

INTERSTATE PORT AUTHORITY COMMISSION

FINAL REPORT

TO THE LEGISLATURES OF THE STATES OF MINNESOTA AND WISCONSIN

December 1976

M I N N E S O T A - W I S C O N S I N

INTERSTATE PORT AUTHORITY COMMISSION

REPORT

TO

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LEGISLATURES

December, 1976

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## SUMMARY AND RECOMMENDATIONS

The Minnesota-Wisconsin Interstate Port Authority Commission was created by the Minnesota and Wisconsin Legislatures in the spring of 1976 and charged with the responsibility to "develop a plan for the merger of the port authorities at Duluth, Minnesota and Superior, Wisconsin." The Commission was also directed to report to the Legislatures in January of 1977 summarizing its findings, including a draft of an interstate compact to merge the port authorities. This document is that report.

The Commission, a ten-member group appointed by the respective Legislatures, Governors, City Councils and Port Authorities, met eight times from July through December. At those meetings witnesses, including business and labor leaders, representatives of the ports' interests, government officials and citizen representatives, presented information to the Commission.

As the Commission learned, the discussion of merging the Duluth-Superior ports is not a new topic - - - in 1863, Minnesota and Wisconsin exchanged resolutions concerning Minnesota's annexation of Douglas County. The Commission also found that there are advantages in merging the ports including increasing the economic benefits to the Duluth-Superior area, providing better shipping services to harbor users, improving industrial planning and promotion and increasing the protection of the local environment.

For the most part, the Commission was able to resolve the numerous issues involved in merging the ports. The resolution of those issues is reflected in the suggested compact and enabling

legislation submitted herein by the Commission. The only issue remaining unresolved was the complex and controversial financing issue.

Because of the great difference in port financing situations currently between Duluth and Superior, because of the special financial problems Superior and Wisconsin are currently facing and because a general consensus regarding the resolution of the financing issue is only beginning to emerge, the Commission concluded that resolving the financing issue at this time would be unworkable.

It is for those reasons that the Commission, desiring to complete a merger of the Duluth and Superior port authorities at the earliest possible time, makes the following recommendations:

1. The state legislatures should take actions to merge the ports only when so requested by the cities of Duluth and Superior.
2. The cities should review the text of the proposed interstate compact and the legislation that would accompany it, and report to the legislatures by January 1978 with their recommendations for changes.
3. The cities should adopt a plan for improving cooperation between the ports as per the Timetable (included herein) which the Interstate Port Authority Commission has proposed.

## LEGISLATION CREATING THE COMMISSION

The Minnesota Legislature passed H.F. 1988 (Chapter 270, Laws 1976) and the Wisconsin Legislature passed S.B. 699 (Chapter 376, Laws of 1975) both in 1976 authorizing the creation of the Interstate Port Authority Commission.

The charge to the Commission was to "develop a plan for the merger of the port authorities at Duluth, Minnesota and Superior, Wisconsin."

In order to accomplish that charge the Commission was given the authority to "collect, interpret and correlate information, and investigate plans and policies in other states." It was instructed to:

- "1) Study the interrelationship of federal law and the laws of Minnesota and Wisconsin in areas of commerce, common carriers, and public utilities;
- 2) Investigate the impact the merger will have on the economics of the region;
- 3) Consider alternatives of ownership and control of the merged facility, and the relationship of the facility to the existing governmental entities;
- 4) Recommend plans of bonding and taxation to support the merged facility;
- 5) Study methods to avoid needless duplication of facilities and services, keeping in mind the resulting effects upon employment in the community;
- 6) Develop a system of accountability and periodic review of the activities and functions of the merged facility;
- 7) Cooperate and work with the Minnesota-Wisconsin Boundary Area Commission;
- 8) Research any other matters it deems necessary for the performance of its duties."

The final product of the Commission was to be a report to each legislature in January of 1977 summarizing its findings, including a draft of an interstate agreement to merge the port authorities at Duluth and Superior. Sixteen hundred dollars was appropriated by the Minnesota Legislature and \$1400 by the Wisconsin Legislature for the Commission; and, authority was given to the Commission to employ any staff or assistants as necessary in the performance of its duties.

The Commission itself was to be composed of 5 members from both Minnesota and Wisconsin as follows:

- 1) A State Senator (selected by the Committee on Committees in Minnesota and the Organization Committee in Wisconsin);
- 2) A State Representative (selected by the Speaker of the House in Minnesota and the Speaker of the Assembly in Wisconsin);
- 3) An appointment by the Governor;
- 4) An appointment by the Mayor (of Duluth and Superior);
- 5) An appointment by the Port Authority (of Duluth and Superior).

MEMBERSHIP OF THE COMMISSION

MINNESOTA DELEGATION

Senator Sam Solon (Chairman)	616 West Third St. Duluth, Minn. 55806 Office Phone - 218-727-3997 218-626-2741
Representative Willard Munger (Vice-Chairman)	1121 70th Ave. West Duluth, Minn. 55807 Office Phone - 218-624-4814
Jack LaVoy (Mayor Beaudin's Appt.)	1021 Grandview Ave. Duluth, Minn. 55812 Office Phone - 218-727-2913
Mrs. Ingrid Wells (Port Authority Appt.)	110 E. Chisholm St. Duluth, Minn. Phone - 218-724-0492
Armando M. DeYoannes (Governor's Appt.)	Box 218 Lakeside Drive So. Eveleth, Minnesota 55734 Phone - 218-741-4591

WISCONSIN DELEGATION

Senator Danial O. Theno (Chairman)	Room 32-A South - State Capitol Madison, Wisconsin 53702 Phone - 608-266-3510
Representative Thomas B. Murray	Room 11 West - State Capitol Madison, Wisconsin 53702 Phone - 608-266-0650
Gilbert Erickson (Mayor's Vice Chairman) Appt.)	Poplar, Wisconsin 54684 Phone - 715-364-2642
James Sauter (Port Authority Appt.)	Port Director 1409 Hammond Avenue Superior, Wisconsin 54880
Eileen Mershart (Governor's (Secretary) Appt.)	2421 Hughitt Avenue Superior, Wisconsin 54880 Phone - 715-392-2398



STAFF

Jay Kiedrowski  
(Secretary)

Minnesota Senate Research  
473 State Office Building  
St. Paul, Minnesota 55155  
Phone - 612-296-7681

Tom Peltin

Wisconsin Commission on Interstate  
Cooperation  
Room 404 West, State Capitol  
Madison, Wisconsin 53702  
Phone - 608-266-0262

LIST OF MEETINGS, TOPICS, AND WITNESSES

1. 10:00 A.M. Tuesday, July 13, 1976, Duluth City Hall

Agenda: 1) Organization of the Commission.

- 2) Presentation on Legislative Background of Commission (Senator Ralph Doty of Minnesota and Senator Dan Theno of Wisconsin).
- 3) Review of Past Study on Merger Possibility (Freeman Johansen, Upper Great Lakes Commission - Dick Isle, Duluth/Superior Metropolitan Interstate Committee).
- 4) Nature of Interstate Compacts.
- 5) Objectives for the Commission.
- 6) Timetable for Commission Activities.

2. 8:30 A.M. Thursday, July 29, 1976, Duluth Port Authority Office and Superior City-County Complex

Agenda: 1) Film on Port and Discussion (Al Johnson, Duluth Port Authority).

- 2) Boat Tour of Harbor Facilities.
- 3) Discussion of Advantages and Issues in Merger (Bob Pickard, International Longshoremen Association - Norbert Mokros, Twin Ports Ministry of Seamen - Edward A. Russi, Guthrie Hubner, Inc. - Frank J. Puskarich, Great Lakes Storage - Tom Burke, Duluth Port Authority).

3. 9:30 A.M. Monday, August 30, 1976, Duluth Port Authority Office

Agenda: 1) Historical Comment (Ernie Korpela, Upper Great Lakes Commission).

- 2) Presentation on Interstate Trucking Problem.
- 3) Distribution of Summaries of Duluth and Superior Port Authority Laws
- 4) Discussion of Goal or Purpose of Merged Port Authority, Organization for Authority and Staff for Authority.

4. 3:30 P.M. Thursday, September 16, 1976, Cronstrom's Supper Club, Superior

Agenda: 1) Summary of Actions Taken at Last Meeting.  
2) Intergovernmental Problems Discussion.  
3) Powers and Duties of Merged Authority (John Powers, Metropolitan Interstate Committee - Betty Hetzel, Superior Harbor Commission and League of Women Voters).

5. 4:00 P.M. Monday, October 4, 1976, Duluth Athletic Club

Agenda: 1) Report on Interstate Commerce Commission and Federal Maritime Administration.  
2) Review of Draft Compact.  
3) Continued Discussion on Powers of New Authority.  
4) Presentation and Discussion of Financing for New Authority.  
5) Description of New York Port Authority.  
6) Resolution of Duluth/Superior Unemployment Compensation Problem.  
7) Use of One State's Laws in Another State.

6. 4:00 P.M. Tuesday, October 12, 1976, Superior City-County Complex

Agenda: 1) Continued Discussion on Financing for New Port Authority (Tom Burke, Duluth Port Authority)

7. 4:00 P.M. Monday, November 15, 1976, Jolly Fisher Restaurant, Duluth

Agenda: 1) Continued Discussion of Financing Issue.  
2) Presentation on Port Issues (Betty Hetzel, Paul Hanson, Nick Baker - Superior Board of Harbor Commission).  
3) Timetable or Plan for Further Cooperation.  
4) Review of Compact.

8. 4:00 P.M. Thursday, December 9, 1976, Superior

Agenda: 1) Approval of Final Report.

## HISTORICAL PERSPECTIVE

The efforts of the Interstate Port Authority Commission were but the most recent in a long tradition of bi-state contacts regarding the ports. The following resolutions detail a more direct approach to the problem which was considered in 1863:

LAWS OF MINNESOTA 1863

### RESOLUTION NUMBER IV

A Memorial concerning the Cession to Minnesota, of the  
County of Douglas, Wisconsin.

To the honorable, the Senate and House of Representatives  
of the State of Wisconsin, in Assembly met:

Your memorialists, the Legislature of the State of Minnesota, respectfully represent, that citizens of Minnesota started and principally settled Douglas County, Wisconsin, and now own probably the largest portion of the lands in that county; that the natural boundary line between the States of Minnesota and Wisconsin is along the Upper St. Croix river and lake, and thence along the waters of the Bois Brule river to Lake Superior; that Douglas county is separated from the capital of Wisconsin by vast forests, and the only road from Superior, after reaching the State line, (a distance of fourteen miles) runs through Minnesota to St. Paul, a distance of one hundred and forty-six miles; that Saint Paul is the point to which the inhabitants of Superior look for aid in case of danger from Indians, for their mail facilities and newspapers and telegraphs, and also principally for their supplies of flour, provisions, etc.; and that for years past they have been trying to obtain the necessary legislation in order to be connected with the State to which nature and interest would seem to indicate they should be joined.

Therefore, your memorialists respectfully ask, that Commissioners be appointed to act in conjunction with others from Minnesota, and locate the boundary line along the waters of the Upper St. Croix river and lake and those of the Brule to Lake Superior; and that the necessary legislation be enacted to enable the citizens with the territory of Douglas county, to be transferred to the State of Minnesota.

Approved, February 16, 1863

Joint Resolution Relative to the Ceding of Douglas County,  
Wisconsin, to the State of Minnesota.

Resolved by the Legislature of the State of Minnesota:

That a Memorial concerning the cession to Minnesota, of the County of Douglas, Wisconsin, be forwarded to the Legislature of Wisconsin, and that upon adoption by the Legislature of the State of Wisconsin of a resolution or other act, consenting to said cession, the said territory in said Memorial described, shall become part of this State.

Approved, February 21, 1863

WISCONSIN LAWS OF 1863

RESOLUTION NUMBER 3

JOINT RESOLUTION relative to the cession of Douglass county to the State of Minnesota.

WHEREAS, A memorial of the legislature of the state of Minnesota, praying for the cession of the county of Douglass, in this state, to the state of Minnesota, has been laid before this legislature; and

WHEREAS, Said memorial prays for the appointment of commissioners by this body, to act in conjunction with commissioners to be appointed by the state of Minnesota, to locate the boundary line between the two states, along the waters of the upper St. Croix river and lake, and the Bois Brule river, to Lake Superior; and

WHEREAS, The said memorial, among other things, states that Douglass county was started and principally settled by citizens of the state of Minnesota; and

WHEREAS, While it may possibly be true, that Douglass county was settled by citizens of Minnesota, it is undoubtedly also true that a considerable portion of the state of Minnesota was settled by citizens of the state of Wisconsin; and

WHEREAS, We see nothing in the above facts to justify the cession on the part of this state to the state of Minnesota, of a belt of territory embracing, as Douglass county does, one of the finest harbors on Lake Superior, and some of the richest mineral lands in that region, thereby reducing the shoreline of the state of Wisconsin on Lake Superior to a small strip of about 60 miles in length: now, therefore, be it

Resolved by the assembly, the senate concurring, That we deem it inexpedient to cede any portion of our present territory to any other state, and consequently most respectfully decline to grant the prayer of said memorial.

Resolved, That his excellency the governor be directed to forward a copy of the foregoing preamble and resolution to the governor of the state of Minnesota.

Approved March 18, 1863

## ADVANTAGES AND ISSUES OF MERGER

### ADVANTAGES

"A bird's-eye view of Duluth-Superior port would see one lake, one harbor and two port authorities.

If that bird were a wise old owl, he wouldn't think that made much sense. Why have two port authorities directing shipping commerce out of a single harbor at the narrow end of one lake?" - - - Duluth News Tribune (11-22-75)

The overall advantage of merging the port authorities of Duluth and Superior relates directly to the problems and opportunities they now face, and are likely to face in coming years. To resolve difficult problems and take advantage of future opportunities requires an effective organization of talent and resources. If the port of Duluth-Superior is to survive and prosper, it must have such an organization. As the above quote suggests, one authority intuitively would appear to be a more effective organization than two.

The following specific advantages, then, all involve improving Duluth and Superior's ability to meet present and future challenges thru a joint port authority:

1) Increase the Economic Benefits Which the Two Current Organizations Provide for Duluth-Superior - The port's success means jobs and increased economic activity for the area. Certain measures can be pursued to increase the attractiveness of using the Duluth-Superior port. One authority for the port could do a better job of increasing the attractiveness of the port by attempting to

a) Eliminate impediments to shipping coal - the shipment of large tonnages of low-sulfur coal to eastern users through Duluth-Superior can be increased if factors such as railroad shipping

rates and winter ice conditions are resolved.

b) Enhance competitive advantages for grain shipments - maintaining grain shipments at their current high levels requires extensive knowledge of bulk shipment rates and construction programs at other ports. Concerted efforts are needed to ensure that railway rate imbalances and Seaway user tolls do not gradually erode the comparative advantages of the Duluth-Superior port.

c) Promote expansion of ore and taconite shipments - the use of jumbo ore boats in the harbor may be required in the near future if the port is to increase its ore shipments. A combined organization could review this problem in detail and begin appropriate action.

d) Improve ability to attract regional manufacturers - the Duluth-Superior area is suitable for regional manufacturers serving Minneapolis-St. Paul, Chicago and Milwaukee if rail transportation costs can be made and kept competitive.

e) Increase shipping season for general cargo - further study should be undertaken to determine the feasibility of keeping the port open year round.

## 2) Provide for Better Shipping Services to Harbor Users -

Currently, there exist certain problems in the Duluth-Superior port because the two authorities have not been able to work well enough together to resolve them. A combined port authority could begin to

a) Improve police and fire protection - police and fire protection inadequacies are problems that a "first-class" port simply does not have. Greater efforts are needed to resolve these problems.

b) Establish a position of Harbor Master - a Harbor Master is needed to insure that dock operators, shipping agents, Coast Guard, etc. are all working in a coordinated and consistent fashion.

c) Improve safety - a safety program is needed so that the Duluth-Superior port can function safely.

3) Improve Industrial Planning and Promotion - The Duluth-Superior area must work hard to maintain and increase its industrial development. A better coordinated effort on the part of Duluth and Superior would help to

a) Establish clear direction - local industrial planning activities should be focused on specific goals to improve performance.

b) Collect useful data - with clear goals established, more data could be gathered in meaningful areas such as market conditions, shipping rates, tax conditions, etc.

c) Improve the promotional activities - joint efforts of Duluth-Superior should be undertaken to promote the port area.

d) Reduce competition between ports - on occasion in the past Duluth and Superior have been in direct competition for a given development. Competition should be replaced by mutual cooperation.

e) Improve community support - an expanded, joint port authority would be capable of gathering broader community support including possibly two state governments.



4) Increased Protection of the Local Environment - To remain viable, the Duluth-Superior port must be compatible with the environment. A joint organization will be better capable of undertaking

a) Pollution control efforts - A 1973 report to the Upper Great Lakes Regional Commission documented the advisability of planning for harbor pollution control activities, citing the likelihood of tighter Federal regulations which could restrict future port traffic. Both sides of the port must act or the efforts are useless.

b) Study of dredging activities - for larger boats to use the port, dredging may be necessary. If pursued, it should be done so jointly and in an ecologically safe manner.

In summary of this section on advantages, it may be informative to review what the Port of Chicago is currently considering. This spring the International Trade and Port Promotion Advisory Committee of Chicago undertook a study of the various authorities currently managing the Port of Chicago. The report found a lack of:

- "1) Coordination between port interests . . . ;
- 2) Effective and unified port promotion;
- 3) A central authority to negotiate 'just' and 'equitable' freight rates; and,
- 4) A central authority to organize, promote, coordinate and provide adequate facilities . . . ."

The report concluded by recommending "a single agency to coordinate regulation and operation of the Port of Chicago."

Apparently Chicago believes that present and future challenges require a single more effective organization.

### ISSUES

Numerous disadvantages have been cited in regards to merging the port authorities of Duluth-Superior. These disadvantages can be resolved by writing the compact and/or accompanying legislation in certain ways. Thus, the disadvantages can be viewed as issues in need of resolution. These issues are as follows:

1) Goal or Purpose of Commission - There are various alternative ways of combining the port authorities into a new commission. An informal arrangement of cooperation could be established; a formal agreement for cooperation could be set; or, the two organizations could be combined totally. If the two are combined completely, the question arises as to the goal or purpose of the new commission. Should it only be concerned with water-related matters or should it in addition be an industrial developer for the port area? for both entire cities?

2) Commission Organization - Possible disadvantages of a combined commission is that the membership is inequitable or that it is appointed by the wrong people. The issues of how many members, and who appoints the members are important issues. Voting, by-laws, operating reports, compensation, officers, meetings, and advisory

bodies are lesser issues, but still require attention.

3) Staff - An often cited disadvantage of combining any two organizations is the impact it has on staff positions. The issues relating to staff, while not as numerous as with the commission organization, are thus potentially more controversial. How many staff, who reports to whom, what should be the staff duties, how much compensation, and what type of benefits are issues that require resolution either formally or informally.

4) Validity of Compact - A possible disadvantage of merging the port authorities relates to the period of the merger, e.g., forever, 1-year, etc. It is necessary, therefore, to decide when a compact will take effect, how the participants can withdraw from it, if at all, what the division of assets will be if they do withdraw, and what the process for amendments to the compact will be.

5) Relation to Other Governmental Units - A concern raised about the possible merger is which city, Duluth or Superior, will be responsible for building permits, zoning, water, sewage, etc. for the combined authority? Which state's laws will have jurisdiction? Will the counties have a role? These issues could result in objections to the merger if left unresolved.

6) Finance - Like any public agency, there are certain financial or accounting procedures that should be addressed. The accepting of donations, annual audits, the holding of assets, the process for expenditures, and the budgeting system are items that should at some point be defined.

7) Powers and Duties - The combined port authorities will need powers to accomplish the goals set for the commission. Should the commission have planning, research, promotion, setting of fees, operation of facilities and reporting powers?

8) Revenue - This issue is the most controversial and has more potential disadvantages. It involves deciding what, if any, taxes are to be levied for the new commission and on whom; it involves whether condemnation and bonding power should be given to the commission; state contributions, contributions for existing facilities and qualification for federal assistance are also included in this category.

## UNRESOLVED FINANCING ISSUE

Of all the issues outlined in the previous section, financing was the most difficult to reach agreement on and was ultimately left unresolved. However, all the other issues were discussed and decided; those solutions appear in the draft compact and its accompanying legislation in the following sections.

The Commission approached the financing issue through the use of a memorandum on the subject provided by staff. That memorandum first presented background information on the existing financing situation of the Duluth and Superior Port Authorities. Generally, Superior has a very small operation (\$17,425 for operations and no assets or liabilities in 1976 with the possibility of the operation being cut back to \$4,000 in 1977). Duluth, on the other hand, had an operating budget of \$415,145 in 1976 with assets of \$48,496,724 and liabilities of \$42,898,846.

The memorandum then went on to list alternative financing schemes in the following areas:

- a) Transfer of Assets (and Associated Revenues)
- b) New Assets
- c) Permanent Financing for Port Activities
- d) Permanent Financing for Port Promotion
- e) Permanent Financing for Industrial Development
- f) Project Financing for Industrial Development
- g) Administration Financing.

The memorandum concluded with one total financing arrangement based on the selection of one alternative in each of the above areas.

This financing scenario would have required the properties in the port area to pay a total of \$200,000 for port services either through a tonnage tax or through direct assessments, and it would have required the Duluth Port Authority to contribute its current revenues and Superior to contribute \$80,000 to a new merged port authority.

The difficulty in trying to resolve the financing issue basically involved three things. The first of these was just simply the great difference in the magnitude of the operations of the Duluth and Superior ports. Historically, this had been a problem.

The second problem related to the views and attitudes of the people and leaders of Duluth and Superior. It appears at this time that the merger concept is just beginning to "catch on" and is not generally accepted on either side of the port.

Finally, the City of Superior is facing a difficult financial situation currently, and has little ability to authorize further funding for the port. In addition, the State of Wisconsin has not ever funded the port (as has the State of Minnesota), although such a measure has been discussed in the Wisconsin Legislature and may be approved in the future.

Thus, with a great difference in financing situations currently, with Superior and Wisconsin unable at the present time to increase their contributions to the port and with a general consensus for resolution of the financing issue just beginning to emerge, the Commission concluded that resolving the financing issue would be unworkable at the present time. Rather, the ultimate financing solution would have to be phased-in over time. It was for that reason that the Commission chose to set up a timetable for phasing in the cooperation and joint financing between Duluth and Superior.

## A TIMETABLE FOR COOPERATION

NOVEMBER 1976 Interstate Port Authority Commission (IPAC) recommends that cities adopt a Timetable. IPAC also reviews the draft interstate compact and makes any final changes.

DECEMBER 1976 The cities pass resolutions accepting the principles of cooperation outlined in the Timetable and agreeing to work together to improve the ports.

IPAC makes its final report and recommendations to the state legislatures. As per state law, IPAC ceases to exist as of January 1, 1977

JANUARY 1977 The city councils ask their port boards to meet jointly to implement the Timetable.

The port boards meet jointly and adopt by-laws for the meetings of a Subcommittee on Interstate Cooperation. A general discussion of the subcommittee's goals and objectives is held. The Subcommittee is appointed as follows:

Three (3) members from each port board appointed by the board chairmen.

Two (2) members from each city council appointed by the mayors.

The subcommittee then meets during the year.

DECEMBER 1977 The subcommittee reports to the boards and the cities regarding the feasibility of future cooperation, complete merger, other forms of limited merger, etc.

JANUARY 1978 Boards may begin joint implementation of projects approved in 1978 city budgets and must report to the Legislatures on progress to date.

SUGGESTED COMPACT

1977

(STATE OF WISCONSIN)

1 AN ACT to ratify, enact into law and enter into the Seaway Port of  
2 Duluth-Superior Compact and relating to creating the Seaway  
3 Port Authority of Duluth-Superior and providing for repre-  
4 sentation of this state on the port authority created by the  
5 compact.

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Analysis by the Legislative Reference Bureau

This is a preliminary draft prepared for Senator Theno at the request of the commission on interstate cooperation. It is not ready for introduction as it contains only the first draft of the compact and does not contain the requisite state enabling legislation.

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6  
7 The people of the state of Wisconsin, represented in senate and  
8 assembly, do enact as follows:

9 SECTION 1. The Seaway Port of Duluth-Superior Compact is  
10 ratified, enacted into law and entered into by this state and the  
11 state of Minnesota and with all jurisdictions legally joining in the  
12 compact in the form substantially as follows:

SEAWAY PORT OF DULUTH-SUPERIOR COMPACT

13  
14 The party states solemnly agree:



1 Article I

2 Purpose and Intent

3 (1) That the purpose of this compact is, through means of  
4 joint or cooperative action, to cooperate in the development and  
5 management of the ports of Duluth, Minnesota and Superior, Wiscon-  
6 sin; and

7 (2) That this purpose is served through the establishment of  
8 a seaway port authority which shall promote the general welfare by  
9 providing necessary services to harbor users, promoting the economic  
10 development of the area by optimizing the flow and handling of cargo  
11 through the ports, protecting the environment of the port area,  
12 developing a comprehensive plan for the port area and by repre-  
13 senting the interests of the ports in state, national and interna-  
14 tional discussions of water, environmental and transportation poli-  
15 cies.

16 Article II

17 Port Authority Created

18 Section 1 (Members): There is hereby created a joint inter-  
19 state authority to be known as the Seaway Port Authority of  
20 Duluth-Superior. Each party state shall appoint 5 commissioners of  
21 the authority; the manner of appointments, terms of office, compen-  
22 sation, provisions for removal or suspension, or appointments to  
23 fill vacancies shall be determined by each party state, but each  
24 commissioner shall be a resident of the state from which he or she  
25 is appointed.

26 Section 2 (Voting): No motion shall be put to a vote unless

1 at least 3 commissioners from each party state are present. Motions  
2 regarding bonding, or other financial matters shall require the  
3 affirmative vote of at least 3 members from each party state for  
4 passage of the motion. In all other matters, a majority of all  
5 votes cast shall be sufficient to pass or defeat a motion.

6 Section 3 (Officers): The board of commissioners shall annu-  
7 ally elect from among its members a chairperson, a vice chairperson  
8 who shall not be a resident of the state represented by the chair-  
9 person, a secretary and a treasurer.

10 Section 4 (Bylaws): The board of commissioners may adopt such  
11 rules and bylaws as are necessary for their operation, consistent  
12 with the laws of the party states.

13 Section 5 (Meetings): The board of commissioners shall meet  
14 at the call of the chairperson or at the call of at least 3 commis-  
15 sioners of a party state, upon 5 days' notice, but at least once in  
16 each month. Meetings shall be conducted in accordance with the laws  
17 of the state in which they are held.

18 Section 6 (Advisory Committees): The board of commissioners  
19 may establish advisory committees consistent with the laws of the  
20 party states.

### 21 Article III

#### 22 Staff

23 The board of commissioners shall appoint an executive director  
24 and such other staff as may be necessary, on a full or part-time  
25 basis. Subject to the control of the board, the executive director  
26 shall be in complete charge of the administrative functions of the

1 authority, and shall have additional powers and duties as the board  
2 may delegate, except that the chief financial officer shall be  
3 appointed by the board and shall report directly to it.

#### 4 Article IV

##### 5 Operating Reports

6 Section 1 (Minutes): The board of commissioners shall compile  
7 a written record of its proceedings, and the minutes shall be a  
8 public record.

9 Section 2 (Reports): On or before July 1, of each year, the  
10 authority shall make a report to the governor and legislature of  
11 each party state. Such reports shall include the activities of the  
12 commission during the year just concluded, the activities intended  
13 for the year then commenced, and the appropriations, gifts, grants,  
14 and expenditures as verified by audits conducted as required under  
15 Article VI, Section 3.

#### 16 Article V

##### 17 Legal Status

18 The authority shall be a body politic and corporate in the  
19 party states with the right to sue and be sued.

#### 20 Article VI

##### 21 Finance

22 Section 1 (Program Revenue): The authority may collect,  
23 subject to the terms of this compact and the laws of the party  
24 states, such fees, charges, fines and forfeitures as may accrue to  
25 it in the conduct of its lawful duties.

26 Section 2 (Donations, gifts, grants and appropriations): The

1 board of commissioners may accept, for any of its lawful purposes  
2 and functions, donations, gifts, grants and appropriations of money,  
3 property equipment, supplies, materials and services from the fed-  
4 eral government of the United States, from any party state or from  
5 any department, agency or municipality thereof, or from any insti-  
6 tution, person, firm or corporation.

7 Section 3 (Annual Audit): The authority shall keep accurate  
8 accounts of all receipts and disbursements which shall be audited as  
9 of March 31 of each year consistent with the laws of the party  
10 states.

11 Section 4 (Expenditures): All expenses incurred by the  
12 authority in exercising the powers conferred, or executing the  
13 duties imposed upon it by this compact, unless otherwise provided in  
14 this compact, shall be from the funds then available to it. The  
15 authority shall not go into debt except as provided by the party  
16 states. The authority shall not pledge the credit of any state or  
17 municipality without the consent of the state or municipality.

## 18 Article VII

### 19 Entry Into Force and Withdrawal

20 Section 1 (Enabling Legislation): This compact shall become  
21 operative immediately after passage of an act by the party states  
22 incorporating the provisions of this compact into the laws of such  
23 states, and upon consent to its provisions by the Congress of the  
24 United States.

25 Section 2 (Withdrawal): A state may withdraw from this  
26 compact by law, except that no such withdrawal shall take effect

1 until 12 months after the governor of the withdrawing state has  
2 notified the governor of the other party states, in writing, of the  
3 intent to withdraw. No withdrawal shall affect any liability  
4 already incurred by or chargeable to a party state at the time of  
5 the withdrawal. In the event of a withdrawal, property, assets and  
6 liabilities shall be divided in accordance with an agreement rati-  
7 fied by the states.

## 8 Article VIII

### 9 Construction and Severability

10 This compact shall be liberally construed so as to effectuate  
11 the purposes thereof. The provisions of this compact shall be  
12 severable and if any phrase, clause, sentence or provision of this  
13 compact is declared to be contrary to the constitution of the United  
14 States or the applicability thereof to any government, agency,  
15 person or circumstance is held invalid, the validity of the remain-  
16 der of this compact and the applicability thereof to any government,  
17 agency, person or circumstance shall not be affected. If this  
18 compact or any part thereof is held contrary to the constitution of  
19 a party state, the compact shall remain in full force and effect in  
20 the other party state and, as to the state so affected, in full  
21 force and effect as to all severable matters.

## 22 Article IX

### 23 Amendments

24 Proposed amendments to this compact, having been approved by  
25 the party states, shall be submitted to the Congress of the United  
26 States for consent.

1 Article X

2 Powers and Duties

3 (1) If a party state does not, by law, specify the powers  
4 conferred upon and duties required of the authority, then the  
5 authority may exercise the powers and duties in that state which  
6 that state affords to any other port authority.

7 (2) Powers and duties which may be conferred upon or required  
8 of the authority may include, but are not limited because of enumer-  
9 ation, the right to acquire and hold property, the right to con-  
10 struct, lease, alter, maintain and operate harbor facilities, the  
11 power to engage in industrial and other economic development includ-  
12 ing the issuance of revenue bonds, and the power to compel the  
13 attendance of witnesses and the production of records when necessary  
14 for inquiries into port activities.

15 (End)

SUGGESTED ENABLING LEGISLATION FOR COMPACT

(WISCONSIN)

A compact for the development and managemant of the ports of Duluth, Minnesota, and Superior, Wisconsin, is hereby ratified, enacted into law, and entered into with the state of Minnesota, in the form substantially as follows:

(TEXT OF COMPACT IS INSERTED AT THIS POINT)

Section 14.83 of the Wisconsin statutes is hereby created.

(1) AUTHORITY CREATED

- (a) There is hereby created a joint interstate authority to be known as the Seaway Port Authority of Duluth-Superior. A five member board of commissioners shall be appointed in the following manner:
  - (1) One person appointed by the chairman of the county board of Douglas county and confirmed by the board, to a 4 year term, the first full term to commence in 1978.
  - (2) Two persons appointed by the mayor of the city of Superior and confirmed by the city council, to 4 year terms, the first full terms to commence in 1979 and 1981.
  - (3) One person appointed by the governor, to a 4 year term, the first full term to commence in 1980.
  - (4) One person appointed by the legislature, the appointment to be made alternately by the houses, and to be made as are standing committees, to a 2 year term, the first full term to commence in 1978, and the initial appointment to be made by the Assembly.
- (b) Initial appointments, as necessary, to partial terms, shall be made within 90 days of the effective date of this act.
- (c) No person may be serve as a commissioner for more than a total of 12 years.
- (d) In the event that a vacancy occurs, a replacement shall be appointed to complete the unexpired term in the same manner as the original appointment.

- (e) No person may be appointed a commissioner unless he or she is a resident of this state. No person may be appointed a commissioner by the mayor of the city of Superior or by the chairman of the county board of Douglas county unless he or she is a resident of the city of Superior.
  - (f) A commissioner may be removed from office in accordance with (insert citation).
  - (g) Commissioners shall file statements of economic interests in accordance with (insert citation).
  - (h) Members shall serve without compensation except that they may, at the discretion of the board, receive per diem within the limits allowed under Internal Revenue Service Regulation (insert citation), or reimbursement for actual and necessary expenses incurred in the performance of his or her duties.
  - (i) The board of commissioners may establish advisory committees as it deems necessary. Members of advisory committees need not be residents of party states. Levels and manner of compensation, if any, for advisory committee members shall be determined by the board.
  - (j) Persons employed by the Seaway Port Authority of Duluth-Superior shall be considered to be employees of the state of Minnesota for employment purposes, however, this state shall pay, from the appropriation under (insert citation), half of any contribution to an employment-related program for which the state of Minnesota is liable.
  - (k) A copy of all minutes and other publications and reports produced by the authority shall be filed with the Interstate Cooperation Commission in accordance with 13.54 (3) and they shall be public records unless otherwise specified by law.
  - (l) The authority shall annually submit an audit of its financial operations to the Legislative Audit Bureau, the audit to have been conducted by a certified public accountant. Nothing in this section shall be construed to limit the power of the Legislative Audit Bureau to conduct an audit of the authority's records.
  - (m) The board of commissioners may adopt such rules and by-laws as are necessary for their operation, but all meetings held in this state shall be conducted in accordance with (insert citation).
- (2) JURISDICTION The authority shall exercise its powers and duties within the port areas defined in Article XI and in such other places as may be designated by the city of Superior, but such areas shall not include any land or water more than 10 statute miles from (designate point).



APPENDIX - LIST OF MATERIALS AVAILABLE

Minnesota IPAC Law (M.S. Laws 1976, Chapter 270)

Wisconsin IPAC Law (W.S. Laws 1975, Chapter 376)

Minutes of All IPAC Meetings

IPAC Memorandum "Advantages and Issues in Merging Duluth and Superior Ports"

Summaries of Duluth and Superior Port Authority Laws

IPAC Memorandum "Goal or Purpose, Organization and Staffing of Merged Authority"

IPAC Memorandum "Intergovernmental Problems with a Merged Port"

IPAC Memorandum "Powers of a Merged Port"

IPAC Memorandum "Financing for the New Merged Port Authority"

IPAC Memorandum "Tonnage Fees Freeze of the Port Authority Harbor"

New York-New Jersey "Port Compact of 1921"

IPAC Memorandum "Final Recommendations to the Legislature and the Cities: Some Alternatives"

Slide Presentation (Betty Hetzel-Superior) on Duluth-Superior Port

Audit Reports - Duluth Seaway Port Authority

1975 Booz, Allen, & Hamilton Report on Merging the Port of Chicago

The Economic Impact of Minnesota's World Port - SPAD

Various Reports of Professor Harold Mayer from the University of Wisconsin

Cresap, McCormick and Poget, Inc. Report "A Study of Organization and Development for the Duluth Superior Ports".