pier in the early 1980s.



Guilford also had sought to purchase Conrail, a federally owned railroad the Reagan Administration wanted to return to private ownership. If Guilford had received a piece of Conrail, Guilford would have operated a rail network from Chicago to Bangor and Montreal to Washington, D.C. The potential existed for grain, steel and coal to flow from the Midwest and for pulp, paper and wood to flow from the Northeast.<sup>8</sup> Guilford and the state talked generally about a joint venture, then Guilford formed a joint venture with Merrill Industries, the operator of a private cargo pier in Portland.<sup>9</sup>

#### **II-4.2C THE OPENING OF THE MERRILL INDUSTRIES PIER**

Merrill is one of New England's leading trucking companies. It is non-union, therefore excluding the longshoremen's union from its operations. Merrill built its \$12 million pier only a few hundred yards west of the proposed state site. The pier opened in 1982. It is now the leading cargo pier in the state. In 1987, it handled nearly 300,000 tons of various products including wood pulp, mahogany, paper, tapioca, fertilizer, gypsum, scrap metal, coal, lumber, salt and fish. The pier generated about \$2 million a year to the local economy, according to company figures.<sup>10</sup>

#### **II-4.2D THE RISE OF THE NEARLY DEFUNCT LONGSHOREMEN'S**

##### **UNION AS A POLITICAL FORCE**

Longshoremen have not lifted a finger in Portland since December, 1981, although some Portland union members have worked periodically in Portsmouth over the last four years. But former union president Joseph D. Casale served 9 years as a city councilor including one year as mayor, and business agent Jack D. Humeniuk has been on the Portland Planning Board for 8 years, including 3 years as chairman. Each exerted influence over city waterfront policy. They considered a publicly financed pier as their priority.<sup>11</sup>

The factors blend this way:

Councilor Casale, the former longshoremen president and former mayor, became chairman of former Gov. Joseph E. Brennan's advisory committee planning the state project in Portland. The committee included representatives from companies associated with transportation, shipping and warehousing, including Paul D. Merrill, president of Merrill Industries, the owner of the private pier. The committee tried to devise a publicly financed project that would not compete with Merrill's private venture.<sup>12</sup>

But Merrill and Casale disagreed on the compatibility of the two projects. Casale and the longshoremen's union believe Merrill will not grow because of the shipping industry's dependence upon unionized cargo. Merrill acknowledged that some companies will not use his pier because it is non-union. But he insists the biggest reason for lack of ships is a lack of cargo. He believes it is fruitless for his company and a taxpayer-backed pier to compete for a limited market.<sup>13</sup>

"We've got a situation any port in the nation would envy," Merrill told the Maine Sunday Telegram, "a private industry developing something that usually relies on public subsidy. Any other city would roll out the red carpet. But instead the established government is working against it."<sup>14</sup>

Merrill wants the state to play a general policy role in transportation. He suggests the state maintain railways and highways so that cargo can be readily consolidated and use the most economical combination of truck, rail and water.<sup>15</sup> The philosophy relates to one of the biggest trends affecting shipping today: intermodalism. Intermodalism views transportation as a door-to-door service rather than port-to-port. Efficiency is improved by having a single carrier coordinating the movement of goods among different modes of transportation.<sup>16</sup>

In summary, the state's taxpayer-backed proposal has been considered a potential competitor with Merrill's privately-backed project; Casale, a politically connected former longshoremen president, has locked horns with Merrill, the owner of a non-union pier that is the leading cargo operation in the state; and Guilford, a major waterfront landowner, has switched alliances from the proposed state project to a joint venture with Merrill.

As one can see, port development is complex and political. An analysis of government policies may help explain why.

#### **II-4.3 FEDERAL POLICIES**

The federal policy that has affected Portland most directly is the dredging program of the U.S. Army Corps of Engineers. Since 1836, the Corps has spent \$17 million in Portland Harbor.<sup>17</sup> The Corps is thoroughly entwined in politics. It is a military organization staffed largely by civilians. But it is under the president as commander-in-chief, and it gets its money from Congress. For many years, Congress used the Corps to grant favors. In return for supporting other measures, a politician would get approval for his or her favorite dam, levee or harbor dredging project.<sup>18</sup>

It is not clear if the forefathers of the U.S. had pork barrel politics in mind when they wrote the constitution, but they made sure their port policy offered something for everyone. Article 1, Section 9 of the Constitution reads:

"No preference shall be given to any regulation of commerce or revenue to the ports of one State over those of another: nor shall vessels bound to, or from, one State, be obliged to enter, clear, or pay duties in another."<sup>19</sup>

How does one determine preferential bias? So much for a clear federal guide.

By World War I, the direction and administration of federal maritime policy had been splintered among several executive and independent agencies. Of course, Congress remained loyal to everyone. In 1919 legislators wrote:

"It is declared to be the policy of Congress that water terminals are essential to all cities and towns located upon harbors . . . and that at least one public terminal should exist . . . open to the use of all on public terms."<sup>20</sup>

Apparently, many communities took the declaration to heart. In 1969, the Commission on Marine Studies Engineering and Resources, more commonly called the Stratton Commission, reported:

"Because of funding procedures, it has been relatively easy to obtain harbor development projects which often exceed the real need of the community . . ."<sup>21</sup>

By 1976, more than 50 federal organizations wielded authority over ports and harbors. The major agencies were the Army Corps of Engineers in the Department of Defense; the Coast Guard in the Department of Transportation; and the Maritime Administration and Economic Development Administration in the Department of Commerce.<sup>22</sup>

#### **II-4.4 EARLY STATE AND LOCAL POLICIES**

Like federal policies, state and local policies are a maze. Over the years the state and local governments have dealt haphazardly with port issues. The most tangible example of their interest was the Maine State Pier, which opened in 1923. But by then the Harbor's decline as an international dry cargo center had begun. Governmental support of maintenance and promotion budgets was not enough. By the late 1970s, Portland's waterfront was a maritime slum.<sup>23</sup>

The state government became involved in port development during the second decade of the 20th century. Previously, entrepreneurs directed port development. Perhaps the most famous entrepreneur of all was attorney John A. Poor. Poor believed Portland's future was tied to Canada, especially with the St. Lawrence River closed winters. He helped secure an agreement for a Portland to Montreal railroad in the mid-1840s by making a 300-mile sleigh ride through the White Mountains in a blizzard. His spunk outmaneuvered a group of Boston merchants equally intent on getting Canadian trade. The derring-do led to the formation of the Atlantic and St. Lawrence Railroad in 1845. In 1856, Poor helped design Commercial Street. The water's edge previously was Fore Street, now the lower end of downtown's trendy Old Port shopping district.

The city was so excited about port development, it spent \$60,000 building two piers long enough to receive the "Great Eastern," the largest steamship of the time. The ship never docked in Portland. No matter. The waterfront remained central to the city's growth for the next 50 years.<sup>24</sup>

By the early 20th century, however, Portland's civic and business leaders had developed other priorities. The city concentrated on tourism and retailing, ignoring warning signs that Portland was about to lose its superiority. Canada had begun implementing more nationalistic policies, such as pouring government money into its east coast ports. Saint John, N.B., became Canada's winter port. Some Portland leaders lobbied Congress, which in turn approved dredging projects and fort improvements. As University of Maine historian Robert H. Babcock put it, "No one was quite sure from whom Portlanders were being protected . . ." <sup>25</sup>

The Board of Trade, an early chamber of commerce, sought help from the U.S. Army Corps of Engineers, but congressmen were unimpressed with the condition of the city's piers.

They told the merchants that city government should invest in piers as a way of getting federal aid. Instead, the city invested in harbor regulation. The city bought a power boat and assigned three men to guard yachts owned by visiting tourists. It literally took an act of Congress to change Portland's approach. In 1917, a Maine senator attached a Portland Harbor dredging bill to a World War I emergency war measure. The bill contained a provision that dredging would occur only if local officials would assure adequate facilities for deep-draft ships. Portland leaders asked the state legislature for assistance. In 1919 a commission endorsed the idea of the Maine State Pier.<sup>26</sup>

But by 1923, the Canadian government had absorbed the Grand Trunk railroad that serviced Portland, and Halifax and Saint John were growing ports.<sup>27</sup> Portland's decline began.

Several historians have focused on Portland Harbor's early eminence. Robert G. Albion, a Portland native who taught at Harvard University, divided Portland's early shipping history into three eras: Pre-revolution, Revolution to post Civil War, and the Grand Trunk Era through 1920.<sup>28</sup>

In 1652, England began coming to New England for white pine. The Royal Navy used the trees for masts. In 1727, England began buying masts from Col. Thomas Westbrook. He ran a dock in Stroudwater, a few miles west of "The Neck," as the current downtown Peninsula was known. The operation was the economic center of town.<sup>29</sup>

Over the next 25 years, other merchants settled on The Neck. They invested in vessels, and traded lumber and fish. The trademark of successful families were cocked hats, red cloaks, and powdered wigs. They were allied by business, politics and marriage. Some owned slaves.<sup>30</sup>

All owned shares in vessels that engaged in unrestricted trade, which the British called smuggling. In the 1760s the Navy began to enforce trade regulations to pay war debts. Some of the "Cocked Hat Set" withheld masts from the government. Cut off from this strategic material, the Royal Navy bombarded 'the Neck' in October of 1775. No lives were lost, but 400 buildings, the whole center of town, burned. In one day the community lost its economy.<sup>31</sup>

Hardships continued through the Embargo of 1807 and the War of 1812. But by the 1830s, business had been rejuvenated, and the port's second great era was underway.<sup>32</sup> Shippers traded wood in the Caribbean for molasses. Companies converted molasses into rum and brown sugar. Portland became the distribution center for Maine, New Hampshire, Vermont and Canada's maritime provinces. Shipping earnings were divided among merchants, shipbuilders, sailmakers, doctors, lawyers, teachers and, as Albion explained, "scores of others who owned 16ths or 64ths."<sup>33</sup>

"The port's maritime profits did not stop there," Albion continued. "There were the earnings of the pilots, longshoremen, ship chandlers and other waterfront groups; the mercantile gains from handling the exports and imports; the local profits from banking and marine insurance; the big payrolls and gains from processing the outward wood cargoes and the incoming molasses; and the widespread gains from wholesaling. Like the meat packers who later boasted that they utilized the entire hog except the squeal, no seaport could have participated more thoroughly in the manifold aspects of maritime gain."<sup>34</sup>

The Grand Trunk, or third, era evolved from Poor's work to get Canada's winter business.

Between 1875 and 1878, the Grand Trunk Railroad of Canada built two grain elevators, one of them the largest east of Detroit.<sup>35</sup> Grain from the Canadian west flowed through Portland to England. The Grand Trunk developments followed the opening of a new, \$485,000 U.S. Custom House in 1872.<sup>36</sup> By 1881, the port ranked fourth nationwide in amount of duties assessed.<sup>37</sup> In 1899, the port moved 1.6 million tons of goods, an increase of 285,522 tons the

year before. (As a comparison, the Harbor's overall dry cargo tonnage for 1984 was only 236,000 tons.) Nearly 700,000 tons of the 1899 shipments involved coal. Lumber was the second highest good.<sup>38</sup> Each shipping firm had a company flag. When a spotter in the Munjoy Hill Observatory recognized a ship entering port, he hoisted the appropriate flag for all to see.<sup>39</sup>

A witness to the 19th century golden era was Albert B. Hall, a shipping broker in Portland for more than 50 years. He began working on the waterfront in 1870 and wrote about his experience in the Portland Sunday Telegram in 1937.<sup>40</sup>

He explained the lighter side of the male-dominated workplace. In the 1870s and 1880s, Commercial Street was often muddy and rutted, a testament to the waterfront's linking of ships with horse or oxen-drawn wagons. The condition of the street was an indicator that business was strong for the export lumber trade to South America and the import sugar trade from the West Indies. Cumberland and York Counties were dotted with mills. They made staves and boxes, which were put into bundles called shooks.

"Carting the shooks from the mills to the city was an important industry," Hall wrote. "The country hotels a few miles out from Portland were busy places. The teamsters would plan to arrive there in the latter part of the day and put up their teams for the night, drive into Portland in the morning, returning at night. There was such a hotel at Windham Hill which boasted a dance hall and a fiddler named Manchester, and according to all accounts, 'there was a hot time in the old town.'"<sup>41</sup>

In the early 20th century, Portland continued to have a healthy waterfront. In 1904, Portland moved goods totalling 2.2 million tons, of which 1.2 million tons was coal.<sup>42</sup> In 1909, Portland moved 2.9 million tons, twice the tonnage of 1892.<sup>43</sup>



How important was Canadian grain? In 1916 Portland moved 3.7 million tons, nearly one-third of which was grain.<sup>44</sup> But by 1934, Canada's port development policy had taken hold and Canadian grain moved through Portland no more.<sup>45</sup>

The loss of Canadian grain was not Portland's only problem in the 1930s. The Depression slowed cargo movement. Volume was a respectable 2.5 million tons in 1933, but nearly half of the goods were oil products.<sup>46</sup> Because tankers unload by connecting to a pipeline, oil cargo does not provide jobs for longshoremen, who considered asking City Hall for unemployment aid. In 1935, Governor Louis J. Brann appointed a Portland Port Commission to conduct a \$5,000 study of port issues. No major changes resulted, probably because Portland leaders failed to see the need for political action. They apparently believed economic ties between Montreal and Portland were inherently strong because the lines of commerce were shorter than between Montreal and other ports. Of course, transportation distances were no longer the sole determinant of economic ties after the Canadian government nationalized the Grand Trunk Railroad.<sup>47</sup>

Local leaders made several moves after World War II to emphasize port development, but achieved limited access. Neither the state nor local governments were prepared to match the spirit of John A. Poor or the well-intentioned backers of the Maine State Pier. In 1944, the Port of Portland Authority requested money for development of the port, but the measure was narrowly defeated. If implemented successfully, the project may have made Portland the Halifax or Saint John of the East Coast. The area between the Maine State Pier and the Million Dollar Bridge would have become devoted entirely to shipping, fishing, cold storage and a public landing.<sup>48</sup>

In 1945, the Port of Portland Authority became the Maine Port Authority, reflecting a change in marketing strategy.<sup>49</sup> In 1946 the Greater Portland Chamber of Commerce formed a

Port Development Committee. By 1951, the committee had hired a port solicitor to generate business from New York. By 1956 the solicitor was an employee of the Maine Port Authority and by the late 1950s the cities of Portland and South Portland were contributing financially to the New York office.<sup>50</sup> Between 1956 and 1967, the Maine Port Authority's promotion budget doubled from \$24,000 to \$47,000.<sup>51</sup>

The steps were minimal, however, compared to events occurring in the cargo market within which Portland Harbor competed. A. Edward Langlois, general manager of the Maine Port Authority, told a legislative committee in 1959 that Boston had not only just completed a \$30 million cargo project, but was also developing a \$250,000 promotion budget.<sup>52</sup>

Between 1958 and 1967 the Legislature invested \$577,200 in maintenance at the Maine State Pier.<sup>53</sup> Like the increased promotion budget, the maintenance did not boost Portland's ability to compete. In 1959, Langlois said the time had come for a comprehensive analysis of Maine ports. Several factors were changing the cargo market. Portland was not keeping pace.

First, other ports were investing in technology — cranes, forklifts and modern storage areas. The age of containerization had arrived. In traditional cargo handling, workers loaded individual packages in separate crates. Containerized cargo is freight that is prepackaged in metal containers the size of a small truck body. Containerized cargo threatened longshoremen jobs as no other technological development had done.<sup>54</sup> It takes 12 days to load a 6,000-ton ship by the traditional individual package method. It takes only one day to load the same-sized ship with containerized cargo.<sup>55</sup>

Second, cargo sources were changing. After World War II, shipping between U.S. ports (once called coastal trade) began moving on highways. Before World War II, paper mills

imported wood pulp from Europe. After the war they had either developed their own manufacturing process or brought it to Maine by rail from Canada.<sup>56</sup>

In 1962, the legislature not only defeated a bill authorizing a ports study, but a legislator reprimanded Langlois for getting Maine businesses to lobby in support of the measure.<sup>57</sup> The incident contrasts deeply with the intense lobbying that is part of all government activities today.

The incident also provides a glimpse into the history of Maine state government. State government did not become aggressive until the late 1960s and 1970s, when the size and number of administrative agencies increased dramatically as federal grant money helped existing programs and started new ones.<sup>58</sup> A 1983 state government report observed:

"In the first half of this century, Maine State government by and large continued to fulfill the responsibilities it had always borne: Basic road building, elementary supervision of local government, general oversight of public primary and secondary education and the funding of the colleges which trained the teachers for these schools, some monitoring of law and order in remote rural areas, and the operation of a few medical or specialized care facilities . . . The aim of the Constitution seemed to be to keep State government from doing very much, and to compensate those who did anything very little. The Legislature, with its rural bias, seemed insensitive to the problems of the cities. The geographical center of the state might be Augusta but, it was said, the political center was Aroostook County."<sup>59</sup>

#### **II-4.5 THE IMPACT OF OIL**

Langlois speculated that political leaders disputed testimony that the Harbor needed help because the influx of oil overshadowed the nearly dormant dry cargo trade.<sup>60</sup> Oil was a hot topic. Since 1950, Maine has witnessed six proposals for refinery development, including one in South Portland, one in Portland and one on Long Island in Casco Bay.<sup>61</sup> (In fact, the potential for oil refinery projects was a major reason why Maine adopted a coastal

management program.)<sup>62</sup> Portland Harbor was the second leading crude oil port for much of four decades into the 1980s.<sup>63</sup>

Oil cargo in Portland Harbor dates to the early 1900s when the area became the main distribution center for northern New England.<sup>64</sup> Oil overtook coal in volume in the port in 1933, illustrating its increased use as fuel.<sup>65</sup>

The biggest impact from oil was the Portland Pipe Line Corp. In 1941, it installed a 236-mile pipeline connecting the South Portland side of the Harbor with Montreal. Six refineries formed Portland Pipe Line Corp. as a war measure. The pipeline enabled year-round deliveries, compared to the seven-month capability from using the St. Lawrence River, which was closed winters. In addition, tankers from the Caribbean or Gulf Coast travel 2,000 miles less on each round trip to South Portland compared to traveling to Montreal. The first pipeline was 12 inches wide. The company added an 18-inch line in 1950.<sup>66</sup> In 1951, Portland ranked fourth nationwide in weight of foreign imports, behind New York, Baltimore and Philadelphia. In terms of foreign imports of crude oil, Portland Harbor ranked second to Philadelphia.<sup>67</sup> The Harbor's waterborne commerce in 1951 was 10.3 million tons. Crude petroleum and petroleum products accounted for 7.4 million tons, or 72 percent of total tonnage. Furthermore, oil accounted for 99 percent of imports.<sup>68</sup> In 1959, 12.9 tons of crude flowed from the South Portland terminals to Canada, a nearly 300 percent increase in 10 years. Six hundred tankers visited Portland Harbor and oil accounted for 75 percent of the commerce in the port.<sup>69</sup>

In the early 1960s, the federal government helped Portland Harbor's oil fortunes. The U.S. Army Corps of Engineers increased the depth of the Portland Harbor entrance channel from 35 feet to 45 feet. The work was approved in 1962 and completed in 1965. Sen. Margaret Chase Smith lobbied Congress for seven years to get \$8 million for the project.<sup>70</sup> Harbor interests emphasized the work was necessary for Portland to maintain movements of crude

oil. Waterborne commerce had increased 127 percent in the 1950s, with crude oil accounting for about 75 percent of the tonnage. In the 1960s, oil volume was expected to increase and tankers were expected to become larger. With the 35-foot entrance channel, some tankers using Portland Harbor reported two-to-six hour tidal delays as they awaited to unload.<sup>71</sup>

By the mid-1960s, tankers carrying three to six times the volume of the post-World War II tankers entered the port. In 1966, the Portland Pipe Line Corp. added a third pipeline.<sup>72</sup> In 1967, Portland was the busiest port in New England, handling 22.8 million tons of cargo — 99 percent of it oil products.<sup>73</sup>

After the Arab Oil embargo of 1973-74, Canada decided to develop domestic sources of oil in the Canadian west. In addition, increased costs and reduced market demand forced all oil companies using the harbor to reduce activity. In 1974, oil trade peaked. Some 1,105 tankers unloaded 33.1 million tons of petroleum in Portland Harbor. By 1981, the numbers had dropped to 791 tankers and 15.7 million tons.<sup>74</sup>

About 523 acres of land are owned by 11 oil companies in South Portland.<sup>75</sup> The future of oil handling in the Harbor is uncertain because its relationship to Canadian needs and other international issues. The oil handling is expected to continue into the foreseeable future, however, "as long as there is sufficient supply and demand for petroleum," according to a report by South Portland City Planner Beth Della Valle. According to Wallace McGrew of Portland Pipe Line Corp., about 10 to 12 percent annual growth is expected through the year 2,000.<sup>76</sup>

#### **II-4.6 CURRENT STATE AND LOCAL POLICIES**

The current round of dry cargo plans for Portland's waterfront dates to the early 1970s. The Maine Department of Transportation (MDOT) took control of the Maine Port Authority in a reorganization plan developed by former Gov. Kenneth Curtis. The reorganization ended port

administration as an independent function reporting directly to the governor. It also merged port interests with potentially competing highway interests. But ports benefitted from MDOT's enormous bonding capacity. In the early 1970s, port development in Portland shifted to oil refining schemes, none of which materialized. By the late 1970s, MDOT was studying general cargo development to determine departmental responsibilities under the government reorganization. In addition, labor problems in Boston increased the potential for cargo development in Maine.<sup>77</sup>

Remember the four general circumstances affecting port development in Portland described at the beginning of the chapter? It is at this point where they begin to emerge.

A \$43,000 study conducted by Fay Spofford and Thorndike in 1978 favored Searsport over Portland, citing advantages in handling forest products. The study was disputed by the cities of Portland and South Portland, the local area chamber of commerce, and the longshoremen's union. The legislature then commissioned a \$58,000 study by Booze Allen and Hamilton. It told Portland Harbor interests what they wanted to hear — Portland should be developed.

State officials prepared a \$10 million bond issue for a Portland cargo project at the Maine State Pier, but the money eventually was used to help finance the Bath Iron Works Corp.'s shipyard expansion into Portland. For the dying longshoremen's union, the arrival of BIW in Portland was depressing. "Instead of a shot in the arm, the longshoremen got a kick in the teeth," wrote Michael C. Connolly, a history professor at Westbrook College who has researched the union's past.<sup>78</sup>

The Portland Press Herald failed to note the irony of the situation when it reported on the BIW expansion. "It was, of course, appropriate that the official announcement of the big project came from the son of a Portland longshoreman, Governor Joseph E. Brennan."<sup>79</sup>

State officials aided longshoremen by preparing another bond issue. In 1983, voters approved a \$10 million bond issue for ports, of which \$4 million went for cargo development on Portland's waterfront.

By this time, state officials had embarked on a statewide cargo strategy: Portland would handle business growth in Southern Maine and parts of New Hampshire; Sears Island in Searsport would increase its service to the state's pulp and paper mills; and Eastport would increase its handling of pulp and paper, and expand its service to Aroostook County customers. State officials believed Maine ports would offer lower costs than out-of-state ports and encourage use by Maine companies. In 1981, MDOT valued state imports and exports at \$2.3 billion.<sup>80</sup> MDOT believed good times were ahead. Maine's cargo activity was stabilizing. In 1976, 80 percent of Maine's export goods were shipped through out-of-state ports. In 1983, the figure was 60 percent. MDOT set as a goal 20 percent.<sup>81</sup>

Despite the numbers, critics assailed the state's plans as motivated more politically than economically. The Chamber of Commerce of the Greater Portland Region supported the ports bond, but complained that the state's three-port plan was vague and the Portland proposal could potentially compete with Merrill's new private pier.

"The pragmatic fact of the bond issue is that if something isn't included for all of the state, none would get approved," said Perry Hudson, the chamber's chairman.<sup>82</sup>

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The bond issue helped Joseph Casale resurrect cargo development as a project for city government. His support for BIW as a city councilor cost him his job as longshoremen president. As a city councilor, he believed the shipyard's potential for 1,000 new jobs was in the best interest at the time for Portland's 63,000 residents. But he worked hard to get the state to prepare the second bond issue and Governor Brennan appointed him chairman of the committee planning the Portland project.<sup>83</sup> In 1985, the Portland City Council elected Casale mayor and state transportation commissioner Dana F. Connors appointed Casale to the Maine Port Authority. Casale, said Connors, "has shown outstanding leadership in keeping a Portland cargo facility in front of the public."<sup>84</sup>

In fact, state government and local business leaders have publicly supported longshoremen for many years. A port magazine used for promotion in 1979 and 1980 says:

"Labor officials in the Port have a continued spirit of cooperation in assisting with the adjustments that are necessary to handle the vessels and cargoes associated with new and approved methods of cargo handling. Veteran members of the labor force are finding retirement to their liking, and this has opened new berths for younger people. The blend of youth with the veterans has added new dimensions to the port's capability to turn the vessel around with improved efficiency. New insight into long standing labor/management working agreements have also resulted in changes that have contributed to increasing the competitive position of the port."<sup>85</sup>

#### II-4.7 THE ROLE OF LABOR

The local union's reliance upon political maneuvering is a relatively new strategy in Portland, but elsewhere longshoremen have developed deep political ties. The local longshoremen are merely practicing what their brothers have done for years.

The two major longshore unions are the International Longshoremen's Association (ILA), representing the Atlantic and Gulf coasts (75,000 members) and the International Longshoremen's and Warehousemen's Union (ILWU) representing the Pacific Coast (15,000



members). To maintain specific levels of work and share the economic benefits of labor-saving technology such as containerization, the unions have relied on several tactics. Over the years, strikes have closed individual ports and even shut down entire coasts. Locals have participated in work slowdowns, boycotted certain cargoes and picketed ships.<sup>86</sup> After the Soviet invasion of Afghanistan in the late 1970s, the ILA boycotted all U.S. cargoes going to or arriving from the Soviet Union. "Apparently, no task was too large," observed maritime writer Clinton H. Whitehurst Jr.<sup>87</sup>

Of course, Portland's union is small. It has only about 105 members. But the ILA's national office kept its hand in Maine by employing as the local business agent Jack Humeniuk, the chairman of Portland's Planning Board. Humeniuk spent considerable time in the mid-1980s canvassing the market to entice ships to Portland and keeping the state's cargo plans alive.

"Our work force dates to 1880 and that's longer than most companies in this town," Humeniuk said. "We're not going to go away because of a bad couple of years."<sup>88</sup>

Humeniuk believes Portland can entice business because of lower costs. The Portland longshoremen have no expensive benefit programs, such as the Guaranteed Annual Income program.<sup>89</sup> GAI enables longshoremen with high seniority to work rarely, yet receive a full annual salary. The GAI has been in effect in larger ports since 1966. It came about as a result of containerization's impact on union jobs. The ILA fought for GAI on the premise that the cost of technological changes must not rest entirely upon workers in the industry.<sup>90</sup>

In Portland, the longshoremen's history mirrors an epic movie. How's this for a plot: Thousands of uneducated, rural immigrants escape poverty by moving to a new country and becoming the dominant labor force in an industrial city. As generations change, ethnicity

gives way to cultural sameness. The immigrants' labor union nearly collapses, but several members fight aggressively for its existence.

Michael C. Connolly, the Westbrook college professor, has researched the story.

Traditionally, racial and ethnic minorities were longshoremen because the unskilled nature of the job made it one of the few opportunities for immigrants. The Irish assumed the jobs in Portland beginning in the mid-19th century after being driven from Ireland by potato famines. Most had operated farms in and around Galway. The union formation was remarkable because for the most part, the workers had arrived in the U.S. as poor, uneducated, non-English-speaking transplants from rural countrysides.

"Yet they organized one of the first labor organizations in the state," Connolly said. "They were able to negotiate wages and security, the things you would expect a union to do. But they were going by instinct."<sup>91</sup>

Members concerned themselves greatly in the early days with contributing financially to sick leave for members and death benefits for a deceased member's family. Members who disobeyed union leadership while working — such as sneaking liquor off a ship — were reprimanded. But one member who attended an East Coast convention was allowed to spend \$15.85 on beer — roughly a week's work of pay.<sup>92</sup>

Many of the meeting minutes were recorded in clear, long-hand script, undoubtedly a tribute to penmanship drilled into the longshoremen when they were youngsters attending primarily Catholic schools. On the day after Christmas in 1921, Bishop Louis S. Walsh warned the group to "keep away from strikes" because they ruin goodwill with the public.<sup>93</sup>

Union membership reached its height in 1919 with 1,366 workers, with another couple of hundred who worked without official membership. If the same number of longshoremen were employed today, the union would be Portland's third largest employer. If compared with figures in the 1985-86 Greater Portland Data Book published by the regional chamber of commerce, the union would rank with Maine Medical Center (3,258) and Union Mutual Life Insurance Co. (2,416).<sup>94</sup>

A 1935 study said longshoremen charged too much, but for years the union was noted for its productivity. In 1945, longshoremen loaded a single ship with 816,000 bushels of wheat. A 1950 state government report said the feat was "a record that has never been surpassed by any port in the world."<sup>95</sup> Local ILA executive John B. Silke became a leader in the national organization. In the late 1930s, 40s and 50s, he was closely identified with the international president, Joseph P. Ryan, and helped form the international's first health insurance and pension plan in the late 1940s.<sup>96</sup>

As the Harbor's dry cargo declined, so did the union. After World War II, it had trouble attracting new membership. Several meetings were cancelled for a lack of quorum. The union even tried to entice people to the meetings with door prizes.<sup>97</sup> Between 1955 and 1980, new members were rare. The biggest exception were the years 1976-77, when 40 people, including the current leadership, joined.<sup>98</sup> The younger set took a different approach to union affairs than the old guard. The newcomers were willing to spend money on such projects as a promotional booth at the downtown Old Port Festival. In 1980, the elder members challenged the younger members. But the election was marred by voting irregularities. The problem voided ballots for write-in candidates and left intact the younger leadership.<sup>99</sup> Casale, Humeniuk and others began laying the groundwork for a new era.

#### II-4.8 THE IMPACT OF MERRILL INDUSTRIES

While the city and state have debated a public pier for years, hired a fleet of consultants and succeeded in getting a \$4 million bond issue passed in 1983, Merrill Industries overcame numerous obstacles and spent around \$12 million of its own money to put a pier in operation.<sup>100</sup>

Company founder Paul E. Merrill is a legend in Maine business. He started a trucking business in 1929 by earning \$4 from hauling a load of wood 15 miles. His operation grew to include Merrill Industries and Merrill Transport. Merrill Industries includes the cargo pier, a Portland distribution center and Maine Lumber Co., with mills in Dixfield and West Enfield. Merrill Transport includes a fleet of more than 250 trucks operating out of terminals in Maine, New Hampshire and Vermont. They haul petroleum, coal, gravel, salt, caustic soda and acids. Merrill Transport also operates a crane service.<sup>101</sup> In 1979, Paul E. Merrill gave his workers a \$50 bonus for every year of service — a companywide award of \$220,000.

He began planning the pier in 1977. He bought the Gulf Oil plant on the Portland waterfront and expanded the property with 10,000 yards of fill from the Portland Museum of Art excavation.<sup>102</sup> He oversaw the pier's first delivery of coal shortly before his death in 1982. It was the first large shipment of coal to arrive in Portland since the 1940s.<sup>103</sup>

When Paul D. Merrill, the elder Merrill's son, took over the cargo operation, he had problems galore. Construction was a year behind schedule because of engineering problems, the pier needed substantial design changes and costs were escalating.<sup>104</sup>

The pier began operations by unloading coal destined for the S.D. Warren paper mill, located six miles away in Westbrook.<sup>105</sup> When oil prices stabilized, the coal business did not grow explosively as Merrill had planned. Instead of handling 400,000 tons of coal annually,

the pier handled 100,000 tons.<sup>106</sup> The situation forced the company to change the financing of the pier and seek other commodities, such as scrap metal.<sup>107</sup>

In 1984, the noise from scrap operations offended residents of nearby Western Promenade, an exclusive neighborhood. They described the noise as "a series of explosions" or "a plane crashing." The zone in which Merrill operated had been an industrial area for at least 30 years, but there was no question that noise was bothersome. Merrill reacted by reducing operating hours, implementing new handling techniques and buying about \$30,000 worth of new equipment.<sup>108</sup>

But the relationship between the company and the neighborhood deteriorated over the next two years. In early 1986, the two parties met acrimoniously in hearings before the state Board of Environmental Protection, and eventually state noise regulations were imposed.<sup>109</sup> In addition to fighting regulatory proceedings, Merrill President Paul D. Merrill has been developing business strategies for Portland Cargo Associates, the joint venture formed by the Merrill company and Guilford Transportation Industries. They planned to operate a waterfront industrial park and seek tenants who require immediate access to highway, rail or water transportation.<sup>110</sup>

Merrill's operation affected the port in two ways. First, the aggressiveness of the late Paul E. Merrill recalls the image of another entrepreneur, John A. Poor, the lawyer who made the Portland-Canada connection in the 19th century. Second, the opening of Merrill's pier in 1982 teamed with the BIW project to end an era for Portland's longshoremen. Merrill's operation was non-union. BIW's construction of a shipyard at the Maine State Pier took away the only other pier suitable for cargo handling.

"This waterfront squeeze would result in the absence of a bona fide longshore industry in Portland for the first time in one hundred years," wrote longshoremen researcher, Michael C. Connolly.<sup>111</sup>

The situation had not been expected to evolve the way it did. Neither the backers of the public cargo proposal nor the late Paul E. Merrill foresaw political complications when each spawned separate cargo development plans in the mid-1970s. In fact, Merrill and the Portland longshoremen's union seriously discussed the possibility of the union working at Merrill's facility. The idea was dropped when Merrill decided the longshoremen's costs were too high for his new operation.

Then, as mentioned earlier, the Merrill project suffered several reeling blows: the death of the elder Merrill, expensive engineering complications regarding the pier design, a massive decline in volume in the pier's base cargo (coal), the subsequent need to recapitalize the facility, and noise issues. Meanwhile, Paul D. Merrill, the elder Merrill's son, courageously stood up to the challenges. Even under the best of circumstances, the acquiring of experience in the cargo trade requires stamina, patience and resourcefulness. To learn the business in the wake of major family changes, financial challenges and political pressure must have been the ultimate test.

To solve the pier's tenuous financial standing, Merrill went after a broader range of cargoes — products inevitably that public cargo backers envisioned for their product. Merrill could not embrace the idea of a public cargo pier because he feared losing the business he and his father had worked so hard to keep operating.

The factor that drove the agenda of the public cargo backers was the transfer of a \$10 million bond issue in 1981 from the public cargo project to the Bath Iron Works expansion.

As stated earlier, City Councilor Joseph D. Casale, a longshoreman, had supported the BIW project with assurances from both city and state leaders that another public cargo effort would be forthcoming. The longshoremen's union, backed with political clout, was determined to have the promises carried out. The determination was symbolized by the hard-ball political lobbying which killed a potential mixed use development proposed in 1985 for the International Ferry Terminal. Still, the longshoremen's effort did not evolve smoothly. City and state administrators tried to avoid taking sides in the public-private cargo debate. They were then criticized by some union leaders for not knowing enough about the shipping industry. Meanwhile, the relationship between state government and Guilford Transportation Industries deteriorated. Guilford had been a major player in the public cargo picture, discussing joint venture opportunities with the state before entering into a real estate partnership with Merrill Industries. But Guilford and state government disagreed over fiber optic rights on abandoned rail lines. And when Guilford experienced a crippling labor fight with its own employees, the break with public cargo plans was even more pronounced.

Merrill's position through all of this was to aggressively keep his firm in the forefront, promoting the companies' economic impact on Portland's working waterfront, and portraying his adversaries as out of touch with the contemporary cargo marketing situation. To Merrill, the cargo market in Maine is too limited and always changing.

The situation between public cargo backers and Merrill wallowed on unresolved. Eventually, the picture changed because of several unrelated events:

- \* Governor Brennan, a powerful public cargo supporter, joined Congress;
- \* State officials turned their attention to cargo development at Sears Island, off Searsport;
- \* Casale did not seek reelection in 1988;

\* City officials turned their attention to attracting cruise ships and creating a multipurpose pier at the International Ferry Terminal; and

\* Merrill began making plans for new, base-load cargo accounts, therefore brightening the companies' financial picture.

It is unclear at this time how each event will affect Portland's cargo situation, but clearly Portland is entering another new era for shipping.<sup>112</sup>

#### **II-4.9 THE ECONOMIC IMPACT OF SHIPPING**

In the 19th century, the arrival of a ship in Portland was a great occasion. A worker on lookout at the Portland Observatory on Munjoy Hill would raise a flag to signal that a ship was near. Many people turned out to watch the ship from the moment it first came into sight.

"What ship is she? Where is she from? What is she carrying? What kind of voyage did she have? These were only a few of the many questions asked as the vessel proceeded to its berth.

The scene was repeated in all ports, whether they were on oceans, lakes, or rivers. In those simple days everyone knew that an arrival was certain to benefit the community. The cargo meant new stock for the merchants' shelves. Availability of the vessel meant activity for the exporters. The loading, storing, repairs and other port services required by the ship meant jobs for the port's workers.

Newly arrived vessels had an added significance in those days. Besides the cargo in their holds and the passengers on their decks, they carried news and ideas from the outside world. These were the materials from which civilization was being fashioned.



Today, nearly 200 major commercial ports on the nation's coastlines, rivers, lakes and canals serve as centers of regional commerce and growth. Every major metropolitan region of the United States centers around a port, or is closely linked by rail or highway with a port.

In these sophisticated times a whole town rarely turns out for the arrival of a vessel as they did in the colorful days of the river steamboats and glamorous ocean liners. Yet the containerships, freighters, tankers, ore carriers and barges that arrive daily at river, lake, canal, or coastal ports still symbolize the essential activities of those ports.

Do you drive a foreign-made automobile? Heat with oil? Add bananas to your morning cereal? It's easy to understand why nearly everyone in the U.S. depends in some way on a port.<sup>113</sup>

The big picture is easily understood. But what about the small picture? How would Portland benefit economically from a cargo pier?

A national study conducted by the U.S. Maritime Administration in the mid-1970s indicated that 600 tons of foreign trade was responsible for one job.<sup>114</sup>

The figure forms a good model to work with, but one must keep in mind that each port has separate characteristics affecting its economic situation. Furthermore, the exact quantification of economic benefits is often an exercise in generalities, according to the Port Economics study published by the Massachusetts Institute of Technology in 1982.

"Most ports in the world function like public utilities. As public utilities, their objective is not maximization of profits but rather some notion of social net benefits, and their performance to a large extent is not subject to free market choices."<sup>115</sup>

That said, however, ports do create an identifiable multiplier effect, creating jobs for steamship companies, railroads, truckers, air carriers, warehousemen, stevedoring contractors, freight forwarders, tugboat operators, and others. Additionally, other industries benefit in employment from port activities such as business services, finance and insurance, maintenance and repair construction, printing and publishing, shipbuilding, and communications. In 1970, the leading service industry receiving income from port activities was the real estate industry.<sup>116</sup>

In the early 1980s, the port consultant firm of Booz Allen & Hamilton compared employment impacts at three different port areas: Houston, Baltimore, and the Delaware River Ports.<sup>117</sup>

Employment impacts were measured in terms of total full-time jobs directly dependent on port activity; jobs induced as a result of in-state purchases of goods and services by those directly employed by the port; and jobs related to but not totally dependent on port activity.

A comparison of job impacts showed substantial variation. In Houston, for example, about .05 jobs resulted from every 600 tons of petroleum moved, and 1.02 jobs were created for every 600 tons of automobiles. But in Baltimore, about 2.5 jobs result from every 600 tons of automobiles, but only .02 jobs from 600 tons of petroleum products.

Why the variation from port to port?

Booz Allen and Hamilton cited three reasons:

1. Differences in the transportation infrastructure;
2. Differences in labor productivity; and
3. Differences in the overall industrial and economic base of the region.

Former South Portland Planning Director Beth Della Valle sought economic answers to a portion of the port's business in the 1982 "Study of Oil Port Facilities in Portland Harbor." She analyzed employment, payroll, gross revenue as well as indirect and induced effects of additional purchases, wages and taxes stimulated by the original expenditures.

Ms. Della Valle examined the 1980 "Waterfront Economic Base Study of the Greater Portland Region" (prepared for the Greater Portland Council of Governments by University of Southern Maine Economist Carl E. Veazie), and other local studies, in addition to interviewing local oil companies.

Among the findings:

- \* Wholesale trade generates an employment multiplier of 1.9. This means that the petroleum industry created 409 jobs in the Portland area in 1981 (1.9 x 215 petroleum industry jobs); and

- \* Every ton of petroleum cargo transferred results in \$1 spent on services such as harbor and docking pilots, tugboats, ship chandlers, ship repair and bunkering facilities, and ship's agents. In 1980, 105,000,000 barrels of petroleum (eight barrels per ton) were estimated to generate \$13,125,000 in spinoff sales.<sup>118</sup>

Another local example of the port economy is provided by Merrill Industries. Each of the 52 ships that used the company's terminal in 1987 represented approximately \$175,000 in spending to the local economy — a total of about \$9 million. Merrill estimates it pays over \$150,000 a year in property taxes and is responsible for a payroll of about \$750,000, representing 90 full- and part-time jobs paying between \$18,000 and \$33,000 a year.<sup>119</sup>

To summarize, cargo piers do generate substantial economic impacts, but public facilities generally rely on large subsidies for their operation. In fact, despite Merrill's

financial contributions to the local economy, the privately owned facility has yet to turn a profit. Cargo development is a high-cost, high-risk venture.

#### **II-4.10 SUMMARY AND CONCLUSIONS**

Portland Harbor's prominence as a port was based on four factors:

1. In the early years of the nation the port developed international trade based on natural resources such as lumber and fish.

2. From the mid-19th to the early 20th century the port connected itself via railroads to U.S. and Canadian markets. The port became Canada's winter port.

3. In the early 20th century Portland became the distribution center for northern New England.

4. In the mid-20th century Portland became Canada's oil port.

Unfortunately, government rarely responded aggressively to changes in the dry cargo status quo. It did not reinvest as a way of competing with port development in Canada or Boston. As a result, shippers bypassed Portland because it lacked containerization facilities. However, Portland Harbor also suffered from natural causes. Cargo sources changed, thereby reducing the mix of cargoes handled in Portland. The post-World War II highway construction boom led to an increase in trucking and the creation of other regional distribution centers. The greatest impacts on oil volumes have been world economics and politics.

Ironically, Portland's decline as a dry cargo center is related to the very factor that made Portland so successful in the 19th and early 20th centuries. While Portland is closer to Montreal by rail (297 miles) than any competing Atlantic port (Boston, 330 miles; New York, 387 miles; Saint John, 483 miles; and Halifax, 758 miles), it is farther away from the industrial and agricultural heartland of the American midwest. Boston, New York, Philadelphia and Baltimore each are closer than Portland to St. Louis, Chicago, Cincinnati and Cleveland.<sup>120</sup>

Still, it is difficult to avoid speculating that Portland may have remained a profitable port if the proper mix of government and private investors had been found. The port was an undeniably strong natural resource for three centuries. It is not as if officials needed to build a port from scratch. The port had a reputation for cargo handling upon which to build. Of course, port interests were faced with battling larger issues than port development per se. The political and social philosophy of the state in the first several decades of the 20th century precluded taxpayer support of economic development, despite the potential for profiting from customs fees and industrial expansion.

The gradual decline of Portland highlights the need for creativeness in rebuilding the port. The port has relied historically on Maine's natural resources and a connection to Canada. Both state officials and Merrill Industries recognize the situation. The state is investigating the potential of securing a shipping service that would feed the larger port of Halifax. Merrill believes Maine ports are finding their volumes tied to specialized bulk products that are produced or consumed locally, such as forest products, fertilizer, road salt, fish or machinery.

Despite the similar outlooks, the shipping situation in Portland Harbor has been confused. As the 1980s unfolded both the state and local government supported shipping as important to the state's economic development, yet the Portland project deteriorated into a labyrinth of politics. Merrill's private pier began operating, but not on a large scale. On the South Portland side of the harbor, oil continued to provide business, but the volumes were much less than just a few years ago.

The dry cargo situation in Portland has evolved into a stalemate.

The state project and Merrill's pier continued down separate paths. As political opponents bickered, there was a loss of public interest in port development, and prospects for future business or political cooperation were dimmed. At this writing, the major players are involved in different agendas: Merrill is seeking potential expansion, the city is looking at creating a multi-purpose marine terminal and the state has made Searsport a priority. A new era has dawned. One can only hope that each player has more luck capitalizing on opportunities than they have in the past.

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**APPENDICES**

## W-1/W-2 ZONING

## LAND USE

§ 14-306

- (8) *Maximum height:* No portion of any building or structure shall be higher than thirty-five (35) feet from average grade level or three (3) floors whichever is less except that wherever the natural topography involves sharply separated grades on opposite sides of the proposed building or structure the limitation shall be measured from the upper grade. (Code 1968, § 602.10A.D; Ord. No. 536-74, § 2, 8-19-74)

**Sec. 14-295. Off-street parking.**

Unless otherwise specified in this division, off-street parking in an I-P zone is required as provided in division 20 of this article. (Code 1968, § 602.10A.E; Ord. No. 536-74, § 2, 8-19-74)

**Sec. 14-296. Off-street loading.**

Unless otherwise specified in this division, off-street loading in an I-P zone is required as provided in division 21 of this article. (Code 1968, § 602.10A.F; Ord. No. 536-74, § 2, 8-19-74)

**Sec. 14-297. Shorelands.**

No building or structure shall be erected, altered, enlarged, rebuilt or used, and no premises shall be used in an I-P zone within the land area situated between the shoreland zone line and the normal high water mark of the waters of the Stroudwater River, Presumpscot River, Fore River, Portland Harbor, Back Cove, and the bays, coves, sounds, inlets and open waters of Casco Bay, as shown on the city zoning map and on all land areas of all islands not having a shoreland zone line on the city zoning map, which does not comply with the requirements of division 26 of this article. (Code 1968, § 602.10A.H; Ord. No. 536-74, § 2, 8-19-74)

**Secs. 14-298—14-305. Reserved.**

## DIVISION 18. W-1 WATERFRONT ZONE\*

**Sec. 14-306. Purpose.**

[The purpose of the W-1 zone is:]

- (1) To provide an area for the compatible mixture of waterfront dependent uses such as marine shipping and fishing-related activities, and waterfront enhanced uses such as traditional commercial, industrial and residential uses.
- (2) To encourage adaptive reuse of existing structures.
- (3) To encourage more intensive uses of land and buildings.

\*Editor's note—Ord. No. 426-83, § 1, adopted April 25, 1983, repealed §§ 14-306—14-312, relative to the W-1 waterfront zone, and in lieu thereof enacted new §§ 14-306—14-311 as herein set out. The repealed provisions derived from Code 1968, § 602.10B.A—F; Ord. No. 336-76, adopted June 21, 1976 and Ord. No. 670-77, § 1, adopted Nov. 7, 1977.

To promote the utilization of vacant land and building floor area and to encourage the upgrading of underutilized facilities. (Ord. No. 426-83, § 1, 4-25-83)

**Sec. 14-307. Permitted uses.**

The following uses are permitted in the W-1 waterfront zone:

(1) *Marine:*

- a. Marine products wholesaling and retailing;
- b. Marine repair services and machine shops;
- c. Tugboat, fireboat, pilot boat, and similar services;
- d. Harbor and marine supplies and services and ship supply such as fueling and bunkering of vessels;
- e. Marine industrial welding and fabricating;
- f. Shipbuilding and facilities for construction, maintenance and repair of vessels;
- g. Marine transport services, including ferries, public landings, marinas or yacht clubs, and boat charter and excursion services;
- h. Marine museums and aquariums;
- i. Docking, loading and cargo handling facilities, including related storage;
- j. Boat repair yards;
- k. Boat storage facilities;
- l. Seafood processing;
- m. Seafood packing and packaging;
- n. Seafood off-loading and seafood distribution;
- o. Fabrication, storage and repair of fishing equipment;
- p. Ice-making services;
- q. Facilities for marine construction and salvage;
- r. Facilities for marine pollution control, oil spill cleanup, and servicing of marine sanitation devices;
- s. Fabrication of marine-related goods.

(2) *Commercial:*

- a. Professional, business and general offices;
- b. Restaurants and other eating and drinking establishments;
- c. Meeting and convention halls;
- d. Hotels and motels;
- e. Craft and specialty shops, including the on-premise production of handcrafted goods;
- f. Retail and service establishments except convenience stores with gas pumps;
- g. Theaters and places of public assembly;
- h. Banking services;
- i. Laundry and dry cleaning services;
- j. Cabinet and carpentry shops;
- k. Indoor recreation and family amusement establishments;
- l. Intermodal transportation facilities;

- m. Off-street parking lots and garages;
- n. Cold storage facilities.

(3) *Industrial:*

- a. Warehousing and wholesaling;
- b. Industrial uses with total floor area of less than ten thousand (10,000) square feet and which meet performance standards of the I-2 zone.

(4) *Residential:*

- a. Residential uses above the first story of existing buildings (buildings in existence on or before April 25, 1983) on the northerly side of Commercial Street.

(5) *Public:*

- a. Utility substations, including sewage collection and pumping stations, water pumping stations, transformer stations, telephone electronic equipment enclosures and other similar structures;
- b. Museums and art galleries;
- c. Landscaped pedestrian parks, plazas and other similar outdoor pedestrian spaces.

(6) *Other:*

- a. Accessory uses customarily incidental and subordinate to the location, function and operation of permitted uses. (Ord. No. 426-83, § 1, 4-25-83)

**Sec. 14-308. Conditional uses.**

The following uses shall be permitted as conditional uses in the W-1 waterfront zone, provided that, notwithstanding section 14-471(3), section 14-474(a), or any other provision of this Code, the planning board shall be substituted for the board of appeals as the reviewing authority, and provided, further, that in addition to the provisions of section 14-474(c)(2), they shall also meet the following additional requirements:

(1) *Commercial:*

- a. Automobile service stations and convenience stores with gasoline pumps provided that they are located at least two thousand (2,000) feet from other such uses.
- b. Marinas, provided that:
  - 1. Such use does not decrease the amount of, nor diminish the quality of, existing on-site berthing space, as measured along the pier, float or wharf edge, which could be used for commercial vessels in its current condition or with necessary maintenance or rehabilitation. In determining whether such space could be used, the cumulative effect of deferred maintenance shall not be a factor. In assessing the impact on quality of berthing space, the planning board shall consider, among other elements, the following: cost, access, maneuverability, depth for various-sized vessels, loading/unloading areas; lease terms, availability of utilities, parking and safety;



2. Any new linear pier line footage, not subject to paragraph 1. above, shall designate and reserve for the use of commercial vessels one-third ( $\frac{1}{3}$ ) of such new linear footage, which will be made available for use by commercial vessels on the same basis as the replacement footage required in paragraph 1. above; and
3. The planning authority shall maintain a file of all marina site plans, showing the location of commercial vessel berthing developed pursuant to this section.

(2) *Residential:*

- a. Residential uses in new building construction, buildings constructed after April 25, 1983, provided that:
  1. They do not decrease the amount of, nor diminish the quality of, existing on-site berthing space, as measured along the pier, float or wharf edge, which could be used for commercial vessels in its current condition or with necessary maintenance or rehabilitation. In determining whether such space could be used, the cumulative effect of deferred maintenance shall not be a factor. In assessing the impact on quality of berthing space, the planning board shall consider, among other elements, the following: cost, access, maneuverability, depth for various-sized vessels, loading/unloading areas, lease terms, availability of utilities, parking and safety;
- b. Residential uses above the first story of existing buildings (buildings in existence on or before April 25, 1983), on the southerly side of Commercial Street, provided that:
  1. They do not decrease the amount of, nor diminish the quality of, existing on-site berthing space, as measured along the pier, float or wharf edge, which could be used for commercial vessels in its current condition or with necessary maintenance or rehabilitation. In determining whether such space could be used, the cumulative effect of deferred maintenance shall not be a factor. In assessing the impact on quality of berthing space, the planning board shall consider, among other elements, the following: access, maneuverability, depth for various-sized vessels, loading/unloading areas, lease terms, availability of utilities, parking and safety. (Ord. No. 426-83, § 1, 4-25-83; Ord. No. 385-87, 4-6-87)

**Sec. 14-309. Prohibited uses.**

Uses which are not permitted as permitted uses or conditional uses are prohibited. (Ord. No. 426-83, § 1, 4-25-83)

**Sec. 14-310. Dimensional requirements.**

In addition to the provisions of article III, division 25 of this Code, lots in the W-1 zone shall meet or exceed the following minimum requirements:

- (1) *Minimum lot size:* None.
- (2) *Minimum frontage:* None.
- (3) *Minimum yard dimensions:*

Front setback: None.

Side setback: None.

Rear setback: None.

Except setback from pier line: A minimum setback of five (5) feet from the edge of any pier, wharf or bulkhead shall be required for any structure. The setback area may be utilized for activities related to the principal uses carried on within the structure, but shall not be utilized for off-street parking. The edge of any pier, wharf or bulkhead shall include any attached apron(s).

- (4) *Maximum lot coverage:* One hundred (100) per cent.
- (5) *Maximum residential density:* Sixty (60) dwelling units per acre.

Except development may exceed the maximum density, to a maximum of one hundred forty (140) dwelling units per acre, if, in the judgment of the planning board, such density would not create an undue negative impact on: Existing or proposed public utility systems; vehicular and pedestrian circulation; and existing or proposed public streets and ways. Approval to exceed the maximum residential density standard shall be sought and obtained by the applicant through the site plan review process.

- (6) *Maximum building height:*

South of Commercial Street: Forty-five (45) feet.

North of Commercial Street: Sixty-five (65) feet.

Except buildings or structures may be erected above the height limitations in accordance with the provisions of section 14-430 of this Code. (Ord. No. 426-83, § 1, 4-25-83)

#### Sec. 14-311. Performance standards.

All uses conforming or otherwise shall comply with the following standards:

- (1) *Outdoor storage of materials:* Outdoor storage of commodities and materials accessory to normal conduct of business, except pilings and/or cranes, shall be permitted to a maximum height of forty-five (45) feet, and such materials shall be entirely contained, including run-off contaminants and residual material, within a designated area within the lot boundary.
- (2) *Noise:* Every use, except vessels, railroad traffic, air-raid sirens or similar warning devices, shall be so operated that the volume of sound inherently and recurrently generated, measured by a sound level meter and frequency weighing network (manufactured according to standards prescribed by the American Standard Association), at the off-premises source of complaint, does not exceed seventy-five (75) decibels, as measured on the A Scale.

- (3) *Vibration*: Vibration inherently and recurrently generated shall be imperceptible without instruments at lot boundaries. This shall not apply to vibration resulting from activities aboard a vessel or from railroad vehicle activities, or from activities on a pile supported pier.
- (4) *Federal and state environmental regulations*: All uses shall comply with federal and state environmental statutes and regulations regarding emissions into the air, except where provisions of this Code are more stringent.
- (5) *Discharges into harbor areas*: No discharge into harbor water areas shall be permitted, except as permitted by the department of environmental protection under a waste discharge license and as approved by the department of parks and public works as authorized by chapter 24, article III of this Code. All private sewage disposal systems or private waste water treatment works shall comply with the provisions of chapter 24, article II of this Code and federal and state environmental statutes and regulations regarding waste water discharges.
- (6) *Storage of vehicles*: Storage of any unregistered automotive vehicle on the premises for more than sixty (60) days, and outdoor storage of any used automotive tires on the premises for more than thirty (30) days shall not be permitted.
- (7) *Landfill of docking and berthing areas*: Landfill of docking and berthing areas shall be governed by the Alteration of Coastal Wetlands Act, M.R.S.A. Title 38, Section 471-8, and permitted only if the landfill does not reduce the amount of linear berthing areas or space, or berthing capacity. If approved, construction shall be undertaken using methods approved by the department of parks and public works and be accomplished in accordance with the provisions of division 25 of this article and in a manner so as to ensure that a stable and impermeable wall of acceptable materials will completely contain the fill material and will not permit any fill material to leach into docking areas or navigable waters.
- (8) *Off-street parking*: Except where additional parking is required pursuant to article V (Site Plan), off-street parking is required at fifty (50) per cent of the required number of parking spaces for specified uses as otherwise provided in division 20 of this article.
- (9) *Off-street loading*: Off-street loading is required as provided in division 21 of this article.
- (10) *Shoreland regulations*: No building or structure shall be erected, altered, enlarged, rebuilt or used, and no premises shall be used within the land area situated between the shoreland zone line and the normal high water mark of the waters of the Stroudwater River, Portland Harbor, Back Cove and the bays, coves, sounds, inlets and open waters of Casco Bay, as shown on the City of Portland Zoning Map, which does not comply with the requirements of division 25 of this article.
- (11) *Lighting*: All lighting on the site shall be shielded such that direct light sources shall not unreasonably interfere with vessels transiting the harbor.

- (12) *Roof signs*: No roof sign which is not integral to the architectural form of a building roof shall be erected.
- (13) *Storage of pollutants and oily wastes*: On-premises storage of pollutants and oily wastes shall not be permitted for more than forty-five (45) days. (Ord. No. 426-83, § 1, 4-25-83; Ord. No. 174-87, § 1, 3-4-87)

**Sec. 14-312. Definition.**

For the purposes of the W-1 waterfront zone, a use shall be deemed to be "marine" or "marine-related" if a substantial portion of the goods or services which it provides are derived from fishing or other water or waterfront dependent activities, or if a substantial portion of the goods or services which it provides are designed to be used in connection with such activities. (Ord. No. 426-83, § 1, 4-25-83)

**DIVISION 18.5. W-2 WATERFRONT ZONE**

**Sec. 14-313. Purpose.**

[The purpose of the W-2 zone is:]

- (1) To reserve a substantial portion of the waterfront for uses which are waterfront dependent, such as marine and fishing-related activities.
- (2) To protect commercial water dependent uses from other competing but incompatible uses. (Ord. No. 427-83, § 1, 4-25-83; Ord. No. 385-87, 4-6-87)

**Sec. 14-314. Permitted uses.**

The following uses are permitted in the W-2 waterfront zone:

- (1) *Marine*:
  - a. Marine products, wholesaling and retailing;
  - b. Marine repair services and machine shops;
  - c. Tugboat, fireboat, pilot boat and similar services;
  - d. Harbor and marine supplies and services and ship supply such as fueling and bunkering of vessels;
  - e. Marine industrial welding and fabricating;
  - f. Shipbuilding and facilities for construction, maintenance and repair of vessels;
  - g. Marine transport services, including ferries, public landings, commercial vessel berthing and excursion services;
  - h. Cargo handling facilities, including docking, loading and related storage;
  - i. Boat repair yards;
  - j. Boat storage facilities;
  - k. Seafood processing;
  - l. Seafood packing and packaging;
  - m. Seafood loading and seafood distribution;
  - n. Fabrication, storage and repair of fishing equipment;

- o. Ice-making services;
- p. Facilities for marine construction and salvage;
- q. Facilities for marine pollution control, oil spill cleanup, and servicing of marine sanitation devices;
- r. Fabrication of marine-related goods.

(2) *Commercial:*

- a. Publicly-owned intermodal transportation facilities principally for vessels with regularly-scheduled destination service, and the on-premises provision of restaurant, retail and service establishments;
- b. Retail and service establishments which are principally marine or fishing-related, excluding marinas and yacht clubs;
- c. Cold storage facilities;
- d. Warehousing and storage of goods which are awaiting shipment via cargo carriers;
- e. Professional, business or general offices which are principally marine or fishing-related.

(3) *Public:*

- a. Utility substations, including sewage collection and pumping stations, water pumping stations, transformer stations, telephone electronic equipment enclosures and other similar structures;
- b. Public uses including pedestrian parks and other similar outdoor pedestrian spaces.

(4) *Other:*

- a. Accessory uses customarily incidental and subordinate to the location, function and operation of permitted uses. (Ord. No. 427-83, § 1, 4-25-83; Ord. No. 355-85, § 1, 1-7-85; Ord. No. 438-86, § 1, 4-7-86; Ord. No. 385-87, 4-6-87)

**Sec. 14-315. Conditional uses.**

The following uses shall be permitted as conditional uses in the W-2 waterfront zone, provided that, notwithstanding section 14-471(3), section 14-474(a), or any other provision of this Code, the planning board shall be substituted for the board of appeals as the reviewing authority, and provided, further, that in addition to the provisions of section 14-474(c)(2), they shall also meet the following additional requirements:

(1) *Commercial:*

- a. Restaurants and other eating and drinking establishments, provided that they are a part of and within the lot lines of a marine-related use, other than vessel berthing facilities;
- b. Off-street parking lots and garages provided that they are a part of and within lot lines of a marine related use.

(2) *Industrial:*

- a. Storage of goods in existing structures;
- b. Facilities for combined marine and general construction.

(3) *Marine:*

- a. Fish by-products processing, provided that:
  1. Only fish and no other by-products shall be processed;
  2. There shall be no outside storage of processed or unprocessed product;
  3. There shall be no offensive odor emissions beyond the property lines;
  4. Unprocessed products shall be delivered by land only if in a completely sealed, leakproof container;
  5. Unprocessed products shall be delivered by vessel only if it can be transferred to storage without delay;
  6. Unprocessed products shall be stored in a temperature-controlled environment not exceeding thirty-eight (38) degrees Fahrenheit.
- b. Marine museums and aquariums. (Ord. No. 427-83, § 1, 4-25-83)

**Sec. 14-316. Prohibited uses.**

Uses which are not expressly allowed as permitted uses or conditional uses are prohibited. (Ord. No. 427-83, § 1, 4-25-83)

**Sec. 14-317. Dimensional requirements.**

In addition to the provisions of article III, division 25 of this Code, lots in the W-2 waterfront zone shall meet or exceed the following minimum requirements:

- (1) *Minimum lot size:* None.
- (2) *Minimum frontage:* None.
- (3) *Minimum yard dimensions:*

Front setback: None.

Side setback: None.

Rear setback: None.

Except-setback from pier line: A minimum setback of five (5) feet from the edge of any pier, wharf or bulkhead shall be required for any structure. The setback area may be utilized for activities related to the principal uses carried on within the structure but

shall not be utilized for off-street parking. The edge of any pier, wharf or bulkhead shall include any attached apron(s).

- (4) *Maximum lot coverage:* One hundred (100) per cent.
- (5) *Maximum building height:* Forty-five (45) feet.

Except buildings or structures may be erected above the height limitations in accordance with the provisions of section 14-430 of this Code. (Ord. No. 427-83, § 1, 4-25-83)

**Sec. 14-318. Performance standards.**

All uses conforming or otherwise shall comply with the following standards:

- (1) *Outdoor storage of material:* Outdoor storage of commodities and materials accessory to normal conduct of business, except pilings and/or cranes, shall be permitted to a maximum height of forty-five (45) feet, and such materials shall be entirely contained, including run-off contaminants and residual material, within a designated area within the lot boundary.
- (2) *Noise:* Every use, except vessels, railroad traffic, air-raid sirens or similar warning devices, shall be so operated that the volume of sound inherently and recurrently generated, measured by a sound level meter and frequency weighing network (manufactured according to standards prescribed by the American Standard Association), at the off-premises source of complaint, does not exceed seventy-five (75) decibels, as measured on the A Scale.
- (3) *Vibration:* Vibration inherently and recurrently generated shall be imperceptible without instruments at lot boundaries. This shall not apply to vibration resulting from activities aboard a vessel or from railroad vehicle activities, or from activities on a pile supported pier.
- (4) *Federal and state environmental regulations:* All uses shall comply with federal and state environmental statutes and regulations regarding emissions into the air, except where provisions of this Code are more stringent.
- (5) *Discharges into harbor areas:* No discharge into harbor water areas shall be permitted, except as permitted by the department of environmental protection under a waste discharge license, and as approved by the department of parks and public works, as authorized by chapter 24, article III of this Code. All private sewage disposal systems or private waste water treatment works shall comply with the provisions of chapter 24, article II of this Code and federal and state environmental statutes and regulations regarding waste water discharges.
- (6) *Storage of vehicles:* Storage of any unregistered automotive vehicle on the premises for more than sixty (60) days, and outdoor storage of any used automotive tires on the premises for more than thirty (30) days shall not be permitted.
- (7) *Landfill of docking and berthing areas:* Landfill of docking and berthing areas shall be governed by the Alteration of Coastal Wetlands Act, M.R.S.A. Title 38, Section

471-8, and permitted only if the landfill does not reduce the amount of linear berthing areas or space, or berthing capacity. If approved, construction shall be undertaken using methods approved by the department of parks and public works and be accomplished in accordance with the provisions of division 25 of this article and in a manner so as to ensure that a stable and impermeable wall of acceptable materials will completely contain the fill material and will not permit any fill material to leach into docking areas or navigable waters.

- (8) *Off-street parking*: Except where additional parking is required pursuant to article V (Site Plan), off-street parking is required at fifty (50) per cent of the required number of parking spaces for specified uses as otherwise provided in division 20 of this article.
- (9) *Off-street loading*: Off-street loading is required as provided in division 21 of this article.
- (10) *Shoreland regulations*: No building or structure shall be erected, altered, enlarged, rebuilt or used, and no premises shall be used within the land area situated between the shoreland zone line and the normal high water mark of the waters of the Stroudwater River, Portland Harbor, Back Cove and the bays, coves, sounds, inlets and open waters of Casco Bay, as shown on the City of Portland Zoning Map, which does not comply with the requirements of division 25 of this article.
- (11) *Lighting*: All lighting on the site shall be shielded such that direct light sources shall not unreasonably interfere with vessels transiting the harbor.
- (12) *Roof signs*: No roof sign which is not integral to the architectural form of a building roof shall be erected.
- (13) *Storage of pollutants and oily wastes*: On-premises storage of pollutants and oily wastes shall not be permitted for more than forty-five (45) days. (Ord. No. 427-83, § 1, 4-25-83; Ord. No. 174-87, § 2, 3-4-87)

**Sec. 14-319. Definition.**

For the purposes of the W-2 waterfront zone, a use shall be deemed to be "marine" or "marine-related" if a principal portion of the goods or services which it provides are derived from fishing or other water or waterfront dependent activities, or if a principal portion of the goods or services which it provides are designed to be used in connection with such activities. (Ord. No. 427-83, § 1, 4-25-83)

**Sec. 14-320. Reserved.**

**DIVISION 19. R-P RESOURCE PROTECTION ZONE**

**Sec. 14-321. Use.**

No building shall be erected, altered, enlarged, rebuilt or used, and no premises shall be used, in a R-P resource protection zone except for the following uses:

Supp. No. 14



**CITY OF PORTLAND**

**MAY 5, 1987**

**SPECIMEN REFERENDUM BALLOT**

**SHALL THE FOLLOWING ORDINANCE ENTITLED: "LAND USE CODE AMENDMENT TO BE ENACTED BY INITIATIVE" BE ADOPTED?**

Purpose: To Secure the Portland waterfront for marine uses.

In order to secure the Portland waterfront for marine uses, no uses shall be permitted within the area bounded by the Tukeys Bridge and the Veteran's Memorial Bridge lying between and including the waters of the Fore River, Portland Harbor and Casco Bay, excluding the Casco Bay Islands, and the water side of a line running down the middle of Commercial Street, India Street, Fore Street and the Eastern Promenade other than those accessory to fishing activities, maritime activities, functionally water-dependent activities or authorized public uses as these terms are defined below.

Without limitation and notwithstanding the provisions of the Portland Land Use Code, particularly Division 4, R-3 Residential Zone; Division 8.5, R-OS Recreational and Open Space Zone; Division 14, I-2 and I-2b Industrial Zones; Division 15, I-3 and I-3b Industrial Zones; Division 18, W-1 Waterfront Zone; Division 18.5, W-2 Waterfront Zone; and any other Division, Zone, or Section of the Code purporting to authorize pier and/or land uses of any kind, there shall not be permitted in the area described in the first paragraph:

- 1) Hotels, motels, boatels and residential uses.
- 2) Office, industrial, commercial, research and institutional uses and facilities which are not accessory to the activities defined below.

Definitions.

(1) FISHING ACTIVITIES means activities required for, supportive of or commonly associated with fishing, such as fin fish and shell fish processing, storage, marketing and handling, the manufacturing and sale of bait, nets and other fishing supplies, and the manufacture, sale, installation and repair of fishing boats, engines and equipment, and ground level parking incidental to any such uses.

(2) MARITIME ACTIVITIES means activities required for, supportive of or commonly associated with the construction, repair, operation, storage, loading and unloading of boats, waterfront dock and port facilities, marinas, navigation aids, boat fuel and equipment supply, ground level parking incidental to such uses and other activities the primary purpose of which is to facilitate maritime trade.

(3) FUNCTIONALLY WATER DEPENDENT ACTIVITIES means activities that require, for their primary purpose, a location on the waterfront or that require direct access to the water and which cannot relocate away from the water.

(4) AUTHORIZED PUBLIC USES means uses of facilities which are publicly owned and designed for a public purpose, together with public utility facilities, and equipment storage and other facilities necessary for public safety.

Because of the significance of this amendment to development activities within the defined waterfront area and the potential for long-run harm which development inconsistent with this amendment will have for all of the citizens of the City of Portland, the provisions hereof, if subsequently accepted by the voters of the City of Portland, shall be applicable to all pending proceedings, applications and petitions commenced after December 22, 1986, which is the date of the filing of this initiative in the City Clerk's office of the City of Portland.

Each and every provision of this amendment is severable. If any provision is determined to be invalid by a court of competent jurisdiction, or the application of any provision to any person or circumstance is determined to be invalid by such a court, such invalidity shall not affect any other provisions or the application to any other person or circumstance.

Place a cross (x) or check mark (v) in the square showing whether you are in favor of enacting the Ordinance or opposed to it.

- FOR THE ORDINANCE**
- AGAINST THE ORDINANCE**

APPENDIX III

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APPENDIX IV

**A CHRONOLOGY OF PUBLIC ACTIONS RELATING TO  
THE PORTLAND WATERFRONT 1975-1988**

December, 1975	<u>City Edges Waterfront Improvement Program</u> Recommended a new W-1 mixed use zone to replace the industrial zoning on the waterfront from the Million Dollar Bridge to Custom House Wharf.
July 1976	First W-1 zone created at International Ferry Terminal. Implementing a portion of City Edges plan to accommodate a proposed "hotel/retail/restaurant/office complex" (source: Planning Report #47-76).
October, 1977	W-1 zoning text rewritten, W-1 zone enlarged from International Ferry Terminal to Custom House Wharf. (Source: Planning Report #101-77).
March, 1982	American Cities Corporation Reports 1) Development Program for Portland, Maine Waterfront. 2) Financial Analysis for Portland, Maine Waterfront.
March, 1982	Construction start of Phase I of Fish Pier complex, completed 1983. Funding: \$5 million EDA (Federal) 6.5 million State 1.5 million City
April, 1982	<u>Strategies for the Development and Revitalization of the Portland Waterfront.</u> Waterfront component of the City's comprehensive plan encompassing 29 elements including proposed maritime (W-2) zoning and revised mixed use zoning (W-1), working waterfront, mixed uses, regulatory issues; and financial issues. Progress reports published in January, 1983, September 1983, and January 1985.

1983	Bond Issue for waterfront improvements passed including \$4.5 million for Portland which will be used primarily to replace the easterly portion of the International Ferry Terminal with a pier area 300' long and 60' wide with a bearing capacity of 1,000 pounds per square foot, including back-up ramps and paving. Construction is scheduled for 1988-89.
April, 1983	New waterfront zoning enacted, including reduced and revised W-1 zone, and new W-2 zone.
April, 1983	Construction start of Phase II of Fish Pier complex including Cooler-Auction building, completed in 1985. Funding: \$1.5 million EDA
1984	Portland Waterfront Walkway - Funding and design for improvements of Portland Pier and the rear of the Thomas Block, completed 1988. Funding: \$210,000 (CIP, HCD).
Sept., 1984	Land placed under option fo Gulf of Maine Aquarium. A three acre parcel of land owned by the City adjacent to the International ferry Terminal was optioned to the Gulf of Maine Aquarium as a prospective site for the development of a new aquarium.
1985	Casco Bay Ferry Terminal, funding secured and design development; Project completed spring, 1988. Funding: \$2.6 million UMTA (Federal) .5 million State <u>3.0 million Local</u> \$6.1 million

Dec., 1986

Petition filed for waterfront zoning initiative.

May, 1987

Voters approve waterfront zoning initiative. This provision adds to the zoning ordinance an overlay provision affecting land on the water side of Commercial Street (and Fore Street and the Eastern Prom) from Veteran's Bridge to Tukey's Bridge. Within the overlany area only water dependent uses are permitted. (This provision remains in effect indefinitely, unless modified by subsequent ordinance enactment. The City Council is precluded by charter from modifying the ordinance for a period of five (5) years.

1987

Funds appropriated for improvements to the International Ferry Terminal.  
Funding: \$700,000 (City CIP).

April, 1988

Report from Community Development Committee entitled "A Waterfront Action Plan for the Port of Portland, Maine," submitted to Portland City Council detailing 24 policies affecting waterfront development.

June, 1988

Waterfront Task Force established to study issues of berthing, marketing, and economics on the Portland Waterfront.

Compiled by Department of Planning and Urban Development for the Waterfront Task Force, Councilor Pamela P. Plumb, Chairperson.

August 10, 1988

Alexander Jaegerman, Chief Planner

## MISSION OF THE WATERFRONT TASK FORCE

### Background

Following the passage of the waterfront referendum in the spring of '87, the Council set about developing a City waterfront policy which would outline the City's role in developing the waterfront within the parameters set by the referendum. In the spring of '88, the Community Development Committee, after several meetings and public hearings, presented a 24-point plan which the Council received. Following up on that report, the Mayor appointed a Task Force to review, debate, and make recommendations on three specific areas where the City needs to develop an action plan and where citizen involvement would be particularly helpful.

The issues with which the Task Force has been charged with are:

- (1) berthing;
- (2) marketing the waterfront; and,
- (3) economic impact of land use control.

All three are to be considered within the goals and the restrictions of the referendum. The Task Force has not been asked to debate or to test the appropriateness of the referendum. Even if the Waterfront Task Force might come forward with a recommendation to modify some aspect of the zoning, that must be done within the spirit and purposes of the referendum.

### Mission

The mission is to examine three specific areas of concern on the waterfront - berthing, marketing, and the economic impact of land use control. The Task Force should examine and debate each area and make a coordinated series of recommendations to the Council as to the steps that should be taken.

In the case of berthing, the Task Force should update the earlier study and recommend the priority of berthing - fishing, commercial, and recreational and possible locations of additional berthing, as well as the process or funding mechanisms under which such additional berthing might be accomplished.

In the case of marketing, the Task Force mission is to develop an effective marketing strategy for the waterfront, as well as the process or funding mechanisms by which such a marketing program could be put in place.

Finally, the Task Force should examine the economic impact of existing land use controls to determine whether or not current zoning is meeting the established goals of protection and stimulation of the marine-related industries and to make recommendations if the Task Force feels that any changes could better meet those goals.

The recommendations of the Waterfront Task Force in carrying out the three-part mission as outlined, shall be sent to the Portland City Council. The Council will then take whatever action it feels is most appropriate to implement the recommendations of the Task Force.



## CONNECTICUT GUIDELINES

II. PREPARING A HARBOR MANAGEMENT PLAN

## A. EXISTING CONDITIONS

Harbor management commissions should begin the planning process by describing the geographic extent and nature of the harbor, and examining the historic and current waterfront and water uses. Coastal resource factor maps, municipal coastal programs, plans of development, zoning maps, and navigation charts should be consulted. Coastal resources and existing land uses should be field checked if the municipality has not recently completed a municipal coastal program. During the planning process, it may be helpful to refer to the checklist presented in Appendix B.

## Physical Setting

The geographic extent of the harbor for which the plan is being prepared needs to be identified. This may include all or a portion of the municipality's waterfront and seaward territorial limits. In order to evaluate the nature of the harbor, it is necessary to determine the water depth, wind direction and fetch, water quality, and areas of sedimentation, erosion, and shoaling. Coastal resources should be identified and evaluated in terms of quality. Anadromous fish runs, spawning areas, and shellfish beds must be considered, as should areas subject to high velocity waters, and areas subject to flooding and erosion. For the purposes of delineating a flood hazard area, the 100 year coastal flood boundary should be considered. A 100 year coastal flood is defined as a flood event which has a one percent chance of occurring in any given year. Biological habitats of significance (e.g. tidal wetlands, intertidal flats, grass beds) should also be included.

## History

An understanding of the historic development and use of the harbor is vital to the formulation of a desired future. A harbor's identity (e.g. shipping port, fishing village) is formed, at least in part, by historic waterfront uses. Historic uses may be chronicled in this section and discussion should focus on those uses which have been preserved, abandoned, restored, or displaced.

## Land Uses

Existing uses of the waterfront, including vacant parcels and points of public access, should be identified. A community's municipal coastal program, or plan of development and zoning regulations (if a municipal coastal program has not been

completed), and historic district regulations (if applicable) should also be consulted. The purpose of this review is to determine the consistency of the municipality's planning objectives with what presently exists in the harbor area and the extent to which both of these are reflected within zoning. Economic trends and factors affecting waterfront use, including property assessments, tax revenue and employment should be examined and the supply and demand for waterfront facilities assessed.

#### Water Uses

An inventory of public, private and commercial harbor structures, including jetties, breakwaters, docks, piers, boat launch ramps and moorings should be identified and mapped. The extent to which the shoreline in these areas has been modified by bulkheading and rip-rap should be evaluated and the condition of such structures noted. In addition to the above, the water use map and accompanying text should note the location and dimensions of any federally maintained navigation channels, turning basins and anchorages, and any special anchorage areas designated by the Coast Guard. Other water uses should also be identified including fairways, swimming areas, wildlife preserves, and recreational and commercial fishing areas. Ownership and restrictions should be noted where water uses are affected.

#### Jurisdictions

The various local, state and federal authorities with interests or authority over the harbor and harbor-front should be identified along with the limits of their jurisdictions. Appendix D should be consulted for a comprehensive list of state and federal authorities.

The following discussion and Figures 1, 2, 3, and 4 describe existing conditions in the Town of Old Port. The maps depicting the municipal plan of development and municipal zoning are included to provide as much detail as possible in the model plan and are not required components of a municipal harbor management plan.

#### Existing Conditions: Town of Old Port

##### Physical Setting

As established within the "Ordinance Creating a Harbor Management Commission," Old Port's harbor includes the area located in or contiguous to the waters of the town as delimited by the jurisdiction of the Old Port Shellfish Commission and bounded by the projection of the boundary line of neighboring towns. Old Port Harbor contains approximately 16 miles of shoreline, and

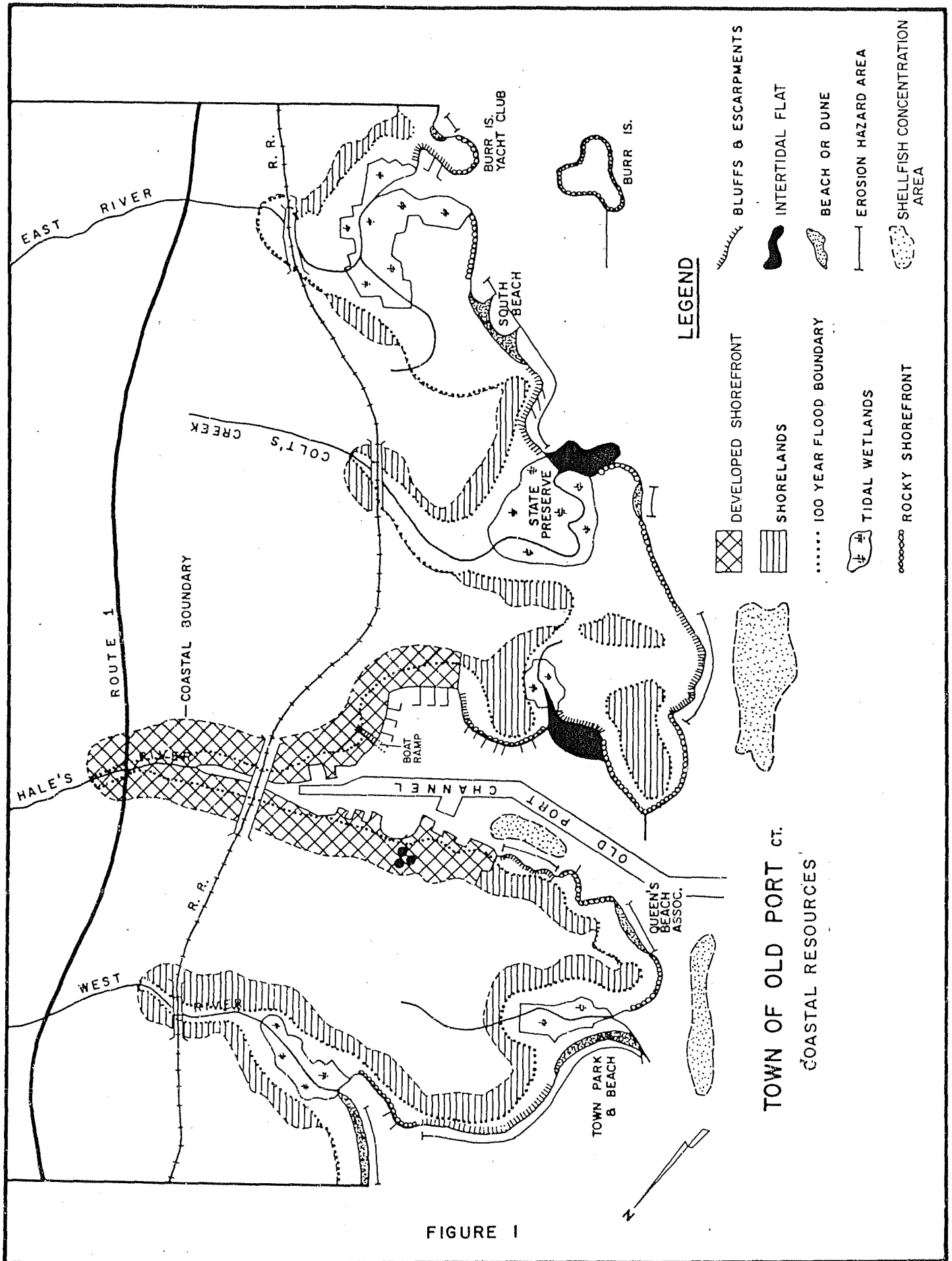
extends to the Town's eastern and western boundaries. The depth of water in Old Port Harbor at the mean low water mark ranges from 9.4 feet (within the federally maintained navigation channel at the mouth of channel) to exposed intertidal flats at various locations. A February 1984 Conditions Survey conducted by the U.S. Army Corps of Engineers showed evidence of sedimentation and shoaling with the depth of the navigation channel varying between 9.4 feet and 7.5 feet (at the head of the channel), with an average depth of 8.5 feet. Sources of sediment are primarily upstream erosion, surface water runoff, and littoral transport. The littoral drift pattern across the mouth of the navigation channel results in moderate shoaling problems.

The normal tidal range is 6.4 feet and the average spring tidal range is 7.4 feet. The prevailing winds in Old Port Harbor are primarily from the south during the summer, and tend to be from the northwest during the winter. The combination of wind, velocity, direction, fetch, and duration create wave action within the harbor.

The entire shoreline is within the coastal flood hazard area and is subject to flooding and/or velocity waves during coastal storm events. In Old Port Harbor, the base flood elevation is approximately 10.2 feet above mean sea level ("A" zones), and the elevation of flood waters in areas subject to velocity waves reaches 15 feet above mean sea level ("V" zones). The specific location of these flood zones is noted on the Federal Emergency Management Agency's flood insurance rate maps. The 100 year coastal flood boundary is delineated on Figure 1. Also identified on this Figure are erosion hazard areas.

The water quality of Old Port Harbor is classified as SB, indicating that the water is suitable for all types of recreation. Because of the presence of high fecal coliform counts, however, the shellfish concentration area adjacent to the navigation channel has been closed for the direct harvesting of shellfish by the health director. Commercially licensed shellfishermen must transfer shellfish from this area to clean beds for depuration prior to harvesting for consumption. Potential sources of such pollution include the discharges from Old Port's sewage treatment plant, located north of the coastal boundary and adjacent to Hale's River, from an undetermined number of failing septic systems, and from in-harbor discharges of marine toilets from boats. The problem is further compounded by the lack of pump-out facilities within the harbor. Water quality is also affected to some extent by industrial discharges.

Figure 1 depicts the coastal resources within the Town of Old Port. The shoreline contains areas of rocky shorefront, bluffs and escarpments, and sandy beach. Although there has been an incremental loss of tidal wetlands in past years, several healthy tidal wetlands remain along inlets, and intertidal flats and shellfish concentration areas are found in the nearshore waters. As noted above, the shellfish concentration area



**LEGEND**

- DEVELOPED SHOREFRONT
- SHORELANDS
- 100 YEAR FLOOD BOUNDARY
- TIDAL WETLANDS
- ROCKY SHOREFRONT
- BLUFFS & ESCARPMENTS
- INTERTIDAL FLAT
- BEACH OR DUNE
- EROSION HAZARD AREA
- SHELLFISH CONCENTRATION AREA

**TOWN OF OLD PORT CT.  
COASTAL RESOURCES**

FIGURE 1

adjacent to the navigation channel has been closed because of the presence of high coliform counts. The shellfish beds located in open waters offshore, however, are commercially leased and harvested.

### History

Old Port Harbor was settled as a fishing and trading port in the late 1600's. Fishing, shellfishing, shipping and shipbuilding remained the principal waterfront activities through the mid-1900's, when these industries declined dramatically as a result of water quality problems as well as changes in the regional economy. Industrial development began to replace these declining uses on the northwest side of the harbor beginning in the early to mid-1900's.

The head of the harbor, an area historically active as a maritime village center, is now underutilized and in various stages of disrepair. A shellfish processing plant (Yankee Oyster Farms), once a major industry and employer in Old Port, is still in operation but at less than full capacity. A row of small shops which originally catered to workers at the plant is now decrepit and hosts a variety of retail trades unrelated to the harbor.

The railroad station has been rehabilitated as a mixed use project which includes a restaurant, several small shops, the historical society office, and a small museum. Other commercial establishments in the immediate vicinity of the station are being revitalized in a piecemeal fashion.

### Land Use

Figure 2 notes the existing land uses along Old Port's harbor. The industrial, commercial, and institutional uses are concentrated around the federally maintained navigation channel. Most of the remaining waterfront is committed to residential uses, although areas of open space, recreation (including town and association beaches), and vacant parcels are scattered throughout the town's waterfront. The majority of water dependent uses are located adjacent to the navigation channel, and this developed shorefront offers the potential for the development of new or the expansion of existing water dependent uses.

Of the two marina facilities within Old Port, both are privately owned, with one functioning as a yacht club, and the other functioning as a full-service marina. The waiting list at both facilities is extensive. Neither facility provides pump-out services. The yacht club offers launch service to boats mooring within the Burr Island breakwater. As recommended in the town's municipal coastal program, a town boat launch ramp has been constructed.

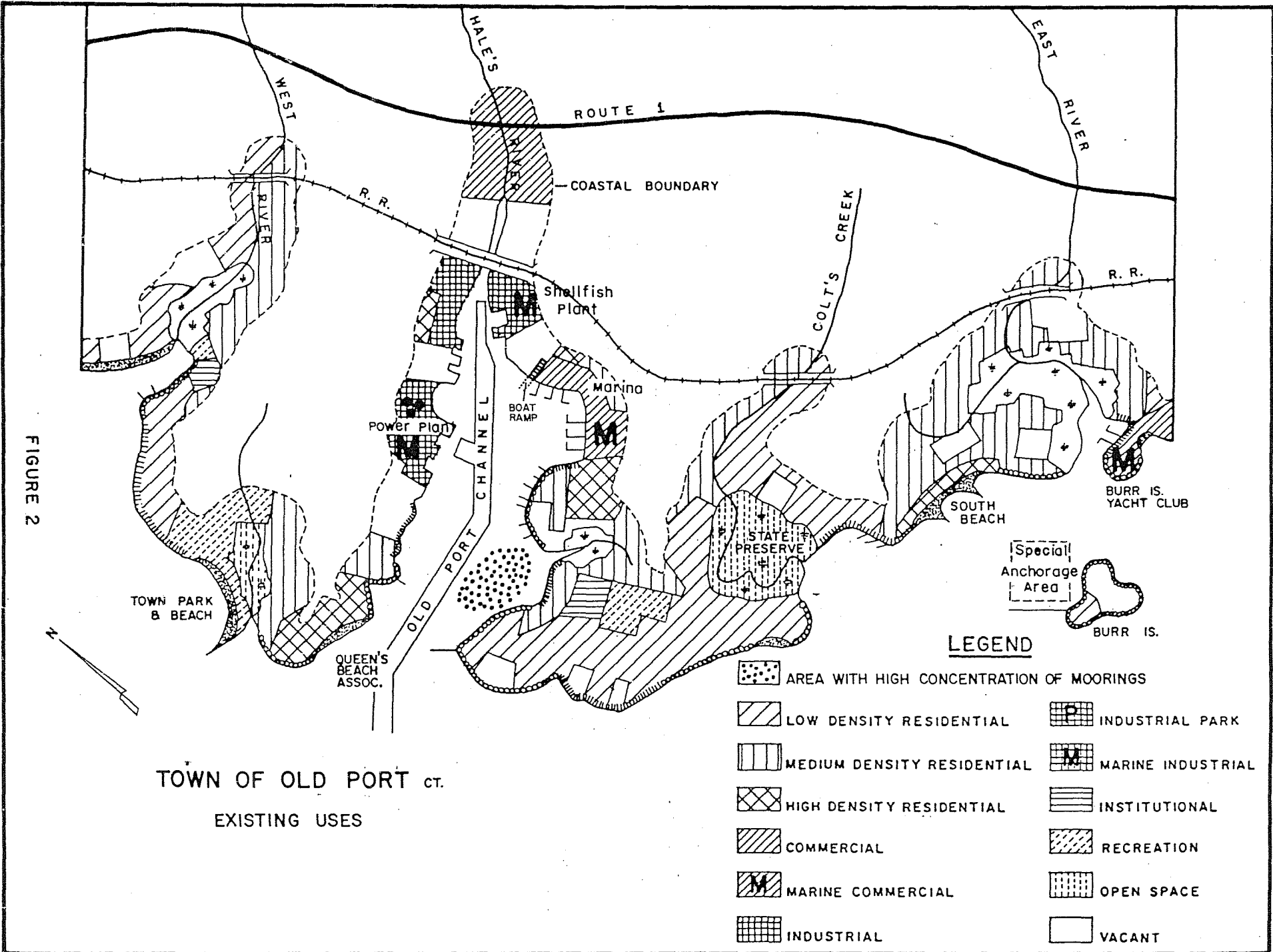
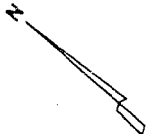


FIGURE 2



Of the five beaches within Old Port, two are privately owned, two are owned by beach associations (Queen's Beach and South Beach) and one is town-owned. During the beach season, the town and association beaches are well utilized and are considered to be crowded during the weekends.

Because of the extensively developed nature of Old Port's waterfront, public access to the waterfront is limited to the town park, beaches, and street-end parks. The facilities at the town park are in need of maintenance and modernization. Acquisition of additional waterfront property for public use and enjoyment and/or development of other town parcels for recreational use is desirable. The state preserve could be developed for passive, water dependent educational opportunities.

The development of Old Port's waterfront has proceeded historically with little regard to coastal flooding and erosion. Structural solutions, such as seawalls and groins, have been typically employed in an effort to protect property from flooding and erosion. Because of the temporary and often detrimental effects of these structural solutions, the Town of Old Port is presently pursuing and encouraging non-structural alternatives to control flooding and erosion consistent with policies contained in the Connecticut Coastal Management Act. As an example, the town established an Erosion Control District Overlay, which requires minimum setbacks of all structures from such hazards, as a component of the Old Port Municipal Coastal Program.

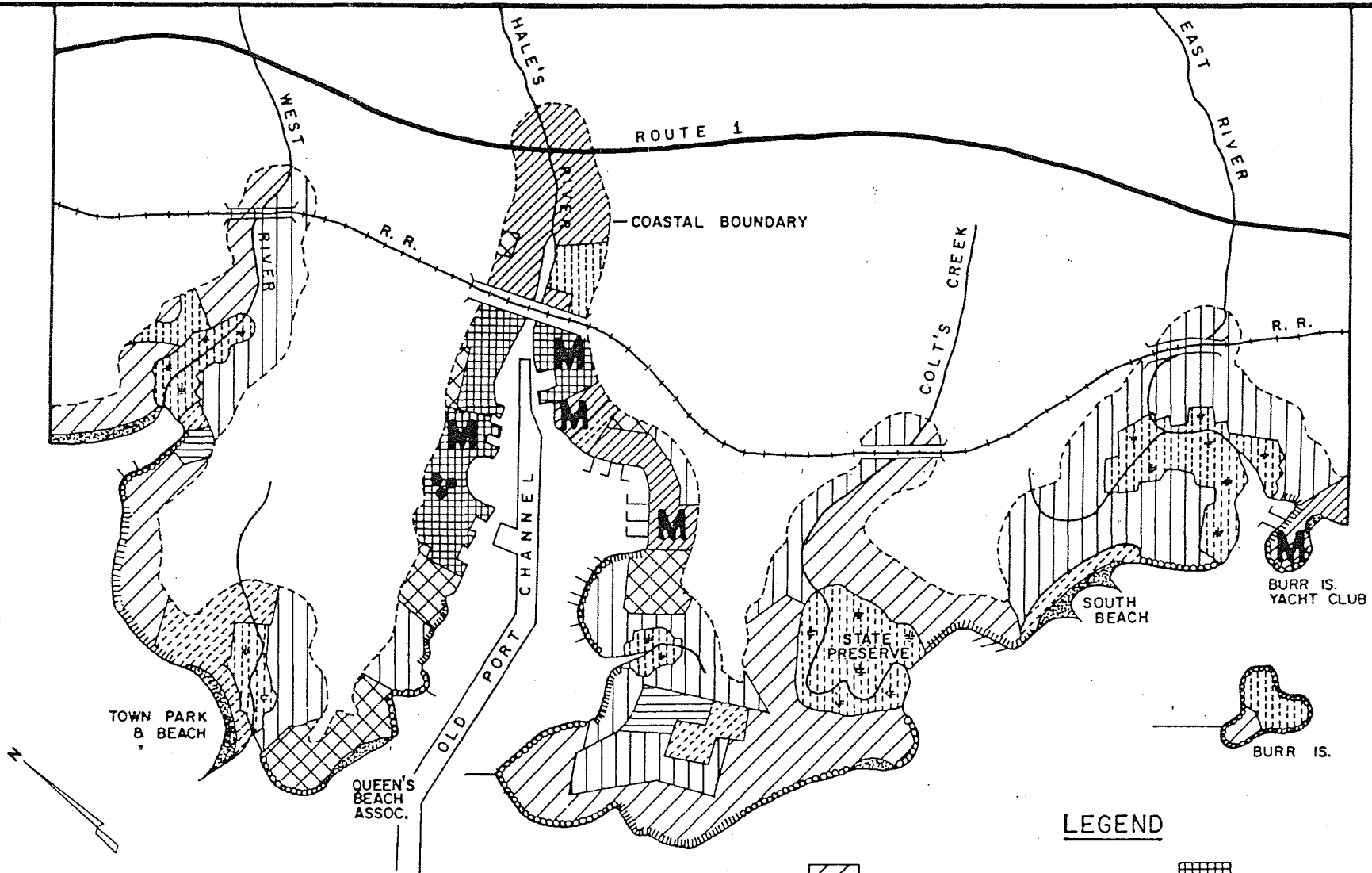
Figure 3 graphically presents the goals, policies, and recommendations of the town's plan of development (as revised through the municipal coastal program process). The map depicts what the town considers to be its desired future. Of note is the designation of certain existing vacant waterfront parcels for marine commercial, marine industrial, and open space uses. These designations reflect the town's desire to protect existing water dependent uses and to encourage new water dependent uses in areas suitable for such development (developed shorefront), and to preserve tidal wetlands.

Existing zoning (as revised during completion of Old Port's municipal coastal program) is shown in Figure 4. As can be seen, the Old Port harbor area is zoned primarily for residential uses.

#### Water Use

Old Port Harbor contains a substantial number of structures located below mean high water including slips, piers, and moorings, public and private docks, and groins and breakwaters. Figure 1 shows the placement of these structures relative to coastal resource areas and the federally maintained navigation facilities (i.e. channel, anchorage, and turning basin).

FIGURE 3



TOWN OF OLD PORT CT.  
MUNICIPAL PLAN OF DEVELOPMENT

AS REVISED BY THE MUNICIPAL COASTAL PROGRAM

LEGEND











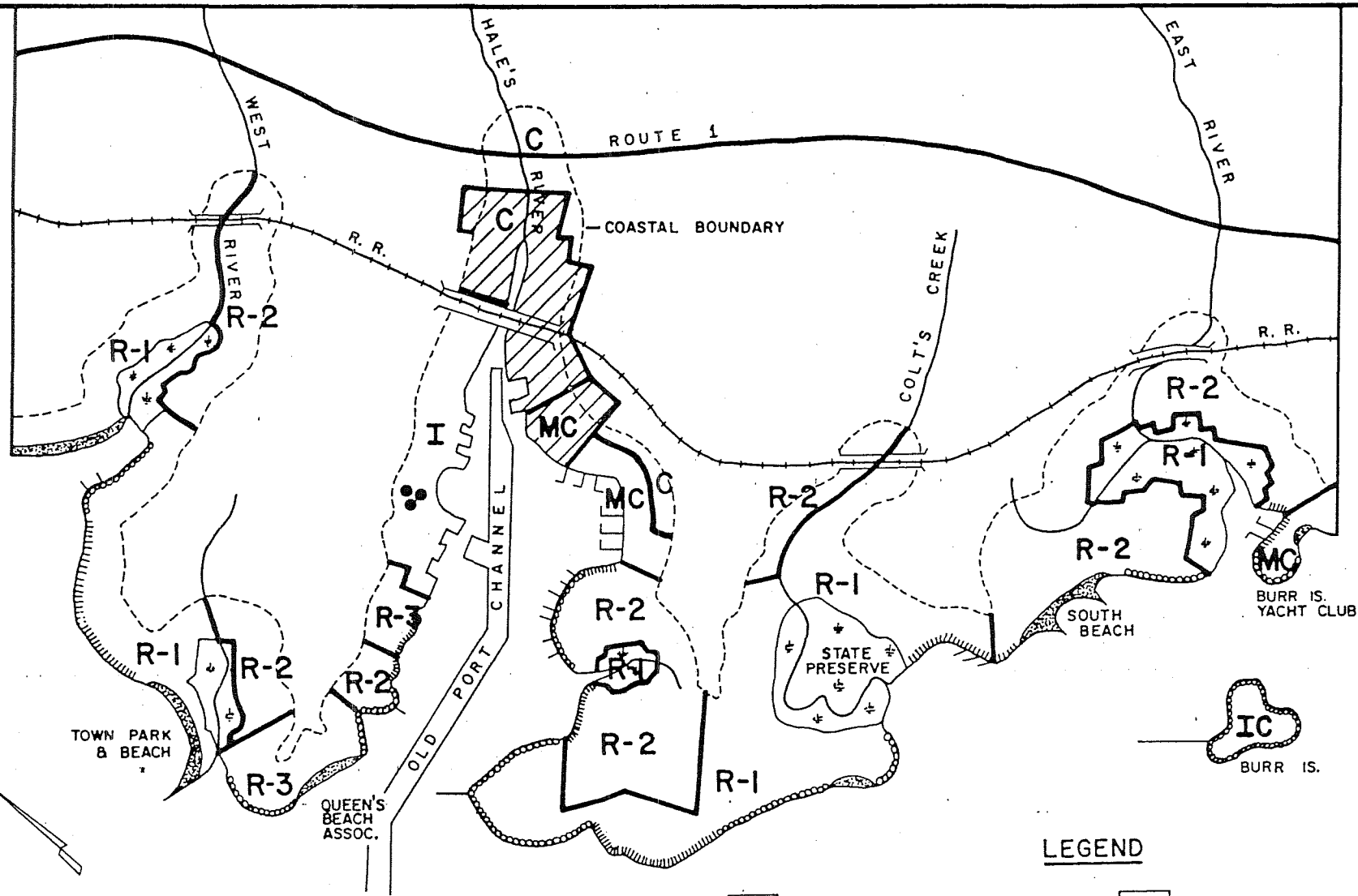
- |  |   |
|--|---|
|  LOW DENSITY RESIDENTIAL    |  INDUSTRIAL        |
|  MEDIUM DENSITY RESIDENTIAL |  MARINE INDUSTRIAL |
|  HIGH DENSITY RESIDENTIAL   |  INSTITUTIONAL     |
|  COMMERCIAL                 |  RECREATION        |
|  MARINE COMMERCIAL          |  OPEN SPACE        |




FIGURE 4



TOWN OF OLD PORT CT.  
ZONING MAP

AS REVISED BY THE MUNICIPAL COASTAL PROGRAM

LEGEND

- |                                       |  |
|---------------------------------------|--|
| <b>R-1</b> LOW DENSITY RESIDENTIAL    | <b>MC</b> MARINE COMMERCIAL  |
| <b>R-2</b> MEDIUM DENSITY RESIDENTIAL | <b>I</b> INDUSTRIAL  |
| <b>R-3</b> HIGH DENSITY RESIDENTIAL   | <b>IC</b> ISLAND CONSERVATION  |
| <b>C</b> COMMERCIAL                   |  MARINE HISTORIC DISTRICT |

The U.S. Army Corps of Engineers maintains the federal navigation channel, which is 150 feet wide tapering to 100 feet at the head of the harbor, and which has a dredged depth of minus 10 feet at mean low water. The Burr Island anchorage area and the turning basin at the power plant are similarly maintained by the Corps of Engineers. The channel was dredged in 1976 and as a result of sedimentation and shoaling will require dredging in the near future. Dredging has been performed every six to eight years in the recent past, and the amount of material removed has averaged approximately 60,000 cubic yards. Prior to the passage of the state's tidal wetlands statutes, disposal was accomplished by placing spoils on several wetland parcels. Because the town lacks any land environmentally suitable for upland disposal, all material is now transported to offshore disposal sites.

Old Port Harbor supports some 220 boat slips and 155 moorings. To date, the placement of moorings has not occurred under any general plan, and several moorings may be encroaching into the navigation channel. A recent survey indicates that 59 moorings (38 percent) are rented commercially and 96 (62 percent) are used privately. The number of commercial moorings is expected to rise, as several marina owners have expressed interest in applying for additional mooring permits. The number of private moorings is increasing, but at a modest annual rate.

At present, no moorings are specifically set aside in the anchorage area for transient boaters. This fact deserves special consideration in that the Army Corps of Engineers considers the degree to which access is available to the general boating public in their evaluation of dredging priorities.

Swimming, water skiing, lobstering and fishing are additional seasonal uses of the waters of Old Port. However, these uses occasionally conflict when they occur within the same general area.

While no one presently lives aboard any vessels within Old Port's harbor, this type of use is becoming increasingly popular elsewhere in the state, and it appears that such use could be anticipated in Old Port in the future.

#### Jurisdictions

Several federal, state and local agencies have jurisdiction over various activities in and adjacent to the harbor. These authorities perform different, but often overlapping functions in the regulation of harbor activities. The key authorities with administrative control or interest in Old Port's harbor include:

#### Federal Level

- U.S. Army Corps of Engineers
- U.S. Coast Guard

## State Level

Department of Agriculture  
Aquaculture Division  
Department of Environmental Protection  
Law Enforcement Unit  
Marine Fisheries Unit  
Planning and Coordination/Coastal Management  
Water Compliance Unit  
Water Resources Unit  
Department of Health Services  
Department of Transportation  
Bureau of Waterways  
Harbor Master.

## Local Level

Board of Selectmen  
Conservation Commission  
Director of Health  
Fire Department  
Flood and Erosion Control Board  
Harbor Management Commission  
Historic District Commission  
Inland Wetlands and Watercourses Commission  
Marine Police  
Parks and Recreation  
Planning and Zoning Commission  
Redevelopment Agency  
Representative Town Meeting  
Sewer Commission  
Shellfish Commission  
Zoning Board of Appeals

## B. HARBOR MANAGEMENT ISSUE IDENTIFICATION

In preparing a harbor management plan, the harbor management commission should identify and assess all significant harbor-related issues, problems, and needs which are to be addressed through the harbor management planning process. Meetings with the public and regulatory interests, and mail-out-and-return surveys may be helpful in this task. Appendix C identifies key points for public and regulatory agency input. Any concern that affects or involves the waterfront and water may be identified. For example, shortage of recreational boating facilities, obstructions within the federally maintained navigation channel, and the lack of public access to the waterfront are common issues confronting many of Connecticut's coastal municipalities. For municipalities which have completed municipal coastal programs, many of the issues identified in those programs will be applicable to the management of the harbor. Such issues should be

gleaned from the municipal coastal program and included within this section of the harbor management plan.

The following issues have been identified in the Town of Old Port. While they are intended to illustrate those confronting many of Connecticut's coastal municipalities, the list is not exhaustive.

Harbor Management Issues: Town of Old Port

1. The shortage of public and private marina space and boat launching areas.
2. The impending need to dredge Old Port's navigation channel.
3. Encroachments within the federally maintained navigation channel.
4. The need for more efficient utilization and arrangement of moorings within the anchorage area, the need for additional mooring space, and the need to allocate moorings fairly for private and commercial use.
5. The need to provide safe harbor and shore access for transient vessels.
6. The overdevelopment of parts of Old Port's coastline which has resulted in the loss of visual access, public right-of-way, and a depletion of vital coastal resources.
7. A need for improved and expanded public recreational facilities in Old Port.
8. The filling and degradation of Old Port's tidal wetlands.
9. The need to protect unique wildlife areas.
10. The desire to improve commercial and recreational shell-fishing.
11. The potential for expansion of existing or development of new water dependent uses along the developed urban waterfront.
12. The need to provide appropriate restrictions on water uses and users in order to minimize conflict between competing activities.
13. The need for coordination of harbor information and activity among agencies, commissions, and departments with interests in the use and regulation of the water and waterfront.
14. The damage to coastal property caused by periodic flooding.

15. The lack of available pump-out facilities for boaters.

16. Periodic water quality problems despite improvements in overall quality.

### C. HARBOR MANAGEMENT GOALS

Using the information obtained in the preceding stages of the planning process, the harbor management commission should develop goals for the use, development and preservation of the harbor. Such goals indicate what should and should not occur within the harbor and provide direction for the implementation of the harbor management plan.

The municipal harbor goals should address the previously identified issues and needs within the framework of existing conditions. They should also be consistent with the goals and policies of the Connecticut Coastal Management Act and the municipal coastal program, if one has been completed.

#### Harbor Management Goals: Town of Old Port

1. Regulate the use of the harbor to resolve conflicts between harbor uses, and in a manner which provides for the safe, orderly and efficient use of the water and waterfront.
2. Provide for water dependent uses in areas suitable for supporting such development.
3. Respond to the increasing demand for coastal recreational opportunities by:
  - a. Giving highest priority and preference to water dependent uses in suitable waterfront locations.
  - b. Encouraging the development of marine recreational facilities including pump-out equipment.
  - c. Pursuing opportunities for improving existing and providing new areas for public access.
4. Provide for the maintenance and enhancement of Old Port's existing Federal navigation channels, basins and anchorages, and discourage the dredging of new or expanded Federal navigation channels, basins and anchorages.
5. Provide for the efficient and equitable distribution of commercial and private moorings.

6. Provide adequate anchorage, mooring, and dockage for the public and sufficient anchorage with shore access for transient boaters so that the harbor is open to all on an equitable basis.
7. Provide for public utilization and enjoyment of the urban waterfront by preserving Old Port's historic maritime character and by encouraging maritime uses which create additional opportunities for public access.
8. Recognize the importance, both historically and economically, of the town's shellfishing industry and take appropriate measures to ensure its revitalization and continued viability.
9. Provide unobstructed access to federal navigation channels, anchorages and harbor facilities.
10. Encourage non-structural solutions to flood and erosion problems except in those instances where structural alternatives, (e.g. groins, sea walls, revetments) prove unavoidable and necessary to protect existing inhabited structures, roads, sewer and water lines, other utilities, or water dependent uses.
11. Protect Old Port's remaining tidal wetlands from further degradation. Restore destroyed or degraded tidal wetlands where practical.
12. Maintain the value of Burr Island as critical wildlife habitat and recreational open space.
13. Establish a fund to be used in the administration, operation and maintenance of the harbor.
14. Attempt to improve water quality in the harbor.
15. Improve existing town waterfront facilities, as needed.

#### D. POLICIES AND RECOMMENDATIONS

This section presents policies and recommendations in response to the harbor management goals contained in Section II.C, based on identified problems and needs discussed in Section II.B. A major component included within this section of the model is the presentation of a water use plan, shown as Figure 5 and accompanying text which identifies uses to be regulated and corresponding policies. Although not specifically required by the Harbor Management Act, this component of a harbor management plan provides the harbor management commission's policies for harbor structures and uses, as well as a map which may prohibit and/or encourage structures or uses in specific locations. A water use plan is highly recommended to present the municipality's policies to local, state and federal regulatory bodies.

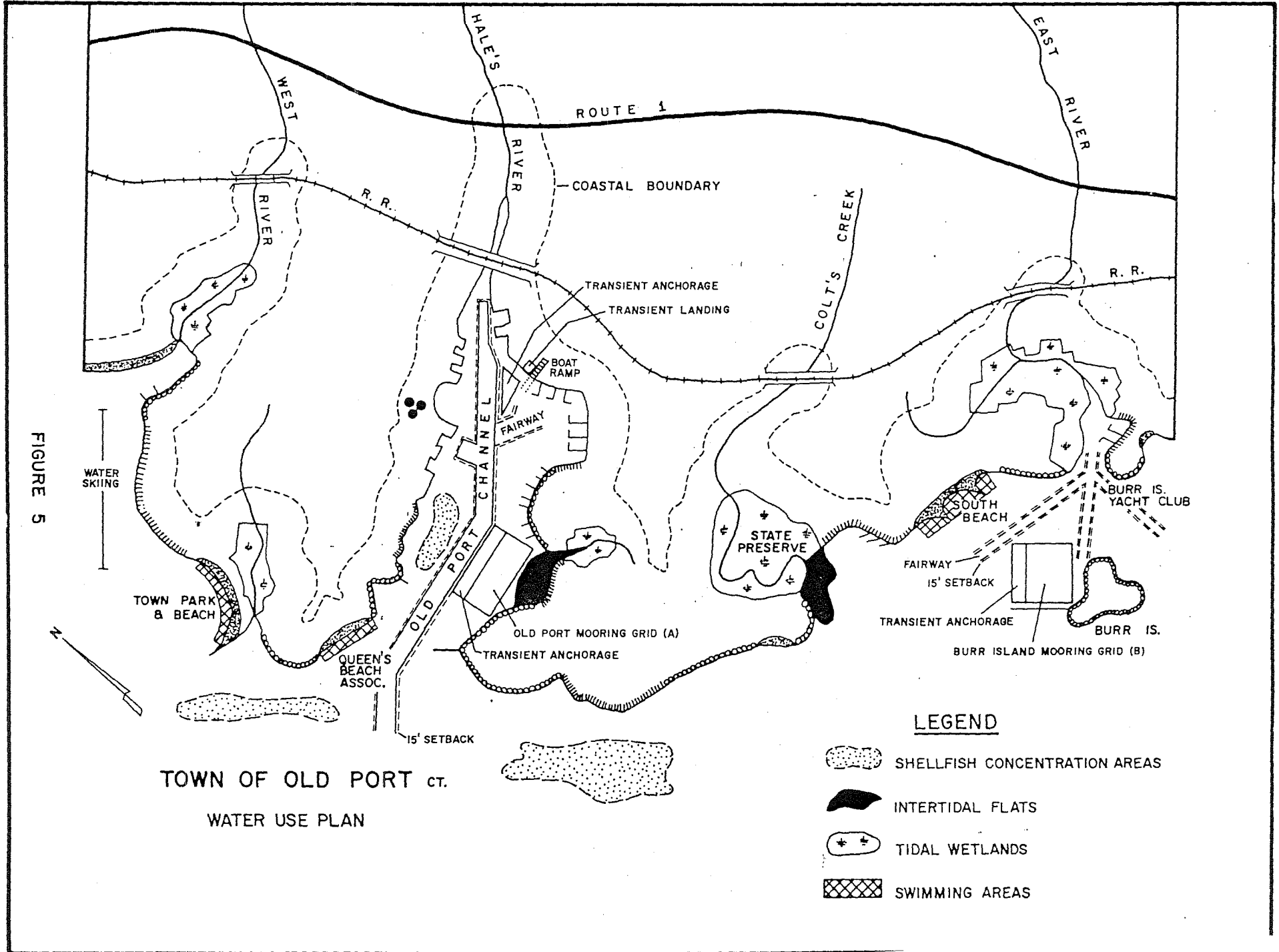






FIGURE 5

TOWN OF OLD PORT CT.  
WATER USE PLAN

LEGEND

-  SHELLFISH CONCENTRATION AREAS
-  INTERTIDAL FLATS
-  TIDAL WETLANDS
-  SWIMMING AREAS

The use of rules and regulations, in the form of a harbor management ordinance, is an effective means of implementing specific policies and recommendations offered in this section. A model ordinance containing rules and regulations implementing the policies and recommendations of this section is presented in Section II.E., "Harbor Management Ordinances." This suggested format separates the ordinance from the rest of the harbor management plan which allows for subsequent amendments to the ordinance without major changes to the other components of the plan.

#### Policies and Recommendations: Town of Old Port

To implement the goals presented in Section II.C, it is recommended that the following items be included as part of the Old Port Harbor Management Plan: a water use plan, transient anchorage, mooring grids, and harbor administration.

##### 1. Old Port Water Use Plan

The Old Port Water Use Plan is drawn as Figure 5 and presents the harbor management commission's recommendations for conservation, development and use of Old Port Harbor. In accordance with Section 22a-113n of the Harbor Management Act, all state and municipal regulatory decisions within the area of the harbor management commission's jurisdiction shall be consistent with this water use plan, unless contrary actions are supported by a "show cause" justification.

##### a. Preservation of Coastal Resources

The preservation and improvement of significant natural resources in Old Port Harbor is consistent with the Connecticut Coastal Management Act and the Old Port Municipal Coastal Program and is further supported by the Old Port Harbor Management Plan.

##### (1) Shellfish Resources

Significant shellfish concentration areas, as mapped by the Department of Environmental Protection and refined through consultation with the Old Port Shellfish Commission, have been designated on the water use plan. The harbor management commission should periodically consult with the shellfish commission and update the map if changes become necessary.

Within designated shellfish resource areas, the following policies shall apply:

- (a) The cultivation, transplantation, harvest and general management of shellfish shall have priority over all other uses within designated shellfish resource



areas. This should not, however, be construed to deny a riparian owner's access to navigable waters.

(b) New navigation channels, turning basins, fairways, berthing areas, mooring areas and anchorages shall not be dredged in designated shellfish concentration areas unless it is demonstrated that the resources have been permanently depleted or that no other feasible alternatives exist and that the proposed activity is in the public interest.

(c) New structures such as docks, pilings, breakwaters, groins, and sea walls should not be placed in designated shellfish concentration areas unless the resource impacts are minimal and no feasible alternatives exist. This should not, however, be construed to deny a riparian owner's access to navigable waters.

(2) Tidal Wetlands and Intertidal Flats

The ecological values of intertidal resources for habitat, breeding, nutrient productivity, storm water retention and pollution control are well established. Tidal wetlands and intertidal flats, as defined by state statute, are depicted on the water use plan. Consistent with state statutes and regulations and the Old Port Municipal Coastal Program, the following policy shall apply:

(a) The priority use for tidal wetlands and intertidal flats is preservation. Limited uses and structures may receive regulatory approval if the resource impacts are minimal and no feasible alternatives exist.

b. Structures

To assure the orderly, safe, and efficient use of designated mooring areas, anchorages, fairways and other navigation areas, the following policies shall apply:

(1) There shall be a 15 foot setback of all new structures from any designated channel, turning basin, fairway, mooring area, or anchorage. The setbacks from these areas are delineated on the water use plan. Existing structures which extend into the setback area may be subject to periodic removal, if required, for maintenance dredging.

(2) No vessel at a dock permitted after the adoption of this plan shall extend into the limits of the channel, fairway, turning basin, mooring or anchorage setbacks, as delineated on the water use plan.

(3) There shall be a 10 foot setback of new structures from property line extensions into navigable waters where practicable. This should not, however, be construed to deny a riparian owner's access to navigable waters.

c. Special Restrictions

To resolve identified conflicts between harbor uses and to promote public safety, the following policies are incorporated into the water use plan:

- (1) To prohibit swimming in all designated channels and fairways.
- (2) To prohibit fishing and shellfishing in all designated channels and fairways.
- (3) To prohibit water skiing in all designated channels, fairways, mooring areas and anchorages. Water skiing is specifically encouraged in the area northwest of Town Beach (See Figure 5).

d. Public Access

Consistent with the Connecticut Coastal Management Act and the Old Port Municipal Coastal Program, public access to Old Port Harbor should be preserved and improved together with all proposed harbor uses and development. Accordingly, the following policies shall apply:

- (1) No proposed structures or uses shall restrict existing public access, as delineated on the water use plan.
- (2) Plans reviewed by the harbor management commission in accordance with Section 22a-113p of the Harbor Management Act shall be examined for potential impacts to existing or proposed public access. The provision of additional public access in conjunction with proposed plans is encouraged and will be viewed favorably by the harbor management commission.

2. Transient Anchorage

To implement Goals 1, 2, 3, 4, 6, 7, and 9 in Section II.C., it is recommended that the town boat launch area also serve as an access point for an adjacent transient anchorage area. This location provides easy pedestrian access to several restaurants, a laundromat at an adjacent marina, and other services required by transient boaters. The Old Port Harbor Water Use Plan designates an area immediately offshore of this boat launch facility which shall be reserved for transient vessels and can accommodate approximately 5 such vessels in the 25 to 32 foot range. This area was dredged recently for the construction of the boat launch ramp and provides approximately -6' MLW depth. Any further maintenance dredging of the boat launch facility should also include maintenance dredging of this anchorage if necessary. It is further recommended that a series of use restrictions be enacted and enforced by ordinance as part of this plan.

Additionally, significant portions of the protected waters within mooring grid areas A and B as designated below shall be reserved and free of moorings for transient vessel use and for emergency shelter. These areas are designated on mooring grid plans A and B (Figures 6 and 7), and are also delineated on the water use plan (Figure 5). The designation of such anchorage areas is not intended to preclude future wharfing out by riparian owners.

### 3. Mooring Grids A and B

To achieve an orderly and equitable distribution of moorings, it is recommended that the harbor management commission establish and administer mooring grids at the two areas in Old Port which are currently the best protected and which are the most accessible from shore. To provide safe mooring without the display of anchor lights in Grid A, it is recommended that the Town of Old Port formally petition the Coast Guard to designate this area as a special anchorage area in accordance with established procedure. Mooring grid B is already designated as such and is so identified on nautical charts. Accordingly, mooring grids A and B accompany this text and are incorporated as figures 6 and 7, respectively. The number and vessel types designated for each mooring area are based on vessel requirements including length, draft, and maneuvering capabilities. These requirements have been generalized, and the harbor master may alter them to suit a particular vessel, as necessary.

#### Mooring Grid A - Old Port Harbor

This area is approximately 29 acres in size, and provides a transient anchorage of approximately 4 acres, and a mooring grid encompassing approximately 25 acres. Moorings have been allocated as outlined below.

<u>Vessel Size</u>	<u>Quantity</u>
11-20'	31
21-30'	56
31-40'	31
41-46'	7
	<u>125</u> Total

#### Mooring Grid B - Burr Island

This area, a designated special anchorage, is approximately 35 acres in size, and provides a transient anchorage of 6 acres and a mooring grid encompassing approximately 29 acres. Moorings have been allocated as outlined below:

MOORING GRID "A"  
OLD PORT HARBOR

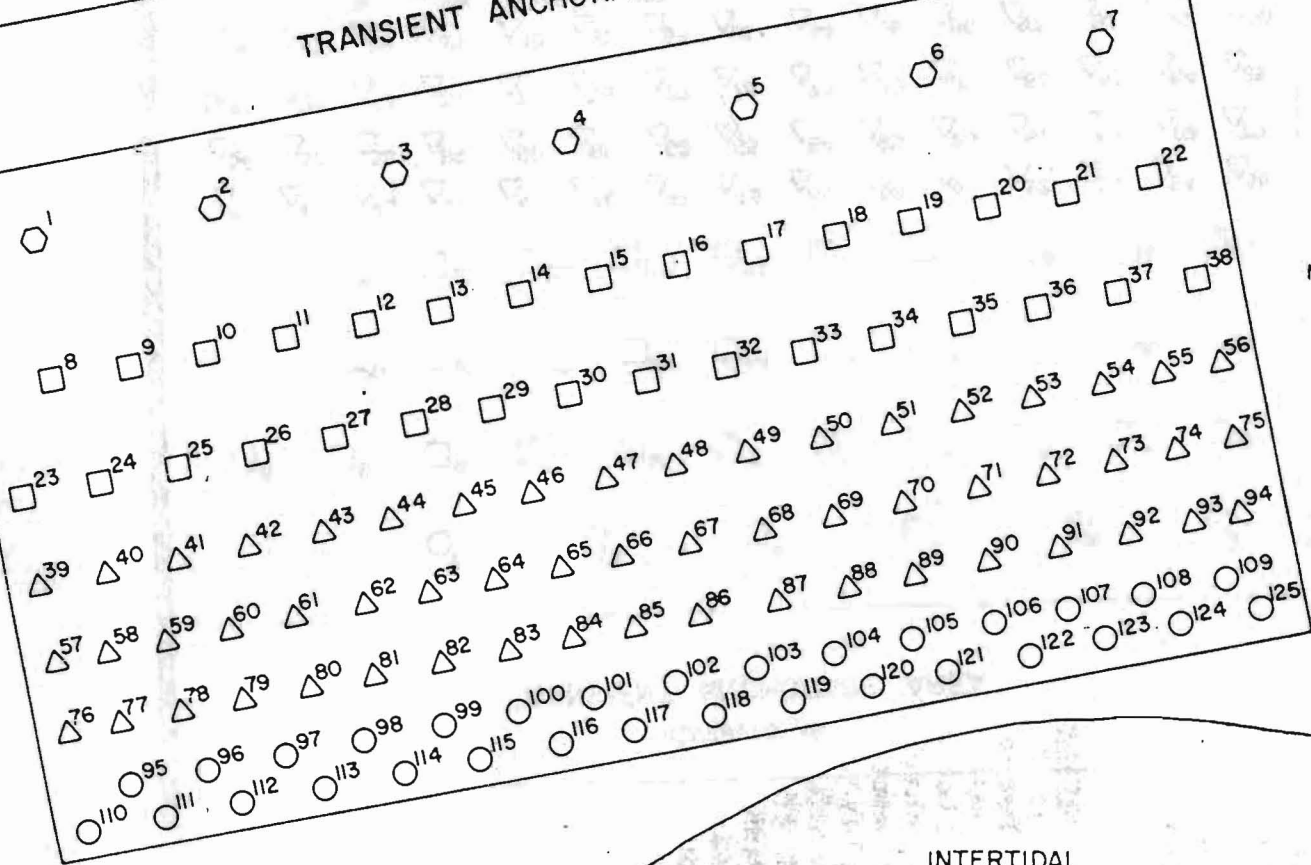
CHANNEL

15 FOOT SETBACK

RESERVED AS  
TRANSIENT ANCHORAGE AREA

KEY

SYMBOL	VESSEL SIZE
○	11 - 20'
△	21 - 30'
□	31 - 40'
◊	41 - 46'



INTERTIDAL FLAT

FIGURE 6

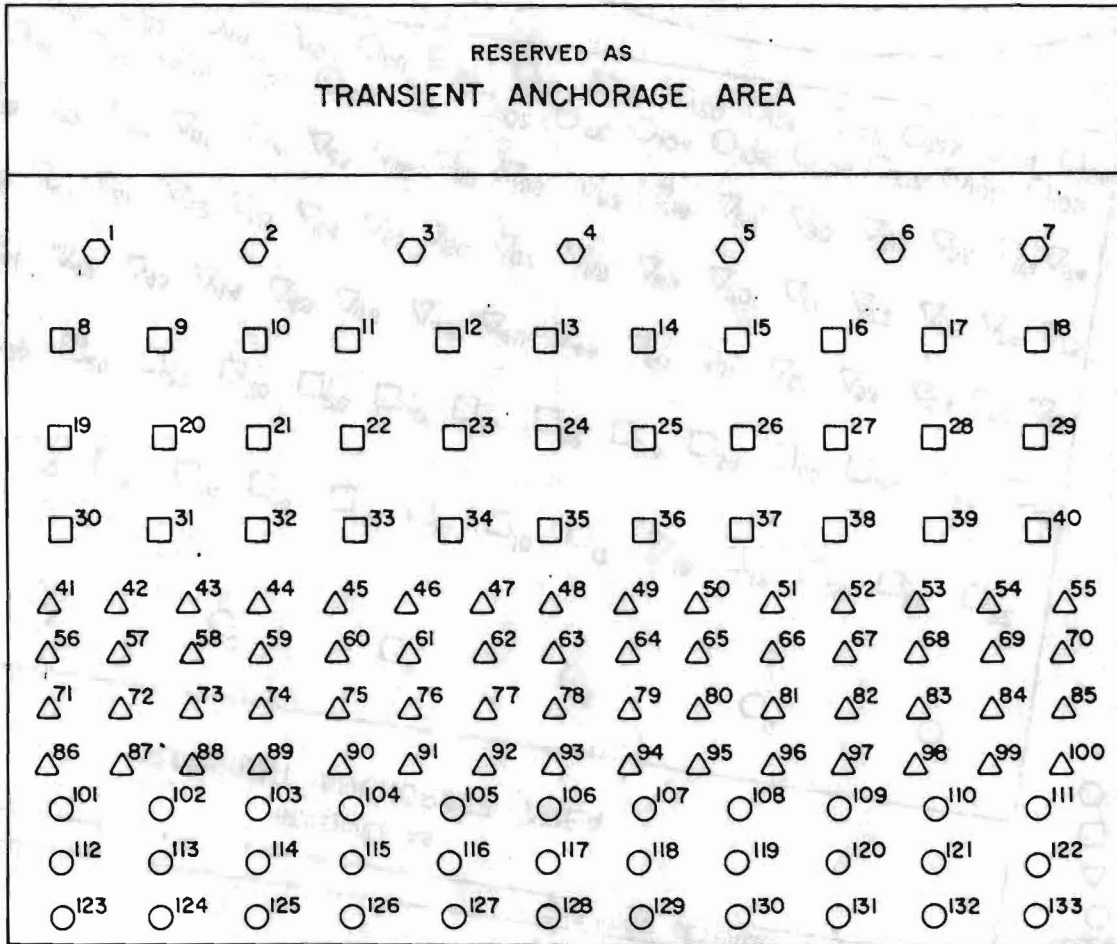
# MOORING GRID "B" BURR ISLAND

RESERVED AS  
TRANSIENT ANCHORAGE AREA

KEY	
SYMBOL	VESSEL SIZE
○	11 - 20'
△	21 - 30'
□	31 - 40'
⬡	41 - 46'



NOT TO SCALE



15 FOOT SETBACK  
FAIRWAY

15 FOOT SETBACK  
FAIRWAY

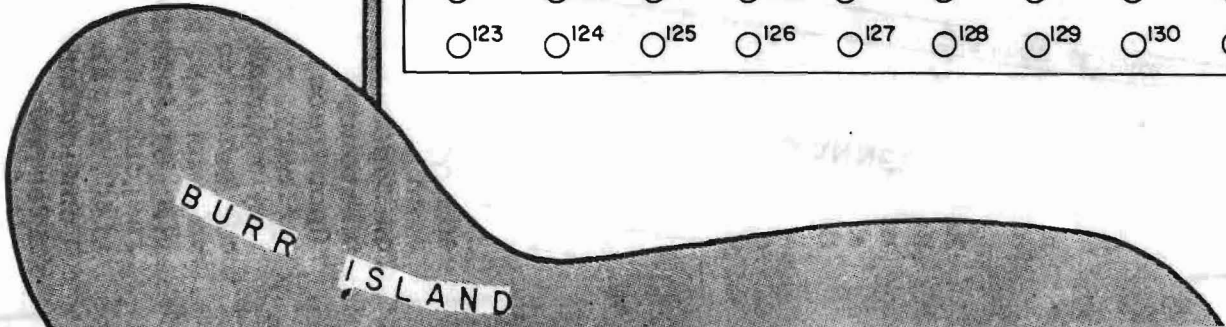


FIGURE 7

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<u>Vessel Size</u>	<u>Quantity</u>
11-20'	33
21-30'	60
31-40'	33
41-46'	7
	<u>133</u> Total

#### 4. Harbor Administration

In order to meet its stated objectives, it is recommended that the commission function within an administrative framework regulated by municipal ordinances contained in Section II.E. and enforced by the harbor master or his or her designee. The harbor management plan proposes the following administrative framework:

##### a. Review of Local Plans

In accordance with the provisions of Section 22a-113p of the Harbor Management Act and Section 5 of An Ordinance Creating a Harbor Management Commission, the following local boards and commissions must notify the harbor management commission of any and all pending proposals for real property in, on, or contiguous to Old Port Harbor:

- (1) The Planning and Zoning Commission
- (2) The Zoning Board of Appeals
- (3) Shellfish Commission
- (4) Flood and Erosion Control Board
- (5) Redevelopment Agency
- (6) Historic District Commission
- (7) Sewer Commission

The commission will establish a procedure to receive proper notification in conformance with Section 22a-113p of the Harbor Management Act and plans will be reviewed at regularly scheduled meetings of the harbor management commission. All meetings shall be open to the public. The commission shall determine the consistency of any such proposal with the harbor management plan. Upon receipt of a finding of inconsistency by the commission, the primary reviewing agency (e.g. planning and zoning commission) may approve a project, but a two-thirds majority vote is required to do so.

##### b. Establishment of a Harbor Management Fund

In accordance with Sections 22a-113l and 22a-113s of the Connecticut General Statutes, the Town of Old Port should establish, by ordinance, a harbor management fund to provide for the costs associated with administering the harbor management plan. The ordinance should specify terms of the fund, sources of revenue, and permitted expenditures.

c. Harbor Master

In addition to existing powers and duties, the Old Port harbor master shall assume the following duties in accordance with Sections 22a-113k, 113r, and 113s of the Harbor Management Act:

- (1) Act as a non-voting, ex-officio member of the harbor management commission.
- (2) Issue permits for all moorings.
- (3) Keep records of the location of all moorings, users and vessels within the designated mooring grid area.
- (4) Prepare and make available a current waiting list for mooring permits, if demand is greater than the number of moorings available in any given year.
- (5) Collect mooring permit fees annually for deposit into the harbor management fund.
- (6) Enforce any ordinance or provision of the harbor management plan.

d. Mooring Grid Administration

In order to provide for the proper administration of the mooring grid presented in II.D.3, the following administrative details are recommended:

- (1) All moorings are to be located according to assigned locations on the mooring grid. The harbor master or his or her designee will inspect moorings before placement and issue an annual permit after determining that a mooring has been properly located upon the mooring grid.
- (2) Mooring permits are for a one year period and must be renewed annually. An annual fee shall be charged for each mooring and shall be collected by the harbor master prior to the issuance of a mooring permit. The fee is posted in the office of the town clerk.
- (3) Available moorings shall be allocated on a first-come, first-served basis. First preference shall be extended to those with existing moorings placed in Old Port Harbor for the first year. A minimum of twenty-five percent of all mooring areas will be reserved for transient users, subject to adjustments dictated by local demand. Every effort shall be made by the harbor master to accommodate specific needs due to draft, beam, length, and available access from the shore. However, it should be noted that 100 percent of the designated mooring areas may not be available in any given year as a result of unusual shoaling. The harbor master may

revise this allocation as necessary in such instances. A permit holder shall have priority rights to the same mooring each year if renewed by December 31st.

(4) The number of commercial moorings allocated within the grid system is based on available data and knowledge of the harbor master with respect to prior demand for private and commercial moorings. Accordingly, a minimum of 40 percent of moorings within the grid system shall be available for commercial use. However, the harbor master shall reserve the right to issue greater than 40 percent for commercial use, provided that less than 60 percent has been requested for private use, after March 1st of each year. Similarly, the harbor master may issue greater than 60 percent for private use, provided that less than 40 percent of the available moorings have been requested for commercial use, after March 1st of each year. Such adjustments shall be valid for the duration of one mooring season only.

(5) In accordance with Section 22a-113r of the Connecticut General Statutes, the harbor master will keep records of users, vessels, and locations of each mooring. The harbor master shall keep a current waiting list available for public inspection, if necessary.

(6) Private mooring permits are issued to an individual permittee for his or her personal use and may not be leased, sold, or transferred. Commercial mooring permits are issued to commercial operators who provide parking, access, launch services and other shoreside amenities. Commercial moorings may be leased or transferred, but only with the amenities noted above. No privately controlled commercial moorings shall be allowed in federally maintained project areas.

(7) Minimum mooring tackle specifications are recommended to avoid mooring failure and are presented in Section II.F. Mooring permits are subject to utilization of secure tackle as determined by the harbor master.

#### e. Transient Anchorage Use

To assure the equitable and efficient use of the transient anchorage areas, the following policies shall apply:

(1) Vessels anchoring in the area adjacent to the town boat launch ramp shall not restrict access of ramp users or marina users to the channel.

(2) The transient anchorage adjacent to the town boat launch ramp is designated for short term use only. Vessels may remain anchored in this area for a period not to exceed three successive days.